

SFR Q1 2023 RESULTS

SFR (Altice France Holding Restricted Group)¹ today announces financial and operating results for the quarter ended March 31, 2023.

Q1 2023 Key Highlights

- Telecom revenue grew by +0.4% year over year and total revenue grew by +0.2% year over year in Q1 2023.
- Telecom EBITDA declined by -4.9% year over year and total EBITDA declined by -5.3% year over year in Q1 2023.
- Total accrued Capex was €589² million in Q1 2023, resulting in total operating free cash flow of €268 million in Q1 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 Q1 2023 excludes accruals related to the acquisition of a new IRU for an amount of €4 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 €23.6 billion at the end of Q1 2023 (actual net debt was €23.6 billion).
- On January 31, 2023, Altice France successfully extended 75%, or €5.9 billion (equivalent), of its 2025 and 2026 Term Loan maturities to August 2028. Additionally, Altice France raised €150 million of new Term Loans, following excess demand. Concurrently, Altice France extended its €1 billion Revolving Credit Facilities to January 2028, supported by its relationship banks. This transaction is in line with the Group's proactive liability management efforts to optimise its capital structure. Following this transaction, Altice France has no material maturities before 2025. The average maturity for Altice France Holding's debt capital structure increases to 5.1 years. The new Term Loans, due August 2028, consist of (i) a \$4.3 billion Term Loan priced at 5.50% over SOFR and (ii) a €1.7 billion Term Loan priced at 5.50% over Euribor.

¹SFR (Altice France Holding 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 in 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 Q1 2023 Results Call for Debt Investors

A call for existing and prospective debt investors of SFR will be held on Tuesday, May 23, 2023 at 14:00 CEST (13:00 BST, 08:00 EDT), to discuss its Q1 2023 results.

Dial-in Details:

UK: +44 2034814247

USA: +1 6463071963

France: +33 173023136

Conference ID: 8874454

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

<https://events.q4inc.com/attendee/123289373>

Contacts

Head of Investor Relations

Sam Wood

sam.wood@altice.net

Head of Communications

Arthur Dreyfuss

arthur.dreyfuss@altice.net



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 33 million homes passed across France. SFR covers 99.8% of the population with 4G and 65% 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 March 31, 2023, unless otherwise stated, and any year over year comparisons are for the quarter ended March 31, 2022.

Summary Financial Information

Quarter ended March 31, 2023 and March 31, 2022			
<i>In € million</i>	Q1-22	Q1-23	Q1-23 Growth YoY
<i>Fixed</i>	692	663	-4.3%
<i>Mobile</i>	929	945	+1.7%
Residential service	1,622	1,608	-0.8%
Equipment	177	160	-9.4%
Total residential	1,798	1,768	-1.7%
Business services	856	896	+4.6%
Telecom	2,655	2,664	+0.4%
Media	78	76	-3.4%
Total revenue	2,733	2,740	+0.2%
Telecom	887	844	-4.9%
Media	18	13	<i>n.m.</i>
Total EBITDA	906	857	-5.3%
<i>Margin (%)</i>	33.1%	31.3%	
Telecom	608	575	-5.4%
Media	15	14	<i>n.m.</i>
Total accrued Capex	623	589	-5.3%
Telecom	280	269	-3.8%
Media	4	-1	<i>n.m.</i>
EBITDA - accrued Capex	283	268	-5.3%

Key Performance Indicators

Quarter ended March 31, 2023	
<i>000's unless stated otherwise</i>	Q1-23
Fibre homes passed	32,779
Total fibre customers	4,561
Total fixed customers	6,537
Total mobile subscribers	20,669

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 March 31, 2023 compared to the quarter ended March 31, 2022

At the end of Q1 2023, SFR had 32.8 million addressable homes passed (FTTH/FTTB), an increase of 1.4 million homes passed compared to Q4 2022. SFR had 23,115 fibre municipalities at the end of Q1 2023 (vs. 21,570 in Q4 2022, 19,440 in Q3 2022, 17,640 in Q2 2022, 15,991 in Q1 2022).

SFR continues to invest in its 4G network, with 71,107 4G systems activated (4,626 new units in Q1 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 Q1 2023, almost 7,500 municipalities were covered with 5G (about 9,000 radio sites) in all of France and the at the end of the first quarter, 5G coverage reaches 64% of the population. Based on the nPerf 5G Score Barometer, SFR was the N°1 5G operator, ex aequo, in 2022 (barometer of mobile Internet connections in metropolitan France, published on January 10, 2023).

In Q1 2023, Altice Media once again solidified its positioning thanks to strong performance of its brands in TV, radio and digital. BFMTV retained its status as the news leader with more than 3.1% audience share on PDA 4+ (the whole TV audience) and 3.4% audience share in the PDA 25-49 (commercial target audience). The channel was voted the leading news brand by the French population between the age 18 and 35.

- SFR total revenue grew by +0.2% year over year in Q1 2023 to €2,740 million. Total residential service revenue declined by -0.8% year over year in Q1 2023 and residential equipment revenue declined by -9.4% year over year.
- Business services revenue grew by +4.6% year over year in Q1 2023. In Q1 2023, 103k FTTH homes were constructed by XpFibre, with a decline in construction revenue year over year in Q1 2023 as a result of the slowdown of the construction activity. This was offset by higher maintenance revenue in Q1 2023, related to the maintenance of the XpFibre network by SFR, in addition to a positive contribution of Coriolis to business services revenue year over year.
- Media revenue declined by -3.4% year over year in Q1 2023.
- Telecom EBITDA declined by -4.9% year over year in Q1 2023 to €844 million and total EBITDA declined by -5.3% year over year in Q1 2023 to €857 million. In addition to the impact of the revenue trends in the first quarter, including lower 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 each year). Network operating costs increased year over year, including the impact of higher energy costs year over year.
- Total accrued Capex was €589¹ million in Q1 2023. Consequently, operating free cash flow amounted to €268 million in Q1 2023.

¹ Accrued Capex in Q1 2023 excludes accruals related to the acquisition of a new IRU for an amount of €4 million.

Pro Forma Consolidated Net Debt as of March 31, 2023

- SFR has a robust, diversified and long-term capital structure:
 - Weighted average debt maturity of 4.8 years
 - WACD of 5.5%¹;
 - 85% fixed interest rate;
 - No material maturities before 2025;
 - Available liquidity of €1.7 billion².
- Total pro forma³ net debt was €23.6 billion at the end of Q1 2023 (actual net debt was €23.6 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	1,610	1,610	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	1,012	1,012	5.500%	2028
Senior Secured Notes	EUR 500	500	500	4.125%	2029
Senior Secured Notes	USD 475	437	437	5.125%	2029
Senior Secured Notes	USD 2,500	2,300	2,300	5.125%	2029
Senior Secured Notes	EUR 400	400	400	4.000%	2029
Senior Secured Notes	USD 2,000	1,840	1,840	5.500%	2029
Senior Secured Notes	EUR 800	800	800	4.250%	2029
Term Loan	EUR 207	207	207	E+3.00%	2025
Term Loan	USD 355	327	327	L+2.75%	2025
Term Loan	USD 550	506	506	L+3.6875%	2026
Term Loan	EUR 248	248	248	E+3.00%	2026
Term Loan	USD 584	538	538	L+4.00%	2026
Term Loan	EUR 1,722	1,722	1,722	E+5.50%	2028
Term Loan	USD 4,279	3,937	3,937	S+5.50%	2028
Drawn RCF	-	-	-	E+3.25%	2026
Commercial Paper	-	35	35	3.71%	2023
Other debt & leases	-	121	121	-	-
Swap adjustment	-	340	340	-	-
Secured debt		19,930	19,930		
Exchange Altice Lux Senior Notes	EUR 1,317	1,317	1,317	8.000%	2027
Exchange Altice Lux Senior Notes	USD 1,562	1,437	1,437	10.500%	2027
Senior Notes	EUR 500	500	500	4.000%	2028
Senior Notes	USD 1,100	1,012	1,012	6.000%	2028
Drawn RCF	-	-	-	E+4.250%	2026
Swap adjustment	-	-75	-75	-	-
Gross debt		24,121	24,121		
Total cash		-530	-480		
Net debt		23,591	23,641		
Undrawn RCF			1,206		
WACD			5.5%		

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

² €1.7 billion liquidity includes €1.2 billion of undrawn revolvers and €0.5 billion of cash. The cash position as shown 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 in pro forma net debt).

³ SFR (Altice France Holding 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 in 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.

Reconciliation to Swap Adjusted Debt as of March 31, 2023

In € million

	Actual	Pro Forma ¹
Total debenture and loans from financial institutions	23,456	23,456
Value of debenture and loans from financial institutions in foreign currency converted at closing FX Rate	-19,373	-19,373
Value of debenture and loans from financial institutions in foreign currency converted at hedged Rate	19,639	19,639
Transaction costs	244	244
Total swap adjusted value of debenture and loans from financial institutions	23,965	23,965
Commercial paper	35	35
Overdraft	4	4
Other debt and leases	117	117
Gross debt consolidated	24,121	24,121
Cash	-530	-480
Net debt consolidated	23,591	23,641

Leverage Reconciliation as of March 31, 2023

In € million

	Actual	Pro Forma
Gross debt consolidated	24,121	24,121
Cash	-530	-480
Net debt consolidated	23,591	23,641
LTM EBITDA consolidated	4,053	4,059
Net leverage		5.8x
L2QA EBITDA consolidated	3,829	3,829
Net leverage		6.2x
Net leverage adjusted for IFR tax		6.1x

¹ SFR (Altice France Holding 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 in pro forma net debt). For leverage purposes, Adjusted EBITDA is presented pro forma for the acquisition of Coriolis (€6 million on an LTM 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 Measures¹

Three months ended, in € million	Q1-23
Revenue	2,740
Purchasing and subcontracting costs	-732
Other operating expenses	-588
Staff costs and employee benefits	-287
Total	1,133
Rental expense operating lease	-276
Adjusted EBITDA	857
Depreciation, amortisation and impairment	-788
Other expenses and income	-9
Rental expense operating lease	276
Operating profit	336
<hr/>	
Capital expenditure (accrued) - Financial Statements	593
New IRU	-4
Capital expenditure (accrued) - Investor Press Release	589

¹ Accrued Capex in Q1 2023 excludes accruals related to the acquisition of a new IRU for an amount of €4 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.