

SFR Q2 2023 RESULTS

SFR (Altice France Holding Restricted Group)¹ today announces financial and operating results for the quarter ended June 30, 2023.

Q2 2023 Key Highlights

- Telecom revenue declined by -2.5% year over year and total revenue declined by -2.6% year over year in Q2 2023.
- Telecom EBITDA declined by -5.4% year over year and total EBITDA declined by -5.7% year over year in Q2 2023.
- Total accrued Capex was €552² million in Q2 2023, resulting in total operating free cash flow of €470 million in Q2 2023.

Mid-term financial objectives reiterated

- Mid-term: organic operating free cash flow growth of €1 billion, underpinned by revenue, EBITDA growth and Capex reduction (excluding impacts related to XpFibre³).
- 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 the legal entity that has been declared as an 'unrestricted subsidiary', SportsCoTV S.A.S, the company that houses the Altice TV activity.

²Accrued Capex in Q2 2023 excludes accruals related to the acquisition of a new IRU for an amount of €10 million.

³Organic 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 pro forma¹ net debt was €23.9 billion at the end of Q2 2023 (actual net debt was €23.8 million)
- As part of an ongoing investigation, the Portuguese authorities are investigating allegations of harmful practices and misconduct, notably private corruption, by certain individuals and entities related to Altice Portugal - a subsidiary of Altice International -, of which Altice Portugal is allegedly a victim.
- Immediate action has been taken across jurisdictions to protect the interests of the group and all stakeholders:
 - Investigations in Portugal and across other jurisdictions, including France, launched under the authority of a global investigation committee, to perform a thorough, independent and broad investigation in relevant jurisdictions (Ropes & Gray and DLA Piper France appointed as global co-ordinating counsel by Next Alt, with local counsel in addition to other advisors in local jurisdictions).
 - A small number of key legal representatives, managers and employees in Portugal and abroad have been placed on leave while this investigation is conducted, internal organisation reconfigured with the appropriate individuals covering the relevant positions.
 - Full review and thorough reinforcement of the approval process on all procurement, payments, purchase orders and related processes. Altice and its subsidiaries have already started transitioning from suppliers potentially implicated by the Portuguese authorities' investigation.
- Altice France will provide any material updates as appropriate and permissible in due course, with transparency throughout the process.
- Patrick Drahi and management team to host investor meetings in London and New York in September 2023.

¹ SFR (Altice France Holding Restricted Group) net debt is presented pro forma for the deferred consideration of €65 million, expected to be paid by 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 Q2 2023 Results Call for Debt Investors

A call for existing and prospective debt investors of SFR will be held on Tuesday, August 8, 2023 at 13:00 CEST (12:00 BST, 07:00 EDT), to discuss its Q2 2023 results.

Dial-in Details:

UK: +44 2034814247

USA: +1 6463071963

France: +33 173023136

Conference ID: 9459481

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

<https://events.q4inc.com/attendee/731458990>

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About SFR – alticefrance.com

SFR is the second largest telecom provider in France, serving more than 27 million customers. The company has a fibre optic network (FTTH/ FTTB) and over 34 million homes passed across France. SFR covers 99.8% of the population with 4G and 66% 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 Holding 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 the legal entity that has been declared as an 'unrestricted subsidiary', SportsCoTV S.A.S, the company that houses the Altice TV activity.

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.

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 June 30, 2023, unless otherwise stated, and any year over year comparisons are for the quarter ended June 30, 2022.

Summary Financial Information

Quarter ended June 30, 2023 and June 30, 2022			
In € million	Q2-22	Q2-23	Q2-23 Growth YoY
<i>Fixed</i>	670	646	-3.5%
<i>Mobile</i>	961	945	-1.6%
Residential service	1,631	1,591	-2.4%
Equipment	161	154	-4.5%
Total residential	1,791	1,745	-2.6%
Business services	958	936	-2.3%
Telecom	2,749	2,681	-2.5%
Media	94	89	-5.3%
Total revenue	2,843	2,769	-2.6%
Telecom	1,052	995	-5.4%
Media	32	27	-16.4%
Total EBITDA	1,084	1,022	-5.7%
<i>Margin (%)</i>	38.1%	36.9%	
Telecom	582	543	-6.8%
Media	12	10	-20.8%
Total accrued Capex	594	552	-7.0%
Telecom	470	453	-3.7%
Media	20	17	-13.8%
EBITDA - accrued Capex	490	470	-4.1%

Key Performance Indicators

Quarter ended June 30, 2023	
<i>000's unless stated otherwise</i>	Q2-23
Fibre homes passed	33,954
Total fibre customers	4,666
Total fixed customers	6,508
Total mobile subscribers	20,534

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.

Financial and Operational Review

For the quarter ended June 30, 2023 compared to the quarter ended June 30, 2022

At the end of Q2 2023, SFR had 33.9 million addressable homes passed (FTTH/FTTB), an increase of 1.2 million homes passed compared to Q1 2023. SFR had 24,180 fibre municipalities at the end of Q2 2023 (vs. 23,115 in Q1 2023, 21,570 in Q4 2022, 19,440 in Q3 2022, 17,640 in Q2 2022).

SFR continues to invest in its 4G network, with 74,990 4G systems activated (3,883 new units in Q2 2023). The current 4G coverage of the SFR mobile network reaches more than 99.8% 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 Q2 2023, almost 7,950 municipalities were covered with 5G (about 9,600 radio sites) in all of France and the at the end of the second quarter, 5G coverage reaches 66% of the population.

In Q2 2023, Altice Media once again solidified its positioning thanks to strong performance of its brands in TV, radio and digital and achieved excellent audience figures. BFMTV retained its status as the news leader with 3.4% audience share in the PDA 25-49 (commercial target audience). RMC radio reached 3.1 million listeners in the second quarter, ranking number 4 in France.

- SFR total revenue declined by -2.6% year over year in Q2 2023 to €2,769 million. Total residential service revenue declined by -2.4% year over year in Q2 2023 and residential equipment revenue declined by -4.5% year over year.
- Business services revenue declined by -2.3% year over year in Q2 2023. In Q2 2023, 145k FTTH homes were constructed by XpFibre, with a decline in construction revenue year over year in Q2 2023 as a result of the slowdown of the construction activity.
- Media revenue declined by -5.3% year over year in Q2 2023.
- Telecom EBITDA declined by -5.4% year over year in Q2 2023 to €995 million and total EBITDA declined by -5.7% year over year in Q2 2023 to €1,022 million. In addition to the impact of the revenue trends in the second quarter, including lower contribution from construction year over year, network operating costs increased year over year, including the impact of higher energy costs year over year.
- Total accrued Capex was €552¹ million in Q2 2023. Consequently, operating free cash flow amounted to €470 million in Q2 2023.

¹ Accrued Capex in Q2 2023 excludes accruals related to the acquisition of a new IRU for an amount of €10 million.

Pro Forma Consolidated Net Debt as of June 30, 2023

- SFR has a robust, diversified and long-term capital structure:
 - Weighted average debt maturity of 4.6 years
 - WACD of 5.6%¹;
 - 84% fixed interest rate;
 - No material maturities before 2025;
 - Available liquidity of €1.4 billion².
- Total pro forma³ net debt was €23.9 billion at the end of Q2 2023 (actual net debt was €23.8 billion).

	Amount in millions (local currency)	Actual (€m)	Pro forma (€m)	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	1,603	1,603	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	1,008	1,008	5.500%	2028
Senior Secured Notes	EUR 500	500	500	4.125%	2029
Senior Secured Notes	USD 475	435	435	5.125%	2029
Senior Secured Notes	USD 2,500	2,290	2,290	5.125%	2029
Senior Secured Notes	EUR 400	400	400	4.000%	2029
Senior Secured Notes	USD 2,000	1,832	1,832	5.500%	2029
Senior Secured Notes	EUR 800	800	800	4.250%	2029
Term Loan	EUR 206	206	206	E+3.00%	2025
Term Loan	USD 354	325	325	L+2.75%	2025
Term Loan	USD 549	503	503	L+3.6875%	2026
Term Loan	EUR 247	247	247	E+3.00%	2026
Term Loan	USD 583	534	534	L+4.00%	2026
Term Loan	EUR 1,722	1,722	1,722	E+5.50%	2028
Term Loan	USD 4,279	3,919	3,919	S+5.50%	2028
Drawn RCF	EUR 120	120	120	E+3.25%	2026
Commercial Paper	-	3	3	4.52%	2023
Other debt & leases	-	56	56	-	-
Swap adjustment	-	415	415	-	-
Secured debt		19,967	19,967		
Exchange Altice Lux Senior Notes	EUR 1,317	1,317	1,317	8.000%	2027
Exchange Altice Lux Senior Notes	USD 1,562	1,431	1,431	10.500%	2027
Senior Notes	EUR 500	500	500	4.000%	2028
Senior Notes	USD 1,100	1,007	1,007	6.000%	2028
Drawn RCF	-	-	-	E+4.250%	2026
Swap adjustment	-	-64	-64	-	-
Gross debt		24,158	24,158		
Total cash		-362	-297		
Net debt		23,796	23,861		
Undrawn RCF			1,086		
WACD			5.6%		

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

² €1.4 billion liquidity includes €1.1 billion of undrawn revolvers and €0.3 billion of cash.

³ SFR (Altice France Holding Restricted Group) net debt is presented pro forma for the deferred consideration of €65 million, expected to be paid by 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 June 30, 2023

In € million

	Actual	Pro Forma ¹
Total debenture and loans from financial institutions	23,515	23,515
Value of debenture and loans from financial institutions in foreign currency converted at closing FX Rate	-19,296	-19,296
Value of debenture and loans from financial institutions in foreign currency converted at hedged Rate	19,647	19,647
Transaction costs	233	233
Total swap adjusted value of debenture and loans from financial institutions	24,099	24,099
Commercial paper	3	3
Overdraft	4	4
Other debt and leases	52	52
Gross debt consolidated	24,158	24,158
Cash	-362	-297
Net debt consolidated	23,796	23,861

Leverage Reconciliation as of June 30, 2023

In € million

	Actual	Pro Forma
Gross debt consolidated	24,158	24,158
Cash	-362	-297
Net debt consolidated	23,796	23,861
LTM EBITDA consolidated	3,991	3,991
Net leverage		6.0x
L2QA EBITDA consolidated	3,759	3,759
Net leverage		6.3x

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Non-GAAP Reconciliation to Unaudited Consolidated Interim Financial Statements GAAP Measures¹

Three months ended, in € million	Q1-23	Q2-23
Revenue	2,740	2,769
Purchasing and subcontracting costs	-732	-755
Other operating expenses	-588	-437
Staff costs and employee benefits	-287	-274
Total	1,133	1,303
Rental expense operating lease	-276	-280
Adjusted EBITDA	857	1,022
Depreciation, amortisation and impairment	-788	-858
Other expenses and income	-9	-20
Rental expense operating lease	276	280
Operating profit	336	425
Capital expenditure (accrued) - Financial Statements	593	562
New IRU	-4	10
Capital expenditure (accrued) - Investor Press Release	589	552

¹ Accrued Capex in Q2 2023 excludes accruals related to the acquisition of a new IRU for an amount of €10 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.