

SFR Q3 2022 RESULTS

SFR (Altice France Holding Restricted Group)¹ today announces financial and operating results² for the quarter ended September 30, 2022.

Q3 2022 Key Highlights

- Total revenue and Telecom revenue grew by +3.4% year over year in Q3 2022.
- Total residential service revenue grew by +1.5% year over year in Q3 2022.
- Total EBITDA grew by +0.4% year over year in Q3 2022 and Telecom EBITDA grew by +1.0% year over year in Q3 2022.
- Total Accrued Capex was €556³ million in Q3 2022, resulting in total operating free cash flow of €499 million in Q3 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).
- Leverage target of 4.5x net debt to EBITDA.

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

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

³ Accrued Capex in Q3 2022 excludes accruals related to the acquisition of a new IRU for an amount of €6 million and 5G spectrum frequency reorganization 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

- Total net debt was €23.2 billion at the end of Q3 2022 (€23.3 billion pro forma¹).
- Over the period from July 1, 2022 until July 21, 2022, Altice France Holding repurchased \$57 million of the 6.000% 2028 Senior Notes, using proceeds from the monetization of certain swaps. Following cancellation, this translated into c.€16 million of net debt reduction compared to the end of Q2 2022.
- In August 2022, Arthur Dreyfuss, Chief Executive Officer of Altice Media, became Chief Executive Officer of Altice France, and Mathieu Cocq, previously Executive Director of the Overseas Territories, became Chief Executive Officer of SFR.

¹ SFR (Altice France Restricted Group) net debt is presented pro forma for the deferred consideration, expected to be paid in several instalments by 2024, related to the acquisition of Coriolis (€115 million deferred consideration in total, of which €65 million is reflected in actual net debt and €50 million pro forma net debt). Altice France net debt excludes operating lease liabilities recognized under IFRS 16 and Altice France gross debt as shown is net of swaps.



SFR Q3 2022 Results Call for Debt Investors

A call for existing and prospective debt investors of SFR will be held today, November 22, 2022 at 13:00 CET (12:00 GMT, 07:00 EST), to discuss its Q3 2022 results. Results will be released prior to the call, at 12:00 CET (11:00 GMT, 06:00 EST).

Dial-in Details:

UK: +44 2030595869

USA: +1 6313026547

France: +33 170918701

Conference ID: 20220683

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

<https://events.q4inc.com/earnings/ALVVF/Altice-France-SFR-Q3-2022-Results-Call-Invitation-for-Debt-Investors>

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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 30 million homes passed across France. SFR covers 99.8% of the population with 4G and more than 57% 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. Altice France Holding S.A. is a subsidiary of Altice Luxembourg S.A. Altice France Holding S.A. holds 100% less one share of Altice France S.A. and Altice Luxembourg S.A. holds 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 September 30, 2022 and September 30, 2021 are shown pro forma for the Ivory 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 September 30, 2022, unless otherwise stated, and any year over year comparisons are for the quarter ended September 30, 2021.

Summary Financial Information

Quarter ended September 30, 2022 and September 30, 2021			
<i>In € million</i>	Q3-21	Q3-22	Q3-22 Growth YoY
<i>Fixed</i>	685	668	-2.4%
<i>Mobile</i>	922	963	+4.4%
Residential service	1,607	1,631	+1.5%
Equipment	168	173	+2.9%
Total residential	1,775	1,804	+1.6%
Business services	864	925	+7.0%
Telecom	2,639	2,728	+3.4%
Media	68	70	+3.2%
Total revenue	2,707	2,798	+3.4%
Telecom	1,036	1,047	+1.0%
Media	14	8	<i>n.m.</i>
Total EBITDA	1,050	1,054	+0.4%
<i>Margin (%)</i>	38.8%	37.7%	
Telecom	557	549	-1.3%
Media	7	7	<i>n.m.</i>
Total Accrued Capex	564	556	-1.4%
Telecom	479	497	+3.8%
Media	7	1	<i>n.m.</i>
EBITDA - Accrued Capex	486	499	+2.6%

Key Performance Indicators

Quarter ended September 30, 2022	
<i>000's unless stated otherwise</i>	Q3-22
Fibre homes passed	29,874
Total fibre customers	4,316
Total fixed customers	6,672
Total mobile subscribers	21,043

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

- (2) 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.
- (3) Total mobile subscribers are equal to the net number of lines or SIM cards activated on the mobile network and excludes M2M.



Financial and Operational Review

For the quarter ended September 30, 2022 compared to the quarter ended September 30, 2021

At the end of Q3 2022, SFR had 29.9 million addressable homes passed (FTTH/FTTB), an increase of 1.5 million homes passed compared to Q2 2022. SFR had 19,440 fibre municipalities at the end of Q3 2022 (vs. 17,640 in Q2 2022, 15,991 in Q1 2022).

SFR continues to invest in its 4G network, with 64,131 4G systems activated (2,393 new units in Q3 2022). The current 4G coverage of the SFR mobile network reaches more than 99.8% 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 more than 5,500 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 Q3 2022, more than 6,400 municipalities are covered in 5G (about 7,300 radio sites) in all of France and the 5G coverage reaches 57% of the population.

The French Regulatory Authority (ARCEP) conducted its annual survey on the quality of mobile networks. SFR has shown an improvement compared to last year, given SFR is ranked 1st or 2nd (tied) on 362 criteria of the survey (vs. 263 last year).

On November 17, 2022, SFR received an award for "Customer Service of the Year", in the communication services for consumers category, from the independent organization Viséo Customer Insights. This award recognizes the significant work carried out over recent years by SFR's Customer Service teams, following a transformation of SFR's customer service system from 2018 onwards. The award itself involved more than 200 tests from May 9, 2022 to July 2, 2022 in a number of different customer service areas and through a number of different means of contract.

On October 6, 2022, Altice France announced a number of measures to promote energy efficiency across the group. Altice France is working to reduce the energy consumption of its entities, without any impact on the quality of service, and also working to raise awareness among all stakeholders involved. Specifically, SFR is carrying out a review of its mobile network architecture to reduce energy consumption and proactively seeking to optimize electricity consumption of buildings, including datacenters. Measures have been taken to raise awareness among employees as to how to improve energy efficiency; SFR is providing e-learning training for all its employees on relevant topics including environment-friendly actions. In order to raise awareness among the general public, Altice Media, through RMC Story and RMC Découverte, will broadcast in 2023 new episodes of the "Engagez-vous" program which features associations working to promote climate and environmental issues.



In Q3 2022, Altice Media strengthened its position as the third private audiovisual group thanks to the strong performance of its brands. BFMTV maintains its status as news leader by setting a record in September with 3.5% of audience share and is positioned as France's sixth channel. The BFMTV brand has expanded its influence in local areas, with the launch of the BFM Normandie channel on September 28, 2022, the group's tenth local channel. In digital, RMC radio remains very popular, with more than 32 million podcasts downloaded in September 2022. The group also extended its digital thematic content by launching new thematic websites in the summer, gathering more than 2 million visits in September 2022.

On February 28, 2022, Altice Media had announced that it had entered into an exclusivity agreement with TF1 and M6 in order to acquire two channels (TFX and 6ter) in the context of the on-going merger between the two groups. This acquisition remained subject to customary anti-trust and regulatory clearances of both the proposed acquisition by the Group and of the TF1-M6 merger. Following the decision by TF1 and M6 to call off their plan to merge, the proposed acquisition of TFX and 6ter by the Altice Media was not completed.

- SFR total revenue grew by +3.4% year over year in Q3 2022 to €2,798 million. Total residential revenue grew by +1.6% year over year in Q3 2022 as a result of residential service revenue growth of +1.5% year over year and residential equipment revenue growth of +2.9% year over year.
- Business services revenue grew by +7.0% year over year in Q3 2022, mainly as a consequence of core B2B and B2B equipment sales growth year over year. In Q3 2022, 168k FTTH homes were constructed by XpFibre (vs. 221k in Q2 2022, 180k in Q1 2022, 236k in Q4 2021, 159k in Q3 2021). The majority of homes constructed in Q3 2022 were built in more rural areas compared to Q3 2021, resulting in a higher average revenue and higher average costs per home built.
- Media revenue increased by +3.2% year over year in Q3 2022.
- Telecom EBITDA of €1,047 million grew by +1.0% year over year in Q3 2022. Total EBITDA of €1,054 million grew by +0.4% year over year in Q3 2022.
- Total Accrued Capex was €556¹ million in Q3 2022. Consequently, operating free cash flow amounted to €499 million in Q3 2022.

¹ Accrued Capex in Q3 2022 excludes accruals related to the acquisition of a new IRU for an amount of €6 million and 5G spectrum frequency reorganization for an amount of €3 million.

Consolidated Net Debt as of September 30, 2022

- SFR has a robust, diversified and long-term capital structure:
 - Weighted average debt maturity of 4.7 years;
 - WACD of 4.4%¹;
 - 96% fixed interest rate;
 - No major maturities until 2025;
 - Available liquidity of €1.2 billion².
- Total net debt was €23.2 billion at the end of Q3 2022 (€23.3 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	1,788	1,788	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	1,124	1,124	5.500%	2028
Senior Secured Notes	EUR 500	500	500	4.125%	2029
Senior Secured Notes	USD 475	485	485	5.125%	2029
Senior Secured Notes	USD 2,500	2,554	2,554	5.125%	2029
Senior Secured Notes	EUR 400	400	400	4.000%	2029
Senior Secured Notes	USD 2,000	2,043	2,043	5.500%	2029
Senior Secured Notes	EUR 800	800	800	4.250%	2029
Term Loan	EUR 1,085	1,085	1,085	E+3.00%	2025
Term Loan	USD 1,345	1,374	1,374	L+2.75%	2025
Term Loan	USD 2,048	2,092	2,092	L+3.6875%	2026
Term Loan	EUR 953	953	953	E+3.00%	2026
Term Loan	USD 2,406	2,458	2,458	L+4.00%	2026
Drawn RCF	EUR 325	325	325	E+3.25%	2026
Commercial Paper	-	54	54	1.41%	2022
Other debt & leases	-	130	130	-	-
Swap adjustment	-	-1,777	-1,777	-	-
Secured debt		19,436	19,436		
Exchange Altice Lux Senior Notes	EUR 1,317	1,317	1,317	8.000%	2027
Exchange Altice Lux Senior Notes	USD 1,562	1,596	1,596	10.500%	2027
Senior Notes	EUR 500	500	500	4.000%	2028
Senior Notes	USD 1,100	1,123	1,123	6.000%	2028
Drawn RCF	-	-	-	E+4.250%	2026
Swap adjustment	-	-355	-355	-	-
Gross debt		23,617	23,617		
Total cash		-406	-356		
Net debt		23,212	23,262		
Undrawn RCF			881		
WACD			4.4%		

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

² €1.2 billion liquidity includes €0.88 billion of undrawn revolvers and €0.36 billion of cash. The cash position as shown above is pro forma for the deferred consideration, expected to be paid in several instalments by 2024, related to the acquisition of Coriolis (€115 million deferred consideration in total, of which €65 million is reflected in actual net debt and €50 million pro forma net debt).

³ SFR (Altice France Restricted Group) net debt is presented pro forma for the deferred consideration, expected to be paid in several instalments by 2024, related to the acquisition of Coriolis (€115 million deferred consideration in total, of which €65 million is reflected in actual net debt and €50 million pro forma net debt).

Reconciliation to Swap Adjusted Debt as of September 30, 2022

In € million

	Actual	Pro Forma ¹
Total debenture and loans from financial institutions	25,388	25,388
Value of debenture and loans from financial institutions in foreign currency converted at closing FX Rate	-26,796	-26,796
Value of debenture and loans from financial institutions in foreign currency converted at hedged Rate	24,664	24,664
Transaction costs	177	177
Total swap adjusted value of debenture and loans from financial institutions	23,433	23,433
Commercial paper	54	54
Overdraft	5	5
Other debt and leases	125	125
Gross debt consolidated	23,617	23,617
Cash	-406	-356
Net debt consolidated	23,212	23,262

Leverage Reconciliation as of September 30, 2022

In € million

	Actual	Pro Forma
Gross debt consolidated	23,617	23,617
Cash	-406	-356
Net debt consolidated	23,212	23,262
LTM EBITDA consolidated	4,118	4,141
Gross leverage		5.7x
Net leverage		5.6x
L2QA EBITDA consolidated	4,277	4,288
Gross leverage		5.5x
Net leverage		5.4x

¹ SFR (Altice France Restricted Group) net debt is presented pro forma for the deferred consideration, expected to be paid in several instalments by 2024, related to the acquisition of Coriolis (€115 million deferred consideration in total, of which €65 million is reflected in actual net debt and €50 million pro forma net debt). For leverage purposes, Adjusted EBITDA is presented pro forma for the Hivory transaction (€18 million on an LTM basis, €0 million on an L2QA basis) and is presented pro forma for the acquisition of Coriolis (€40 million on an LTM basis and €11 million on an 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	Q1-22	Q2-22	Q3-22
Revenue	2,733	2,843	2,799
Purchasing and subcontracting costs	-781	-768	-803
Other operating expenses	-525	-459	-415
Staff costs and employee benefits	-265	-268	-261
Total	1,162	1,348	1,320
Share-based expense	0	0	0
Rental expense operating lease	-257	-264	-266
Adjusted EBITDA	906	1,084	1,054
Depreciation, amortisation and impairment	-809	-844	-847
Share-based expense	0	0	0
Other expenses and income	-4	-37	-14
Rental expense operating lease	257	264	266
Operating profit	349	468	459
Adjusted EBITDA - Financial Statements & Investor Press Release	906	1,084	1,054
Capital expenditure (accrued) - Financial Statements	626	600	565
New IRU	-3	-5	-6
5G spectrum frequency reorganisation	-	-	-3
Capital expenditure (accrued) - Investor Press Release	623	594	556

¹ Accrued Capex in Q3 2022 excludes accruals related to the acquisition of a new IRU for an amount of €6 million and 5G spectrum frequency reorganization 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.