

SFR Q2 2022 RESULTS

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

Q2 2022 Key Highlights

- Total residential service revenue grew by +3.9% year over year in Q2 2022.
- Total revenue grew by +4.5% year over year in Q2 2022.
- Total EBITDA grew by +0.2% year over year in Q2 2022.
- Total Accrued Capex was €594³ million in Q2 2022, resulting in operating free cash flow of €490 million in Q2 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 Q2 2022 excludes accruals related to the acquisition of a new IRU for an amount of €5 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 €23.3 billion at the end of Q2 2022 (€23.3 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 €299 million and a deferred consideration of €115 million expected to be paid in several instalments by 2024. The transaction closed on May 3, 2022.
- On May 9, 2022, Altice France completed the acquisition of French MVNO Syma, reinforcing its mobile customer base by c.700k new customers.
- Over the period from June 21, 2022 until July 21, 2022, Altice France Holding repurchased \$125 million of the 6.000% 2028 Senior Notes, using proceeds from the monetization of certain swaps. Following cancellation, this translates into c.€33 million of net debt reduction compared to the end of Q1 2022.

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 Holding repurchased \$125 million (€120 million equivalent) of the 6.000% 2028 Senior Notes from June 21, 2022 up until July 21, 2022, for a corresponding \$91 million (€86 million equivalent) consideration. Gross debt is presented pro forma for the \$57 million (€55 million equivalent) repurchased after June 30, 2022 and cash is presented pro forma for the corresponding \$41 million (€39 million equivalent) consideration. 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 2022 Results Call for Debt Investors

A call for existing and prospective debt investors of SFR will be held today, July 28, 2022 at 2:00pm CEST (1:00pm BST, 08:00am EDT), to discuss its Q2 2022 results.

Dial-in Details:

UK: +44 2030595869

USA: +1 7602941674

France: +33 170918701

Conference ID: 20220481

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

<https://event.on24.com/wcc/r/3865683/92FBC00FEBC069B9EC65830EA819CB1>

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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 99.8% 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 June 30, 2022 and June 30, 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 June 30, 2022, unless otherwise stated, and any year over year comparisons are for the quarter ended June 30, 2021.

Summary Financial Information

Quarter ended June 30, 2022 and June 30, 2021			
In € million	Q2-21	Q2-22	Q2-22 Growth YoY
Fixed	675	670	-0.8%
Mobile	895	961	+7.4%
Residential service	1,569	1,631	+3.9%
Equipment	151	161	+6.5%
Total residential	1,720	1,791	+4.1%
Business services	913	958	+4.9%
Telecom	2,633	2,749	+4.4%
Media	88	94	+6.7%
Total revenue	2,721	2,843	+4.5%
Telecom	1,053	1,052	-0.1%
Media	29	32	+10.8%
Total EBITDA	1,082	1,084	+0.2%
Margin (%)	39.8%	38.1%	
Telecom	513	582	+13.4%
Media	10	12	+22.3%
Total Accrued Capex	523	594	+13.6%
Telecom	539	470	-12.9%
Media	19	20	+4.9%
EBITDA - Accrued Capex	559	490	-12.3%

Key Performance Indicators

Quarter ended June 30, 2022	
<i>000's unless stated otherwise</i>	Q2-22
Fibre homes passed	28,398
Total fibre customers	4,213
Total fixed customers	6,719
Total mobile subscribers	20,919

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. Total fixed customers includes the Coriolis fixed subscriber base (48k subscribers at the end of Q2 2022, including both B2B and B2C).
- (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 includes the Coriolis mobile subscriber base (561k subscribers at the end of Q2 2022, including both B2B and B2C) and the Syma total mobile subscriber base (696k subscribers at the end of Q2 2022).



Financial and Operational Review

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

At the end of Q2 2022, SFR had more than 28 million addressable homes passed (FTTH/FTTB), an increase of 1.2 million homes passed compared to Q1 2022. SFR had 17,640 fibre municipalities at the end of Q2 2022 (vs. 15,991 in Q1 2022).

SFR continues to invest in its 4G network, with 61,738 4G systems activated (2,649 new units in Q2 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 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 Q2 2022, nearly 5,700 municipalities are covered in 5G (about 6,500 radio sites) in all of France and the 5G coverage reaches over 55% of the population. Based on the H1 2022 nPerf barometer, SFR was jointly ranked in first place in 5G as a result of its overall performance.

In Q2 2022, BFMTV enhanced its position of being the first news channel in France, with its national audience share increasing notably year over year. The strategy of Altice Media to pursue an objective of 10 local channels in 2022 has delivered positive results year to date, with significant audience levels achieved since the beginning of 2022 on its local channels. In addition, RMC Radio has been successful in strengthening its position with podcast content in audio digital format.

- SFR total revenue grew by +4.5% year over year in Q2 2022 to €2,843 million. Total residential revenue grew by +4.1% year over year in Q2 2022 as a result of residential service revenue growth of +3.9% year over year and residential equipment revenue grew by +6.5% year over year.
- Business services revenue grew by +4.9% year over year in Q2 2022, mainly as a consequence of wholesale revenues and B2B equipment sales year over year. In Q2 2022, 221k FTTH homes were constructed by XpFibre (vs. 180k in Q1 2022, 236k in Q4 2021, 159k in Q3 2021, 184k in Q2 2021, 213k in Q1 2021). The majority of homes constructed in Q2 2022 were built in more rural areas compared to Q2 2021, resulting in a higher average revenue and higher average costs per home built year over year.
- Media revenue increased by +6.7% year over year in Q2 2022.
- Total EBITDA of €1,084 million grew by +0.2% year over year in Q2 2022. The year over year trend was negatively impacted by the EIT MVNO contract loss year over year.
- Total Accrued Capex was €594¹ million in Q2 2022. Consequently, operating free cash flow amounted to €490 million in Q2 2022.

¹ Accrued Capex in Q2 2022 excludes accruals related to the acquisition of a new IRU for an amount of €5 million.

Consolidated Net Debt as of June 30, 2022

- SFR has a robust, diversified and long-term capital structure:
 - Weighted average debt maturity of 5.0 years;
 - WACD of 4.4%¹;
 - 92% fixed interest rate;
 - No major maturities until 2025;
 - Available liquidity of €1.0 billion².
- Total net debt was €23.3 billion at the end of Q2 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	1,669	1,669	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	1,049	1,049	5.500%	2028
Senior Secured Notes	EUR 500	500	500	4.125%	2029
Senior Secured Notes	USD 475	453	453	5.125%	2029
Senior Secured Notes	USD 2,500	2,385	2,385	5.125%	2029
Senior Secured Notes	EUR 400	400	400	4.000%	2029
Senior Secured Notes	USD 2,000	1,908	1,908	5.500%	2029
Senior Secured Notes	EUR 800	800	800	4.250%	2029
Term Loan	EUR 1,088	1,088	1,088	E+3.00%	2025
Term Loan	USD 1,349	1,287	1,287	L+2.75%	2025
Term Loan	USD 2,053	1,959	1,959	L+3.6875%	2026
Term Loan	EUR 955	955	955	E+3.00%	2026
Term Loan	USD 2,413	2,301	2,301	L+4.00%	2026
Drawn RCF	EUR 465	465	465	E+3.25%	2026
Commercial Paper	-	78	78	0.73%	2022
Other debt & leases	-	129	129	-	-
Swap adjustment	-	-1,075	-1,075	-	-
Secured debt		19,401	19,401		
Exchange Altice Lux Senior Notes	EUR 1,317	1,317	1,317	8.000%	2027
Exchange Altice Lux Senior Notes	USD 1,562	1,490	1,490	10.500%	2027
Senior Notes	EUR 500	500	500	4.000%	2028
Senior Notes	USD 1,225	1,104	1,049	6.000%	2028
Drawn RCF	-	-	-	E+4.250	2026
Swap adjustment	-	-175	-175	-	-
Gross debt		23,637	23,582		
Total cash		-338	-249		
Net debt		23,299	23,333		
Undrawn RCF			741		
WACD			4.4%		

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

² €1.0 billion liquidity includes €0.7 billion of undrawn revolvers and €0.3 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) and is presented pro forma for the \$41 million (€39 million equivalent) consideration for the 6.000% 2028 Senior Notes repurchased after June 30, 2022.

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). Altice France Holding repurchased \$125 million (€120 million equivalent) of the 6.000% 2028 Senior Notes from June 21, 2022 up until July 21, 2022, for a corresponding \$91 million (€86 million equivalent) consideration. Gross debt is presented pro forma for the \$57 million (€55 million equivalent) repurchased after June 30, 2022 and cash is presented pro forma for the corresponding \$41 million (€39 million equivalent) consideration.

Reconciliation to Swap Adjusted Debt as of June 30, 2022

As of June 30, 2022, in € million

	Actual	Pro Forma ¹
Total debenture and loans from financial institutions	24,489	24,489
Value of debenture and loans from financial institutions in foreign currency converted at closing FX Rate	-25,481	-25,481
Value of debenture and loans from financial institutions in foreign currency converted at hedged Rate	24,231	24,231
Transaction costs	191	191
Total swap adjusted value of debenture and loans from financial institutions	23,430	23,430
Commercial paper	78	78
Overdraft	10	10
Other debt and leases	119	119
Repurchase and cancellation of 6.000% 2028 Senior Notes	-	-55
Gross debt consolidated	23,637	23,582
Cash	-338	-249
Net debt consolidated	23,299	23,333

Leverage Reconciliation as of June 30, 2022

As of June 30, 2022, in € million

	Actual	Pro Forma
Gross debt consolidated	23,637	23,582
Cash	-338	-249
Net debt consolidated	23,299	23,333
LTM EBITDA consolidated	4,169	4,153
Gross leverage		5.7x
Net leverage		5.6x
L2QA EBITDA consolidated	3,980	4,026
Gross leverage		5.9x
Net leverage		5.8x

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 Holding repurchased \$125 million (€120 million equivalent) of the 6.000% 2028 Senior Notes from June 21, 2022 up until July 21, 2022, for a corresponding \$91 million (€86 million equivalent) consideration. Gross debt is presented pro forma for the \$57 million (€55 million equivalent) repurchased after June 30, 2022 and cash is presented pro forma for the corresponding \$41 million (€39 million equivalent) consideration. For leverage purposes, Adjusted EBITDA is presented pro forma for the Hivory transaction (€73 million on an LTM basis, €0 million on an L2QA basis) and is presented pro forma for the acquisition of Coriolis (€57 million on an LTM basis and €46 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
Revenue	2,733	2,843
Purchasing and subcontracting costs	-781	-768
Other operating expenses	-525	-459
Staff costs and employee benefits	-265	-268
Total	1,162	1,348
Share-based expense	0	0
Rental expense operating lease	-257	-264
Adjusted EBITDA	906	1,084
Depreciation, amortisation and impairment	-809	-844
Share-based expense	0	0
Other expenses and income	-4	-37
Rental expense operating lease	257	264
Operating profit	349	468
Adjusted EBITDA - Financial Statements & Investor Press Release	906	1,084
Capital expenditure (accrued) - Financial Statements	626	600
New IRU	-3	-5
Capital expenditure (accrued) - Investor Press Release	623	594

¹ Accrued Capex in Q2 2022 excludes accruals related to the acquisition of a new IRU for an amount of €5 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.