Altice Europe N.V.

Annual Report 2018

Prins Bernhardplein 200
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The Netherlands

Letter from the CEO

Dear Shareholders,

2018 was a transforming year with the separation of Altice's European and American activities, and the execution of the Altice strategic plan in Europe with the development of the Altice European businesses and the crystallisation of infrastructure value.

With an ongoing focus on improving the customer experience as well as an investment strategy focused on upgrading their fixed and mobile networks for a better quality of services, Altice Europe and its affiliates have made tremendous progresses in 2018 gaining market shares, especially in France and Portugal.

I would like to summarize some of our achievements for 2018.

1. INFRASTRUCTURE STRATEGY

1.1 Fixed network: fibre

1.1.1 France: SFR

Altice France owns the first fibre infrastructure in France with more than 12.3 million eligible homes passed at the end of December 2018, delivering up to 10 Gbps, and an additional secured portfolio of 4 million homes to be passed. Altice France's fixed infrastructure assets include a fully-owned Fibre-to-the-Building ("**FTTB**") network covering 10 million homes, of which the vast majority are fully modernized. In addition, Altice France has a Fibre-to-the-Home ("**FTTH**") network of 2.5 million homes in very dense areas. By application of an agreement with Orange in medium and low dense areas, Altice France has secured the opportunity to deploy more than 2.6 million homes passed in the medium dense areas over the coming years. In 2018, Altice France has been successful in its strategy in low dense areas in France with the awards of new public initiative networks ("**PINs**") to deploy fibre in France, e.g. in Corsica, Gard or Pyrénées-Atlantiques. In the next five years, more than 2 million homes will be passed with FTTH in PINs.

Altice France, which is both an infrastructure operator and a commercial operator on proprietary and open networks, is committed to build the future of very high-speed broadband in France. Altice France continues to invest heavily and deploy at a sustained pace its proprietary very high-speed infrastructure.

In total, Altice France will cover more than 15 million homes in France with very high-speed infrastructure and intends to expand further its network, also through partnerships (please see section 1.1.2 "*SFR FTTH transaction*").

1.1.2 SFR FTTH transaction

At the end of November 2018, Altice Europe announced that Altice France had entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers – Real Assets, acting on behalf of its clients, and OMERS Infrastructure, regarding the sale of a 49.99% stake in SFR FTTH for a total cash consideration of €1.8 billion based on an estimated equity value at closing of €3.6 billion. The transaction closed on March 27, 2019. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion.

With 5 million homes to be passed in the medium and low dense areas (including 1 million homes built as of December 31, 2018) and more to be franchised or acquired, SFR FTTH is the largest alternative FTTH infrastructure wholesale operator in France. SFR FTTH will provide the best resources, structure and organization to accelerate the deployment of FTTH in medium and low dense areas in France and will deploy fibre on a significant scale over the next four years, with at least 1 million homes passed per year. SFR FTTH will sell wholesale services to all operators at the same terms and conditions. Altice France will sell technical services to SFR FTTH for the construction, the subscriber connection and the maintenance of its FTTH network.

1.1.3 Portugal: MEO

Thanks to its investment strategy, MEO has strengthened its leadership position in fibre, by reaching 4.5 million homes passed at the end of December 2018, representing 0.5 million additional homes compared to the end of 2017.

1.2 Mobile network: 4G and 5G

1.2.1 France: SFR

In 2018, SFR continued to expand its 4G/4G+ network and remains, according to the *Agence Nationale des Fréquences* (French National Agency of Frequencies), the operator with the largest number of 4G antennas in service in France (34,281 antennas at the end of December 2018) and covers 98.7% of the population in 4G (as of December 31, 2018). In addition, SFR has reached, three years in advance, its target of 90% population coverage of the low dense areas.

SFR continued to invest to bring its customers 4G+ up to 300 Mbps. Already available in more than 32 agglomerations for a total of 1,141 municipalities, this technology enables a maximum theoretical speed three times greater than with 4G. Even faster, SFR has opened 4G+ up to 500 Mbps in ten major cities.

After having conducted numerous tests since 2016, Altice France launched 5G in Paris in October 2018 for the inauguration of the Altice Campus, its innovative telecoms-media headquarters in France. Several tests are scheduled in different cities in France in 2019 in order to deliver the best of this technology.

1.2.2 Portugal: MEO

Significant investments in networks have also produced positive results in Portugal, where MEO has the best mobile network coverage with 98.3% of the population in 4G and 74.6% in 4G+ (as of December 31, 2018).

A strategic partnership to support rapid development of 5G in Portugal was signed in late 2018. This partnership represents a key step in the process towards MEO’s plans to prepare for a commercial launch of 5G service in Portugal in 2019.

1.3 Tower transactions

In January 2018, Altice Europe announced its commitment to perform a review of its tower portfolio in both France and Portugal in order to enhance the return of the tower assets by increasing its tenancy ratio and support the deleveraging path of Altice Europe. In 2018, Altice Europe delivered on its commitments by closing partnerships for its tower portfolios in France and Portugal, as well as the disposal of its tower portfolio in the Dominican Republic, at very attractive valuations with total cash proceeds for Altice Europe of €2.5 billion.

1.3.1 France: SFR

In December 2018, Altice France and KKR announced the creation of SFR TowerCo, renamed “Hivory”, the largest independent telecoms tower company in France, benefitting from more than 10,000 strategically located sites, and the third largest European tower company. Altice France sold a 49.99% stake in Hivory to KKR. The transaction valued Hivory at an enterprise value of €3.6 billion, representing a very attractive multiple of 18.0x 2017 pro forma EBITDA of €200 million. In addition, a build-to-suit agreement for 1,200 new sites was signed between SFR and Hivory and is expected to generate approximately €250 million in additional proceeds to SFR within the next four years.

Through Hivory, Altice Europe and KKR will proactively seek to partner with all mobile operators to develop their coverage and densification objectives in France, through the build-to-suit of new towers and facilitating colocation needs in the French mobile market.

1.3.2 Portugal: MEO

In September 2018, Altice Europe announced the closing of the sale of a 75% stake in the newly formed company Towers of Portugal, which comprised 2,961 sites formerly operated by its subsidiary MEO, to a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners.

1.3.3 The Dominican Republic

In October 2018, Altice Europe announced the closing of the sale of the tower company Teletorres del Caribe, which comprised 1,039 sites formerly operated by its subsidiary Altice Dominicana, to Phoenix Tower International, a portfolio company of Blackstone.

2. COMMERCIAL RECOVERY

2.1 France: SFR

Altice France had exceptional customer acquisition during 2018 (the third quarter was the best quarter since 2005), with more than one million customers won back, equivalent to the number of customers lost over the last three years since the acquisition of SFR by Altice Europe.

The significant investments in both fixed and mobile networks as well as the consistent improvements in customer care and operating processes led to a reduction in complaints from customers and a reduction in churn rates on all technologies. Management continues to focus on operational processes, reducing churn to an even lower level, while reducing retention cost and increasing its addressable market. This turnaround is also driven by the highest level of employee commitment since 2008 according to Altice France's latest Human Resource study. As a result:

- B2C fixed base grew +5.6% with +333 thousand net additions of which +168 thousand broadband subscribers, including a strong fibre performance (+284 thousand), having the best mix of fibre/DSL customer base in France (40% of fixed subscribers on fibre); and
- B2C mobile postpaid base grew by +1.02 million net additions.

Consistent with its convergence strategy, Altice France launched its new premium pay-TV sport bouquet RMC Sport in summer 2018, including notably the exclusive right to broadcast the European Champions League football games to French consumers. More than two million subscribers can now access RMC Sport content, whose broadcast began in the third quarter of 2018, and which brings together more than 1.5 million viewers for the main games.

2.2 Portugal: MEO

In Portugal, MEO also had strong customer acquisition in 2018 and grew its customer base in both B2C fixed and B2C mobile for the first time in more than 5 years, gaining market share from peers in every segment.

The B2C fixed base grew sequentially with unique customer net additions of +26 thousand, while fixed and mobile churn has stabilized at the lowest level ever, on top of improving gross adds trends. Fibre customer net additions were +184 thousand, supported by the continued rapid expansion of MEO's fibre coverage, and mobile postpaid net additions were +141 thousand. MEO's network investment and successful convergent strategy are paying off and pave the way for revenue growth.

3. REFINANCING

In July 2018, Altice Europe undertook a refinancing at its Altice France credit pool. Altice France issued €1.0 billion and $1.75 billion Senior Secured Notes maturing in 2027 and raised a $2.5 billion Term Loan maturing in 2026 to refinance its €1.0 billion and $4.0 billion Senior Secured Notes maturing in 2022. The new €1.0 billion and $1.75 billion Senior Secured Notes have a coupon of 5.875% and 8.125% respectively whilst the $2.5 billion Term Loan bears interest at a margin of 400bps over LIBOR. As a result of this refinancing activity, Altice France's weighted average cost of debt was minimally impacted and its average maturity of debt was increased by 0.9 years and Altice Europe's average maturity of debt was increased by 0.5 years.

The capital structure of Altice Europe has also been strengthened by partnerships and disposals announced to date for a total cash consideration of €4 billion.

2018 was a year of transformation, commercial recovery, infrastructure investments, deleveraging and refinancing. With dedicated management teams focusing on execution in their respective markets, Altice Europe has a full operational agenda to deliver best-in-class services to its customers, drive innovation, improve its infrastructure, leverage its content investment strategy and strengthen its financial performance in 2019.

Alain Weill, CEO

April 10, 2019

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MANAGEMENT REPORT 2018 – ALTICE EUROPE N.V.

(for the financial year ended December 31, 2018)

This management report as referred to in Section 2:391 of the Dutch Civil Code (the "**Management Report**") has been prepared in compliance with the requirements of Dutch law, including the Dutch Corporate Governance Code.

1 PRINCIPAL ACTIVITIES OF THE GROUP

1.1 Overview of the Group's business

The Group is a multinational group operating across three sectors: (i) telecom (broadband and mobile communications), (ii) content and media and (iii) advertising. The Group operates in Western Europe (comprising France and Portugal), Israel, the Dominican Republic and the French overseas territories (comprising Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte (the "**French Overseas Territories**")).[1] The parent company of the Group is Altice Europe N.V. (the "**Company**"), which succeeded to Altice S.A. pursuant to a cross-border merger completed on August 9, 2015 (the "**Merger**").

On January 8, 2018, the Company announced that its Board had approved plans for the separation of Altice USA, Inc. ("**Altice USA**") from the Company (the "**Separation**"). The Group had entered the US market through the acquisition of Suddenlink and Cablevision in December 2015 and June 2016 respectively. On May 18, 2018, the annual General Meeting of the Company approved the Separation. On June 8, 2018, the Company effected the Separation by way of a special distribution in kind of its 67.2%[2] interest in Altice USA to the Company's shareholders out of the Company's share premium reserve (the "**Distribution**"). At the same time, the Company was renamed "Altice Europe". After the Separation, the Company reorganized its structure comprising Altice France, Altice International and a newly formed Altice TV division. Altice Europe bundled Altice Europe's premium content activities into one separately funded operating unit with its own Profit & Loss statement and integrated the Group's support service businesses into their respective markets. The Company's stakes in Altice Technical Services US and in the i24 channels were transferred to Altice USA prior to completion of the Separation.

The Group had expanded internationally in previous years through several acquisitions of telecommunications businesses, including: SFR and MEO in Western Europe; HOT in Israel; and Altice Hispaniola and Tricom in the Dominican Republic. The Group's acquisition strategy has allowed it to target cable, FTTH or mobile operators with what it believes to be high-quality networks in markets the Group finds attractive from an economic, competitive and regulatory perspective. Furthermore, the Group is focused on growing the businesses that it acquired organically, by focusing on cost optimization, increasing economies of scale and operational synergies and improving quality of its network and services.

As part of its innovative strategy, the Group is focusing on investment in its proprietary best-in-class infrastructure, both in fibre and mobile, commensurate with the Group's position as a number one or number two operator in each market. In 2018, the Group improved its competitiveness in the fixed-mobile convergence, with the leading footprint in high-speed homes passed and a leading number of 4G sites in its two biggest assets (France and Portugal). The Group has also intensified its focus on improving customer experience, paving the way to a commercial recovery, reflected in a record subscriber momentum achieved in 2018.

Finally, the Group is accelerating the monetization of its content investments through various pay-TV models and is growing advertising revenue further. The Group continued to increase its edge in the convergence between telecom and media, notably in France.

Thanks to the acquisition of Teads in 2017, the Group also expanded in the targeted advertising sector. Teads is a leading digital video advertising business which empowers the best publishers in the world to connect advertisers to an audience of 1.4 billion people every month.

[1] On February 12, 2018, the Group sold its telecommunications solutions business and data center operations in Switzerland.
[2] The Distribution excluded the shares of Altice USA indirectly owned by the Company through Neptune Holding US LP.

1.2 Products, services and brands

Through its various Group Companies, the Group provides fixed services, mobile telephony services and media and advertising services to B2C and B2B customers in all the geographies in which it operates. In addition, the Group offers a variety of wholesale and other services across its footprint. The Group also invests in specific content to supplement and enrich the services the Group provides.

The Group's fixed services (high-quality pay-TV, broadband Internet and fixed line telephony) are mainly provided over its cable- and fibre-based network infrastructure which are either FTTH, FTTB, DOCSIS 3.1 or DOCSIS 3.0 enabled, offering download speeds of between 30 Mbps and 10 Gbps depending on geography. For example, on a blended basis, as of December 31, 2018, the Group's high-speed broadband services passed 19.8 million fibre/cable homes, with 4.6 million fibre/cable unique customers. The Group offers xDSL/DSL/DTH services, with 9.2 million fixed B2C unique customers for the year ended December 31, 2018. The Group also offers mobile services in the geographies in which it operates, through 2G, 3G and 4G Long-Term-Evolution ("**LTE**") technology, and, on a blended basis, as of December 31, 2018, the Group had 26.2 million mobile B2C customers (of which 18.4 million were postpaid customers).

The Group is focused on the convergence of fixed and mobile services by cross-selling and up-selling its offerings to further increase its multi-play penetration (except for Israel, where the regulator does not allow it). The Group's cable, fibre and mobile technologies enable it to offer premium digital services, attractive interactive features (such as its 'MEO Go!' offering in Portugal) and local content (*e.g.*, through its 'HOT 3' channel in Israel) to its subscribers, including premium football rights in France. The Group has leveraged its network advantage to drive its multi-play strategy and offer an attractive combination of content, speed and functionality. The Group offers its B2C customers bundled double- and triple-play services, which comprises paying for a combination of TV, broadband Internet access and fixed line telephony services (*e.g.*, through its 'Box Home de SFR' offering in France) at what the Group believes are attractive prices. The Group believes the demand for its multi-play packages is primarily driven by the inherent quality of the various products included within them, which the Group believes are among the best available in the markets in which it operates. Although the Group is convinced its products offer the best value for money and cost-savings for customers when purchased as part of multi-play packages, the Group also offers most of these services on a stand-alone basis in most of its geographies. In some markets, such as France and Portugal, the Group offers quad-play bundles including mobile services, as well.

The Group is focused on strategically developing content to complement its fixed and mobile services with exclusive or high-quality content offerings on its own networks and to external partners. In 2018, the Group began to broadcast the UEFA Champions League and Europa League in France for which Altice TV owns exclusive broadcast rights for three seasons from 2018/2019 to 2020/2021. More than two million subscribers can now access RMC Sport content, whose broadcast began in the third quarter of 2018, and which brings together more than 1.5 million viewers for the main games. The Group continues to broadcast and distribute various sports events in selected countries, including the English Premier League, the French National Basketball League, winter extreme X-Game events, Rugby Premier League fixtures, French Athletics Federation events, Diamond League, World Gymnastics Championships and World Series of Boxing events. Leveraging the rights acquired for these national and international sports events, the Group has consolidated its strategic positioning in France with the launch of a bundle of five channels entirely dedicated to sports.

The Group continues to strengthen its TV competitive advantage: (i) the Group still benefits from exclusive channels (in France) linked to a partnership with Discovery Communications and a strategic agreement with NBCUniversal (Investigation Discovery, Discovery Family, Discovery Channel, Discovery Science, 13ème rue, Syfy, and E! Entertainment Television); and (ii) the Group acquired a local TV channel in January 2019 (Télé Lyon Métropole), two years after the launch of BFM Paris, in order to pursue its ambitious policy of deploying regional news channels, on top of its terrestrial TV channels (notably BFMTV, the leader of news TV channels in France).

The Group also takes full benefit from Teads (acquired in June 2017) to embrace the full convergence of telecom, media and advertising. This global media platform distributes ads to over 1.4 billion people every month. Teads solutions combine high-quality inventory with smart uses of data, along creative artificial intelligence. This makes marketing more precise and more efficient, whilst enabling brands to deliver the optimal advertising experience personalized to the user.

The Group markets its products and services under the following brands: 'SFR' and 'RED' in France; 'HOT' in Israel; 'MEO' and 'M4O' in Portugal; 'Altice' in the Dominican Republic, and, in each case, several associated trademarks. Until the Separation (effective on June 8, 2018), the Group also marketed its products and services under the "Suddenlink" and "Optimum" brands in the United States.

The Group's portfolio in each of the regions in which it operates is set forth below:

Countries of operation	France	Portugal	Israel	Dominican Republic	Contents and Altice TV[1]	Advertising (Teads)	United States[2]
Mobile services offered	■ 2G, 3G, 4G/4G+ ■ B2B ■ Wholesale	■ 2G, 3G, 4G/4G+ ■ B2B ■ Wholesale	■ 2G, 3G, 4G ■ B2B	■ 2G, 3G, 4G ■ B2B	■ Content suite on mobile - sport and entertainment	■ Made-for-mobile ad experiences ■ Creative artificial intelligence	N/A
Fixed (Very High Speed) services offered	■ Pay-TV ■ Broadband Internet ■ Fixed line telephony ■ B2B ■ Wholesale ■ OTT	■ Pay-TV ■ Broadband Internet ■ Fixed line telephony ■ B2B ■ Wholesale	■ Pay-TV ■ Broadband Internet ■ Fixed line telephony ■ Internet Service Provider ("ISP") ■ B2B	■ Pay-TV ■ Broadband Internet ■ Fixed line telephony ■ B2B ■ Wholesale	■ Premium pay-TV - sport and entertainment ■ Terrestrial TV channels ■ Local contents ■ OTT	■ Professionally produced content ■ Demand-side, sell-side to deliver better effectiveness	■ Pay-TV ■ Broadband Internet ■ Fixed line telephony ■ B2B ■ Wholesale

[1] Through its Altice TV division, the Group produces and broadcasts a diverse range of content and offers such content as part of its pay-TV packages in several of its geographies and on its SVOD platform, SFR Play. In addition, the Group acquired NextRadioTV, a leading French media company which owns several TV and radio channels, and Altice Media Group France S.A.S. (currently known as SFR Presse S.A.S.), a French media group which publishes newspapers such as Libération and L'Express.
[2] The Group's portfolio included the United States until the Separation was effected on June 8, 2018.

1.3 Activities

The Group tracks the performance of its business by geography and further analyses its revenues by activity. The Group has identified the following activities: fixed B2C, fixed B2B, mobile B2C, mobile B2B, wholesale services, TV and content, targeted advertising and other.

1.3.1 Fixed B2C

The Group offers a variety of fixed B2C services, primarily as part of multi-play packages, with available offerings depending on the bandwidth capacity of its cable and fibre networks in a particular geography, which consist of FTTH, hybrid fibre coaxial ("**HFC**") and DSL (copper line).

The Group has a high-quality cable- and fibre-based network infrastructure across the geographies in which it operates. The Group has already rolled-out and secured plugs in FTTH in its key countries (France and Portugal). The Group's HFC networks are DOCSIS 3.0-enabled, which the Group believes allows it to offer attractive and competitive services in terms of picture quality, speed and connection reliability. The Group believes that with its HFC and FTTH technologies, it is well positioned for future technological developments, including the ability to upgrade to the upcoming DOCSIS 3.1 standard or evolve to GPON / FTTH at a very competitive price point. This makes it possible for the Group to increase broadband Internet download and upload speeds exceeding those offered by competing technologies and without making significant additional investments.

TV and content

Across its geographies, the Group offers digital television services which include basic and premium programming, and, in most markets, incremental product and service offerings such as VoD, and, in some cases, exclusive content. The Group's pay-TV offerings include content and channels purchased from a variety of local and foreign producers and the Group continues to focus on broadcasting high-quality content over all of its networks as well as producing its own original content. To ensure the Group caters to local demand for content, it tailors both its basic and additional channel offerings to each country of operation according to culture, demographics, programming preferences and local regulation.

Broadband Internet access and fixed line telephony

The Group provides broadband Internet access and fixed line telephony services across its cable, fibre (and in certain areas xDSL) footprint. Large portions of its networks that are DOCSIS 3.0-enabled or FTTH-enabled can offer download speeds of up to 10 Gbps with limited network and customer premises equipment upgrades given the existing technological capability of its networks. This technological capability can be realized with relatively low levels of capital expenditure and will enable it to better meet the needs of its residential and corporate customers who demand higher download speeds. Across France and Portugal, the Group is upgrading its networks for next-generation FTTH technology which will deliver more download speeds in the mid-term as well as reducing operating costs of running and maintaining its networks and services. As of December 31, 2018, the Group provides broadband Internet to 9.2 million B2C customers (over its cable- and fibre-based network infrastructure) across its geographies.

The Group's fixed line telephony services are based on either PacketCable or Voice-over-Internet-Protocol ("**VoIP**") technologies. The Group offers a wide range of telephony packages and its triple-play offers tend to include flat-rate telephony packages with a significant number of minutes of use included in the price. The Group provides national and international connectivity to its customers either through its own interconnection capabilities or through its partners. The Group intends to phase out stand-alone telephony packages as its strategy is to offer fixed line telephony as an add-on product in its multi-play packages.

In its fixed B2C business, the Group believes advanced customer premise equipment is playing an increasingly crucial role as it enhances customer experience by facilitating access to a wide range of user-friendly features, offers a reliable channel for selling add-on and on-demand services, allows for multi-screen television viewing and broadband Internet usage by multiple parties. Furthermore, when set-top boxes, modems and other customer premise equipment are combined in one box, it allows cable operators to significantly reduce customer service expenses. Accordingly, the Group has continued to roll out 'LaBox', its most advanced set top box, in France, the Dominican Republic and Israel. LaBox is an innovative integrated set-top box and cable router offered to customers subscribed to the Group's premium multi-play packages. It can deliver very-high-speed Internet, digital television services with a capacity of up to 300 channels and fixed line telephony with two telephone lines, has four tuners to allow subscribers to record two television programs simultaneously while watching still another (as well as watching different channels in different rooms), and has 4K capability. Smartphones and tablets can act as 'remote controls' for LaBox, allowing users to navigate the interface with their personal handheld device as well as to switch on and off the recording of television programs remotely through the application 'TV Mobile'. In March 2018, the Group also launched a new entertainment platform in Portugal, 'Sofia', including a new user interface and a state-of-the-art new wireless video set top box. This interface includes new content discovery features, more customization and higher speed.

Until the Separation was effected on June 8, 2018, the Group also offered in the United States its new home communications hub, Altice One, introduced in the fourth quarter of 2017. This home communications hub is an innovative, integrated platform with a dynamic and sophisticated user interface, combining a set-top box, Internet router and cable modem in one device. It is capable of delivering broadband Internet, Wi-Fi, digital television services, over-the-top ("**OTT**") services and fixed-line telephony and supports 4K video and a remote-storage DVR with the capacity to record 15 television programs simultaneously and the ability to rewind live television on the last two channels watched.

1.3.2 Mobile B2C

The Group owns and operates mobile infrastructure in most of its geographies, including France, Portugal and Israel. The Group primarily services the postpaid subscriptions market, which represented approximately 70% of the Group's mobile customer base as of December 31, 2018, and, to a less extent, the prepaid market. Depending on geography and network technology deployed, the Group offers 2G, 3G and/or 4G services on a variety of plans, from 'no frills' offers with no commitment or handset, to premium mobile telephony offers with varying voice and data limits, if any, at attractive prices.

As of December 31, 2018, on a blended basis across the geographies where the Group is active, it offered mobile services to 26.2 million B2C customers. In Israel, due to current regulations, the Group offers its mobile services only on a stand-alone basis and in a bundle with ISP services and not as part of a multi-play cable offering.

In the fourth quarter of 2017, Altice USA and Sprint entered into a multi-year strategic agreement pursuant to which Altice USA would utilize Sprint's network to provide mobile voice and data services to its customers through the nation, and Altice USA broadband network would be utilized to accelerate the densification of Sprint's network. Until the Separation was effected on June 8, 2018, this additional product offering supported the ambition to deliver greater value and more benefits to the Group's customers in the United States, including by offering quad-play offerings that bundle broadband, pay television, telephony and mobile voice and data services to its customers.

1.3.3 Fixed B2B

The Group offers focused fixed B2B services to large, medium, small and very small business customers in France, Portugal, the Dominican Republic and other geographies (including in the United States until the Separation was effected on June 8, 2018). In Israel, the Group's B2B services primarily consist of enhanced versions of the Group's B2C products, which are adapted to meet the needs of its B2B customers.

1.3.4 Mobile B2B

The Group offers focused mobile B2B services to large, medium, small and very small business customers. The Group's B2B mobile products often include professional telephony services (such as business directory services, fleet management customer areas, usage alerts and financial management solutions) with devices chosen to respond to the needs of professionals and 24-hour on-site exchange service.

1.3.5 Wholesale services

The Group offers some wholesale services across its geographies, including interconnection services to other operators, and sells wholesale cable and xDSL services to other telecommunications operators who resell such services under their own brands.

In addition, thanks to the creation of premium channels by the Altice TV division, which include premium sport rights, exclusive or original films and series, the Group offers original channels to other telecommunications operators or third parties like Canal+, therefore becoming a wholesale player in both infrastructure and content.

1.3.6 TV and content

Pay-TV

The Group is focused on strategically developing content to complement its fixed and mobile services with exclusive or high-quality content offerings. The Group produces and broadcasts a diverse range of content including live broadcasts of sports events and other sports- and lifestyle-related programs as well as the sports programming for which the Group has acquired broadcasting rights, including the UEFA Champions League and Europa League, the English Premier League, the French National Basketball League, winter extreme X-Game events, Rugby Premier League fixtures, French Athletics Federation events, Diamond League, World Gymnastics Championships and World Series of Boxing events. Leveraging the rights acquired to these national and international sports events, the Group consolidated its strategic positioning in France with the launch of a bundle of five channels entirely dedicated to sports.

In 2018, Altice TV began the broadcast of premium sport contents, i.e. the exclusive rights of UEFA Champions League and Europa League in France for seasons 2018 through 2021. In 2018, Altice France launched RMC Sport, with the broadcasting of the first Champions League matches in September 2018 for SFR subscribers through telecom bundles as well for those that subscribed to the RMC Sport OTT offer. Altice TV reached a wholesale deal with Canal+ in September 2018 to allow Canal+ pay-TV satellite clients to watch RMC Sport content.

Separately, the Group had formed a partnership with Discovery Communications and NBCUniversal to distribute exclusive channels in France, dedicated to cinema and series, which broadcast the NBCUniversal catalogue and other French and European productions.

The Group offers the distributed channels as part of its pay-TV packages in several of its geographies and also distributes them to third party service providers. The Group also continues to develop and offer content in Israel through its 'HOT 3'and 'HOT HBO' channels.

Terrestrial TV channels

The Group has broadened its media presence with the acquisition of NextRadioTV in 2016 (which owns flagship TV channels like BFMTV, the leader of news TV channels in France). In addition, the Group acquired a local TV channel in January 2019 (Télé Lyon Métropole), two years after the launch of BFM Paris, in order to pursue its ambitious policy of deploying regional news channels.

Press

The Company owns well-established papers in France with renowned websites: the daily newspaper Liberation and the weekly press magazine L'Express.

1.3.7 Targeted advertising (Teads)

The Group acquired Teads in June 2017. Teads, founded in 2011, is a global media platform and leading digital video advertising business. Publishers use Teads' technology to create engaging video and display advertising experiences on their website and in their Apps. Those publishers can monetize the advertising inventory through their own sales force or Teads' salesforce. Teads, a highly complementary strategic asset to the Group, can leverage data from the Group's telecom businesses to deliver anonymous people-based targeting solutions, including set top box viewing data information, enriched by consumer data, allowing the Group to track buying behaviour. As a global media platform, Teads unites and empowers the best publishers in the world to connect advertisers to an audience of over 1.4 billion people every month. Teads' made-for-mobile ad experiences deliver attention and guaranteed outcomes across the marketing funnel. Through its end-to-end platform, Teads provides demand-side, sell-side and creative technology to deliver better media effectiveness for brands, better monetization solutions for publishers, and better experiences for consumers. In 2018, Teads counted P&G, Amazon, Volkswagen, Samsung and other leading advertisers in its top clients for video, display and performance ad campaigns. Teads also renewed 100% of its existing exclusive publisher partnerships in 2018 and added many new ones including: Bloomberg, VICE, The Economist, Spiegel and Apple News UK, among others.

In 2018, Teads diversified its product offering by scaling innovative and viewable display and performance advertising solutions, which, on a combined basis, now represent nearly 20% of its revenue. Teads saw significant adoption of its Ad Manager, a self-serve programmatic interface allowing buyers to buy media on a guaranteed outcome basis, such as video view completion. Teads Ad Manager is currently being used by several of the largest agency holding companies including IPG, DentsuAegis and Havas. Finally, Teads developed an audience suite allowing marketers to combine Teads' first party data with their own data and with curated third-party data segments in order to improve campaign targeting, optimisation and reporting capabilities.

1.3.8 Other

R&D services

The Group has implemented the 'Altice Labs' initiative, which is the Group's state-of-the-art research and development center that aims to centralize and streamline innovative technological solutions development for the entire Group ("**Altice Labs**"). Under this initiative, the Group's R&D teams across all of the jurisdictions in which the Group operates (i) creates products and technology to facilitate the build-out of its fixed and mobile network, (ii) develops systems to improve customer experience and handle disturbances and outages with speed and precision allowing for a near uninterrupted usage of the Group's services and (iii) creates user friendly and high quality customer interfaces and products, including new generation set-top boxes, portals and loT.

Altice Labs has more specifically developed advanced collaborative unified communications, zero-touch provisioning systems and fibre gateways with the most advanced connectivity and Wi-Fi home routing technologies, which have been deployed across geographies improving customer experience. Altice Labs has been a valuable tool to create differentiation on network performance and service usage. The strong relationship with universities sustains a reliable innovation ecosystem to transform knowledge into value to customers in a unique way. For more details about Altice Labs, please refer to section 2.6.2 "*Research and development*".

Other services

The Group offers a number of other services, depending on geography, such as bulk services to housing associations and multiple-dwelling unit managers, cloud storage such as on-demand IaaS services, computer

security services and storage and backup solutions. In various jurisdictions in which the Group operates it also generates revenues from selling advertising time to national, regional and local customers.

1.4 Marketing and sales

The Group's marketing divisions use a combination of individual and segmented promotions and general brand marketing to attract and retain subscribers. It markets its B2B services to institutional customers and businesses such as large corporates, governmental and administrative agencies, small- and medium-sized businesses, nursing homes, hospitals and hotels. The Group's primary marketing channels are media advertising including commercial television, telemarketing, e-marketing, door-to-door marketing, billboards, newspaper advertising and targeted mail solicitation. The Group continuously evaluates its marketing channels, to allocate its resources most efficiently. The Group's marketing strategy is based on increasing the penetration of multi-play services within its subscriber base, increasing distribution of television-based value-added services and ensuring a high level of customer satisfaction in order to maintain a low churn rate. The Group highlights its multi-play offerings in its marketing efforts and focuses on transitioning its analog and digital video-only customers to multi-play packages. The Group believes customers who subscribe for more than one service from it are significantly more loyal. The Group's marketing and sales efforts are always geared towards demonstrating the high-quality and speed of its networks.

The Group uses a broad range of distribution channels to sell its products and services throughout its operations, including retail outlets owned and run by the Group, retail outlets owned and run by third parties, dedicated sales booths, counters and other types of shops, door-to-door sales agents, inbound and outbound telesales and, in certain countries, its websites.

1.5 Customers

1.5.1 Customer contracts and billing

The Group typically enters into standard form contracts with its B2C customers. The Group reviews the standard rates of its services on an on-going basis. In certain geographies, in addition to the monthly fees the Group charges, customers generally pay an installation fee upon connection or re-connection to the Group's cable network. The terms and conditions of the Group's contracts, including duration, termination rights, the ability to charge early exit fees, and the ability to increase prices during the life of the contract, differ across the Group's operations primarily due to the different regulatory regimes it is subject to in each of the jurisdictions in which it operates.

The Group monitors payments and the debt collection process internally. The Group performs credit evaluation of its B2C and B2B subscribers and undertakes a wide range of bad debt management activities to control its bad debt levels, including direct collections executed by its employees, direct collections executed in co-operation with third party collection agencies, and pursuit of legal remedies in certain cases.

1.5.2 Customer service

The Group's customer service strategy is to increase customer satisfaction and decrease churn with high product quality and dedicated service offered through locally and internationally operated service centers and personnel. The Group has vertically integrated one of its main historical customer care suppliers, Intelcia Group, as well as one of its main historical suppliers in the area of the network deployment and maintenance, Parilis, in order to have more end-to-end control over processes and to optimize its operational risks and costs. The integration of Intelcia Group and Parilis enhanced the Group's expertise in these areas and ensure further quality of service improvements to its customers. The Group has also launched and started to implement initiatives aimed at improving its customers' experience, including enhanced customer relationship management systems, which allow the Group to better manage new subscribers, identify customers at risk of churning, handle complex customer issues, offer special retention offers to potential churners and repayment plans to insolvent customers. The Group aimed to integrate operations and centralize functions in order to optimize processes and to correlate sales incentives to churn, net promoter score ("**NPS**") and average revenue per user ("**ARPU**") as opposed to more traditional criteria of new sales, in order to refocus the organization away from churn retention to churn prevention. In order to pro-actively address proper churn prevention, a dedicated task force was put in place in 2018, composed of top managers from different services (marketing, network, call center, etc.).

1.6 Competition

In each of the geographies and industries in which the Group operates, the Group faces significant competition and competitive pressures. Certain markets, such as France, are very mature markets, with a limited number of new subscribers entering the market. Moreover, the Group's products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

With respect to its B2C activities, the competition that the Group faces from telephone companies and other providers of DSL, VDSL2 and fibre network connections varies between geographies in which the Group offers its services. With respect to pay-TV services, the Group is faced with growing competition from alternative methods for broadcasting television services other than through traditional cable networks. For example, online content aggregators which broadcast OTT programs on a broadband network, such as Internet competitors Amazon, Apple, Google and Netflix, are expected to grow stronger in the future. Connected or 'smart' TVs facilitate the use of these services. With respect to the fixed line and mobile telephony markets, the Group experiences a shift from fixed line telephony to mobile telephony and faces intensive competition from established telephone companies, mobile virtual network operators ("**MVNOs**") and providers of new technologies such as VoIP.

In the competitive B2B data services market, pricing pressure has been strong. Conversely, the use of data transmission services has significantly increased. The Group is currently facing competition from software providers and other IT providers of data and network solutions, and the line between them and the suppliers of data infrastructure and solutions like the Group has become increasingly blurred. Partnerships between IT providers and infrastructure providers are becoming increasingly common and are an additional source of competition but also an opportunity. Being able to face the competition efficiently depends in part on the density of the network, and certain competitors of the Group have a broader and denser network. In recent years, the B2B market has experienced a structural change marked by a move from traditional switched voice services to VoIP services.

The following is an overview of the competitive landscape in certain key geographies in which the Group operates:

France

In the broadband market, the Group competes primarily, though increasingly with fibre, with xDSL providers such as Orange (the former incumbent and leading DSL provider in France), Free and Bouygues Telecom. The Group's competitors continue to invest in fibre network technology which has resulted in additional competition to its fibre-based services. In the French mobile telephony market, the Group competes with well-established mobile network operators such as Orange, Bouygues Telecom and Free, as well as other MVNOs such as La Poste. In particular, price competition is significant since entry into the market by Free in early 2012 with low-priced no-frills packages. Moreover, the competition in the fixed market has deteriorated in 2018 with more aggressive promotions from competitors for longer periods, particularly at the low end of the market. However, the acceleration of the Group's fibre deployment in France, notably expanding FTTH coverage in low-density and rural areas, should support better fibre subscriber trends as the addressable market for very high-speed broadband services expands.

In the French pay-TV segment, the Group competes with providers of premium television packages such as CanalSat, BeIN, DSL triple-play and/or quad-play operators such as Orange, Free and Bouygues Telecom, which provide Internet Protocol TV ("**IPTV**"), and providers of pay digital terrestrial television ("**DTT**").

In the wholesale market, the Group competes with established players (the incumbent Orange mainly), and with local operators (Covage, Altitude Telecom, etc.).

Portugal

In Portugal, the Group faces competition from Vodafone Portugal, NOS SGPS, S.A. and Nowo (formerly known as Cabovisão-Televisão por Cabo, S.A. and which the Group disposed of in January 2016) in both the fixed and mobile markets. In the fixed telephony market, the Group faces an erosion of market share of both access lines and outgoing domestic and international traffic due to the trend towards the use of mobile services instead of fixed telephone services. Competition in the fixed line telephony market is intensified by mobile operators such as NOS SGPS, S.A. and Vodafone Portugal who can bypass PT Portugal's international wireline network by interconnecting directly with fixed line and mobile networks either in its domestic network or abroad.

Israel

In Israel, in the pay-TV market, the Group's main competitor is D.B.S. Satellite Services (1998) Ltd, a subsidiary of Bezeq, which provides satellite technology-based television services under the brand "YES". The Group's high-speed broadband Internet infrastructure access service competes primarily with Bezeq, which provides high speed broadband Internet access over DSL and holds the highest market share in broadband Internet infrastructure access in Israel. Bezeq is also the Group's main competitor in the fixed-line telephony market as the largest provider of fixed line telephony services. The Group's Israeli mobile service, HOT Mobile, competes with several principal mobile network operators, including Cellcom, Partner, Pelephone and Golan Telecom, and MVNOs. The telecom market in Israel has changed significantly in recent years to reach 7 players in fixed, 8 players in mobile and 10 players in video, underlying an increase of competition.

Dominican Republic

In the Dominican Republic, the Group's key competitors are Claro (America Movil) and - to a lesser extent - local players like Viva and Aster. Altice Dominicana has approximately 38% market share in mobile and 22% in fixed internet. In the mobile market, Altice Dominicana mainly competes with Claro, but was impacted by the disruption of Viva, even if Altice Dominicana holds the largest spectrum range (175 MHz) and a better 4G network. Altice Dominicana also competes with niche actors: Wind and Sky. In the pay-TV segment (40% households penetrated), the market is still deeply fragmented with several regional cable operators.

2 STRATEGY AND PERFORMANCE

2.1 Objectives

The Group's key objective is to improve its operating and financial performance by increasing operational efficiencies of its existing businesses, driving growth through reinvestment, and integrating its acquired businesses utilizing the Group's operational expertise, scale and investment support. Furthermore, the Group aims to deliver to its customers the best quality services and exclusive content on proprietary state-of-the-art mobile and fixed infrastructure, by investing in best-in-class technology, insourcing its historical suppliers in the area of technical services and call centers in order to better control quality, and developing a tailor-made approach, based on the analysis of data collected from its customers, in order to service them in an individualized manner, propose them targeted offers, dedicated content and custom-made advertising and provide them with a unique and sophisticated customer experience. The Group aims to create long-term shareholder value through exceptional operating and financial performance, mainly driven by its focus and investments to provide a superior customer experience at lower cost levels.

The Group has contributed to long-term value creation in the past financial year through the implementation of the Separation and continued investment at an accelerated pace into upgrading its fixed and mobile networks for better quality services to improve the customer experience and drive future growth.

The Group intends to pursue its plan to strengthen its balance sheet. The Group will continue to review its infrastructure in its footprint, in line with the transformational agreements already reached with renowned infrastructure investors. In 2018, the Group closed the tower transactions in France, Portugal and the Dominican Republic at very attractive valuations and for a total sale proceeds of more than €2.5 billion. The Group will retain a controlling 50.01% stake in the French tower portfolio as well as a 25% stake in the Portuguese tower portfolio. In addition, Altice France has entered into a partnership with infrastructure investors, becoming its partners and committing large resources to build the leading FTTH wholesaler in Europe (please see section 2.4.1 *"Significant events affecting historical results – Closing of the sale of an equity stake in SFR FTTH"* for more details on this transaction). Pro forma for the sale of a 49.99% stake in SFR FTTH, the Group has been able to crystallize €8 billion of infrastructure value in 2018 and to obtain cash proceeds of €4 billion in total. Through these transactions, the Group will deleverage. The Group has started to see an increase of content-related revenues, namely monetization of the UEFA Champions League rights: the Group has already signed an important wholesale deal with Canal+ for their satellite customers, on top of new OTT clients and SFR clients taking content bundles.

2.2 Strategy of the Company

At the core of the Company's strategy is a return to revenue, profitability and cash flow growth and, as a result, deleveraging. The Group benefits from a unique asset base which is fully-converged, fibre rich, media rich, active across consumers and businesses and holds number one or number two positions in each of its markets with nationwide coverage. The reinforced operational focus offers significant value creation potential. In parallel, the Company is progressing with the disposal of its non-core assets and the value crystallization of its infrastructure.

Key elements of the Company's growth and deleveraging strategy include:

- the operational and financial turnaround in France and Portugal under the leadership of new local management teams;
- optimizing the performance in each market with a particular focus on customer services;
- continuing to invest in best-in-class infrastructure commensurate with the Company's market position;
- monetizing content investments through various pay-TV models and growing advertising revenue; and
- the execution of non-core asset disposal program and the potential monetization of part of the Group Companies' fibre infrastructure.

Furthermore, to increase accountability and transparency, the Company has been, since the Separation was effected on June 8, 2018, structured in three reporting groups with new perimeters:

- *Altice France:* Altice France includes SFR Telecom, SFR Media (NextRadioTV and press), the French Overseas Territories, Altice Technical Services France and Altice Customer Services;
- *Altice International:* Altice International includes MEO in Portugal, HOT in Israel, Altice Dominicana in the Dominican Republic, Teads and Altice Technical Services in Portugal, Israel and the Dominican Republic; and

- *Altice TV division:* the newly formed Altice TV division includes Altice Entertainment, Altice Picture major sports rights (including the UEFA Champions League and the English Premier League) and other premium content rights (including Discovery Communications and NBCUniversal).

The below strategies are designed to achieve the Group's objectives and further improve its business operations and practices and as a result thereof provide long-term value creation.

Grow operating margins and cash flow by leveraging the Group's operational expertise

The Group plans to continue to grow its operating margins across its operations by focusing on cost optimization and leveraging economies of scale and operational synergies. The Group targets further savings as the Group focuses on integrating and optimizing acquired businesses, particularly in its key markets France and Portugal. The execution of this plan, amongst other things, includes:

- developing, launching and integrating new products, services and business models, including the creation of the next generation communications access and content convergence platforms with market-leading home hubs;
- improving network quality, upgrading and building out very high-speed communication networks;
- improving customer relationship management and maximizing customer experience, notably by investing in efficient IT platforms, focusing on digitalization and simplifying processes;
- delivering to the Group's customers the best new channels, the best sport content, the best documentary programs and the best series and movies;
- delivering key technology services and market-leading research and development through Altice Labs, promoting innovation and transforming technical knowledge into marketable competitive advantages, including the creation and monetization of world-class data analytics;
- leveraging sales and marketing strategies; and
- selecting strategic suppliers and improving technical and commercial negotiations.

The Group implements this model at the level of its main operational subsidiaries in the different geographical areas in which the Group operates.

Invest in fixed and mobile infrastructure across the Group's footprint to maintain its competitive advantage in the market and provide best-in-class services to its customers

The Group aims to remain a technology leader in each of its markets and to provide innovative, best-in-class services to its customers. In France, the Group announced in 2015 its plan to expand its next-generation fibre footprint and ensure its leading position as provider of fibre broadband services in the French market. The Group is well-positioned to achieve this target, reaching 12.3 million fibre homes passed as of December 31, 2018, with its partners committing large resources to build the leading FTTH wholesaler in Europe through SFR FTTH (5 million homes to be rolled-out in medium and low dense areas – please refer to section 2.4.1 *"Significant events affecting historical results – Closing of the sale of an equity stake in SFR FTTH"* for more details). Also, in France, the Altice France Group had again a record year of investment in 2018, related to its capital expenditure on upgrading its 3G network and expanding its 4G mobile and fibre networks. The Altice France Group rolled out an additional 3.1 thousand 4G sites in 2018, reaching a population coverage of 98.7%. The Altice France Group continues to be the leader in terms of 4G mobile antennas in service in France (34,281 according to the *Agence Nationale des Fréquences* (French National Agency of Frequencies) data).

In Portugal, subsequent to its acquisition of PT Portugal, the Group announced in 2015 its plan to extend its fibre network from approximately 2.3 million homes to 5.3 million homes by 2020, creating the most innovative, GPON-technology based fibre network in Europe. The Group is well-positioned to achieve this target, having rolled out 0.5 million new fibre homes passed in 2018 and reaching 4.5 million homes passed as of December 31, 2018.

Furthermore, the Group is investing in improving the customer experience by simplifying the customer's journey when interacting with it. This activity is supported by innovative processes and systems. A task-force was implemented in 2018 with top managers coming from different departments (marketing, network, call center, etc.) to properly improve the different processes around the customer service journey.

The Group intends to continue to invest into its networks and services to maintain its competitive advantage and position itself to grow in the future.

Selectively invest into key content to enrich the Group's communications service offerings and differentiate its offerings in the market place

The Group believes that the telecommunication industry is increasingly characterized by (i) digitalization of all aspects of everyday lives transforming usage and needs of individuals and enterprises and (ii) growing competition from new players for the control of the entire value chain consisting of terminal-access-content/services. In this new environment, the Group is implementing a strategy based on the integration of connectivity, content and services, and the monetization of customers' usage-related data. The Group plans to invest selectively to provide premium content and services across all platforms, including TV, mobile, laptops, tablets, and stimulate customers' demand and usage. The Group believes this strategy will help to differentiate its brands and offerings and to have better control over the entire customer experience. The Group sees a competitive advantage which is expected to reduce churn, to have an accretive impact on ARPU and customer purchases and also to reduce dependence on content publishers.

The Group made significant investments, which it can leverage on its large customer base, in the French media business, such as the acquisition of exclusive broadcasting rights to the UEFA Champions League and Europa League for seasons 2018/2019 through 2020/2021, and earlier for the English Premier League for the three seasons which started in August 2016, as well as the French National Basketball League, winter extreme X-Game events, Rugby Premier League fixtures, French Athletics Federation events, Diamond League, World Gymnastics Championships and World Series of Boxing events. The Group also operates France's leading news channel BFMTV, other DTT channels such as RMC Découverte and RMC Story, the local news channel BFM Paris as well as the sports channels BFM Sport and RMC Sport. In France, the Group owns daily newspaper Liberation and weekly press magazine L'Express. In Portugal, the Group holds rights to broadcast games of popular Portuguese football clubs and PT Portugal's subsidiary MEO holds a 25% stake in SPORT TV, a sport TV broadcaster based in Portugal. Separately, the Group still benefits from partnerships with Discovery Communications and NBCUniversal to distribute exclusive channels in France.

Leverage the Group's networks to address new growth opportunities including B2B and mobility

The Group believes that its dense fibre/cable network, supported by fibre backbones, will position it ideally to service new demand from corporate customers and to benefit from the convergence of fixed and mobile usage with relatively lower levels of capital investment compared to some of its peers. The Group aims to leverage its well invested infrastructures to offer tailored data solutions and capture profitable growth in the markets where it is active, thereby maximizing the return on its network assets.

Opportunistically grow through value-accretive acquisitions and generate value through proven integration capabilities

The Group has made numerous acquisitions since its inception in 2002 and had consecutively applied its operating model and ability to achieve efficiencies and cost synergies to the acquired assets. Following this period of expansion, the Group is now mainly focused on improving the operational and financial performance of its existing assets and deleveraging its balance sheet to its stated target.

2.3 Corporate sustainability

None of the measures presented in this section 2.3 are measures of financial performance under the International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), nor have these measures been audited or reviewed by an auditor, consultant or expert.

2.3.1 Sustainability strategy

The Group's sustainability strategy is based on the United Nations Sustainable Development Goals (the "**SDG**") which were defined to support and act in accordance with the 10 United Nations Global Compact Principles in the areas of human rights, labour practices, environment and anti-corruption. The SDG were adopted by the United Nations in 2015 and include specific targets which are to be accomplished by 2030. The targets cover diverse but interlinked topics, e.g. equitable access to education and quality health services, the establishment of decent jobs,

sustainability, the promotion of effective institutions and stable societies, and the fight against inequality at all levels.

For the Group, sustainability is a contribution of its business activities to the economic and social progress of the communities in which it is located, taking into account the impact on the environment and promoting stable relations with its stakeholders by:

- using the Group's and its partners' expertise in technology and innovation to create, develop and implement unique solutions that contribute to the development of companies and to the well-being of citizens, based on a sustainable and integrated vision;
- creating a culture based on ethical, environmental and social criteria and integrating these criteria into the management and decision-making processes; and
- promoting the alignment of sustainability principles throughout its entire value chain and focusing on the SDG.

The Group is committed to contribute to the accomplishment of the SDG and has identified how its activities can impact the accomplishment of the SDG, given the specific nature, scale and reach of its operations and how this could add value to its business.

The Group believes that it can have a greater impact in accomplishing the targets underlying the following SDG:

The material topics and commitments within the Group Companies are aligned with the SDG and the Group's strategies and are therefore linked to global priorities, valuing corporate sustainability and increasing the commitment of customers, employees and other stakeholders, such as trade unions and employee organisations.

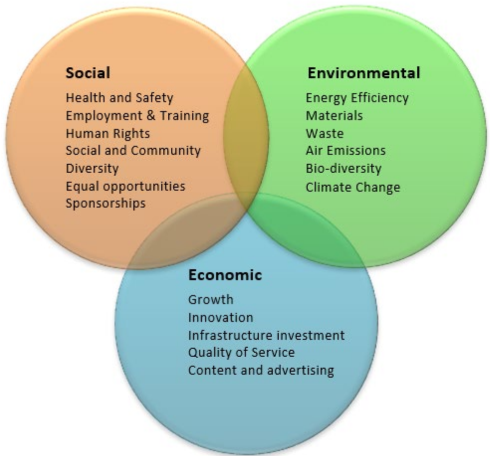
The following table provides examples of actions that were implemented in 2018 in the French Telecom Group and in the Altice Portugal Group:

SDG	Actions	KPI's	Goal 2030
4 QUALITY EDUCATION	• Promote training and educational sessions accessible to all employees • Promote opportunities, equality and fair treatment of people with disabilities • Promote sustainable education • Collaborate with educational institutions to promote vocational training, employment, education and innovative solutions	• Investment in training in relation to the previous year • Number of young people and adults trained in technology information • Development of partnerships in the digital inclusion area • Proportion of training related to sustainable development	• Reducing inequalities in education based on race, religion, gender, sexual orientation or social / economic conditions
8 DECENT WORK AND ECONOMIC GROWTH	• More efficient use of energy, water, materials and other resources • Implement circular business models in order to reduce environmental impact and promote better use of natural resources • Extending responsibility to the post-consumer phase and to the equipment reuse • Replacement of equipment with lower consumption • Improve waste management • Conduct awareness / training sessions on environmental protection for employees and service providers	• Rate of reuse of products / materials • Recycling rate of products / materials • Monitoring of applicable energy, water and other resources • Monitoring the number of actions to raise awareness and evaluate their effectiveness	• Promoting sustainable economic and environmental growth

SDG	Actions	KPI's	Goal 2030
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Ensure resource efficiency, resilience and sustainability in transport, buildings, information and communication technologies • Have a life cycle approach by investing, developing, managing and modernizing infrastructure throughout its life cycle taking into account environmental protection and clean and efficient technology and using this approach in supplier selection • Monitoring greenhouse gas emissions • Review, validate and implement the procedure for acquiring machinery and work equipment	• Investment in the development and modernization of infrastructure taking into account environmental and social protection • Monitoring fuel consumption and fleet emissions • Monitoring of greenhouse gas emissions • Revision and implementation of the procedure for the acquisition of machinery and work equipment	• Develop sustainable and resilient infrastructures that support economic development and human well-being • Update infrastructures and industries, increase efficiency in use of resources and adopt ecological industrial processes
10 REDUCED INEQUALITIES	• Respect human rights and guarantee non-discrimination, exclusion or preference based on race, colour, sex, religion, political opinion, nationality or social origin, promoting equal opportunities, diversity and inclusion • Ensure that all employees have equal access to parental leave and return to work in the same position	• Define internal goals for the number of women at each level / position within the organization • Monitoring employees return rates and retention after parental leave	• Protect labour rights and promoting safe and secure working environments for all • Promote the social, labour, economic and political inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, economic condition or other
11 SUSTAINABLE CITIES AND COMMUNITIES	• Invest in infrastructure and support services, as well as mitigate the significant environmental impacts of transportation, materials and products • Invest in shared infrastructures for business interconnections and networks, which can also be incorporated into the supply chain • Provide sustainable solutions and services in support of long-term urban development planning and to help operationalize and implement high-level visions • Integrate disaster risk management into business models and practices to increase resilience and ensure continuity of services	• Monitoring of ambient noise and identification of noise reduction actions to be taken • Monitoring of electromagnetic radiation levels • Identification of risk and disaster management plans and maintenance of continuity of services and evaluation of their effectiveness • Investment in the development of products and services that are more sustainable and that allow the development of cities	• Establish shared responsibility in the collective construction of a participatory, integrated and sustainable urban environment • Strengthen city sustainability and encourage urban resilience through risk prevention and smart city development
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Use renewable and clean materials and efficient technologies to reduce the risk of overexploitation of natural resources • Increased energy efficiency and implementation of renewable energy sources and efficient use of materials • Improving transport mobility and energy efficiency • Efficient use of water • Reduction of emissions of regulated gases	• Recycling rate (tonnes of recycled material) • Waste produced by type • Hazardous waste and proportion of treated hazardous waste by type of treatment • Reduce paper consumption • Monitor a percentage of suppliers regarding compliance with established procurement policy	• Achieve sustainable management and efficient use of natural resources • Significantly reduce chemicals and waste release throughout their life cycle to air, water and soil to minimize adverse impacts on human health and the environment

SDG	Actions	KPI's	Goal 2030
17 PARTNERSHIPS FOR THE GOALS	• Participation in joint development programs implemented by national governments or international organizations, through the provision of time, money and human resources • Public disclosure of corporate sustainability information and increased accountability, transparency and data quality, creating monitoring systems and reports based on international standards and commonly agreed indicators	• Participation in programs / working groups in education • Participate in environmental awareness programs • Active participation in local communities, whether through voluntary actions or philanthropy	• Strengthen support for capacity building and share knowledge and good practices at various levels (e.g. education, environment and citizenship)

The Group translates these SDG in the corporate social responsibility principles which are applied across the Group Companies and are developed around the three sustainability pillars, as detailed below:



The results of these actions are described throughout this Management Report. The Group works towards creating a positive impact on the environment, customers, employees, communities and other stakeholders. The Group also implements these principles in the agreements it enters into with its main telecom suppliers (please see section 2.3.5 "*Contractual implementation of corporate sustainability principles*").

2.3.2 Environmental performance

The preservation of the environment is an important issue for the actors in the digital economy. The Group recognizes the importance of environmental issues and promotes a responsible attitude towards environmental issues. The Group also promotes a continuous process of reducing its impacts on the environment, accompanying its clients in this journey and encouraging the Group Companies to pursue this approach in the coming years. The details regarding environmental management and performance over 2018 in the areas of materials consumption, energy, water, biodiversity, greenhouse gas emissions and waste are presented below.

The French Telecom Group

In France, although the activities of the French Telecom Group have a limited environmental impact, the preservation of the environment can also be a lever for economic growth. The French Telecom Group is aware of the importance of environmental issues in making its strategic choices and aims to promote a responsible attitude and to continuously reduce its impact in co-operation with its customers. The French Telecom Group conducts the following actions in order to support environmental protection: landscape integration of relay antennas, setting up a collection method which allows customers to return their old devices in return for a purchase voucher, dematerialization of invoices and contracts, improvement of waste management, recycling and energy consumption management.

The Altice Portugal Group

The Altice Portugal Group has implemented an Environmental Management System certified by external auditors (ISO 14001) on all sites. This system includes audits and conformity assessments to verify compliance with legal and regulatory obligations and ISO 14001 requirements. The Altice Portugal Group reports its progress on environmental issues on a regular basis in accordance with defined KPIs and focusses on continuous improvement. MEO was a founding member of the European Telecom Network Operators' Association (ETNO), retains a seat in ETNO's Executive Board and is a member of the ETNO Sustainable Development Working Group.

The Altice Portugal Group identifies every year areas in which it impacts the environment in order to mitigate its impact. The following table describes the identified environmental aspects and mitigation actions to be undertaken.

Designation	Environmental impact	Control
Electric energy consumption	• Decreased availability of natural resources. • Air pollution due to CO_2 emission in production with increased greenhouse effect	• Training and awareness-raising activities • Free cooling in fixed network stations • Concentrating fixed and mobile equipment in the same room • Energy efficiency / energy production using renewable sources • Single RAN (migration to a mobile network technology that reduces complexity, cost and energy by consolidating multiple network standards and services on a single platform) • Alicate operation phase II (obsolete equipment removal project)
Consumption of paper and paperboard	• Indirect depletion of renewable and non-renewable resources	• Training and awareness-raising activities
Production of ambient noise	• Discomfort in the surrounding community	• Perform measurements of ambient noise and analyse noise reduction actions to carry out
Fuel consumption - diesel and petrol	Indirect depletion of renewable and non-renewable resources	• Training and environmental awareness-raising actions
CO_2 emissions due to fuel consumption	• Air contamination by burning CO_2-emitting fuels • Global warming contribution due to CO_2 emissions, acidification and deterioration of local air quality.	• Training and environmental awareness-raising actions
Existence of antennas	• Reduce natural and urban landscape impact	• Sharing space with other operators - site sharing / tower sharing
Consumption of electrical and electronic equipment	• Indirect depletion of renewable and non-renewable resources	• Repackaging through equipment recovery (internal and external) in the field of reverse logistics and after-sales • Recovery and reuse of equipment returned by customers • Training and environmental awareness-raising actions
Production of Waste Electrical and Electronic Equipment ("WEEE")	• Soil occupation and contamination • Contamination of surface and ground waters by seepage.	• Demounting antennas and off equipment • Demounting disabled towers • Training and environmental awareness-raising actions

2.3.2.1 Materials

The rationalization of consumption of materials is one of the objectives pursued by the Group in order to achieve higher environmental sustainability, also relying on the use of renewable and clean materials and efficient technologies in order to reduce the risk of overexploitation of natural resources.

Materials consumption

Materials consumption is monitored closely by the French Telecom Group and the Altice Portugal Group in order to identify improvement areas and evaluate the success of reuse and recycling programs, as detailed in the tables below.

Materials consumption (tonnes)	French Telecom Group[1]		Altice Portugal Group	
	2017	2018	2017	2018
Materials associated with the production process	**3,194**	**1,914**	**1,454**	**1,027**
Paper/Paperboard	2,209	999	982	577
Batteries (distribution network)	24	20	12	16
Electrical and electronic equipment (distribution network)	961	895	460	434

(1) Paper: paper consumption includes all printed paper subject to the rules of the French eco-organization for the circular economy Citeo (https://www.citeo.com/une-nouvelle-entreprise) as well as paper for internal use.
Batteries: corresponding to batteries subject to the rules of the French eco-organization Screlec (https://www.screlec.fr/qui-sommes-nous/) - battery and battery producers.
Electrical and electronic equipment: corresponds to the electrical and electronic equipment subject to the rules of the eco-organization ESR (http://www.es-r.fr/qui-est-esr) - producers of household electrical and electronic equipment.

Materials consumption (tonnes)	Altice Portugal Group	
	2017	2018
Materials for packaging	**505**	**363**
Paper/Paperboard	365	250
Plastics	78	36
Wood	62	77

Materials reuse and recycling

The reuse and recycling of materials has received special attention from the Group both with regard to the Group Companies' activities and with regard to the information and programs which are made available for customers.

The French Telecom Group and the Altice Portugal Group continue to invest in the process of assessment, recovery and reuse of equipment returned by customers due to migration to other solutions or services. The reuse of equipment avoids the consumption of materials, saves costs and reduces waste production.

The French Telecom Group implemented an equipment reuse process (modems, TV decoders and integrated box, etc.), in order to fight against the scarcity of natural resources, raw materials and energy. To do this, the French Telecom Group works with subcontractors specialized in the field of repackaging to ensure the quality of the delivered products with the objective of responding best to customer satisfaction. 92% of mobile phones and 74% of boxes and decoders collected are reused. Since 2003, nearly 3,667,954 mobile phones have been collected. For network equipment, the French Telecom Group always favour reuse in the context of new deployment projects insofar possible.

The Altice Portugal Group has also evaluated recovery and reuse of equipment returned by customers. In 2018, 62% of the total set top boxes installed by the Altice Portugal Group were produced with reconditioned equipment.

Paper

Group Companies have been replacing the use of recycled paper with PEFC or FSC-certified paper. The use of this type of paper brings direct benefits to forest areas, such as biodiversity protection, indigenous people's rights, worker's rights and benefits to areas of significant environmental and cultural importance. Group Companies have simultaneously promoted the adoption of the electronic bill and assigns benefits to adopters, thereby contributing to increased dematerialization of day-to-day life of its customers.

In the Altice Portugal Group, during 2017 and 2018, respectively 99.7% and 99.5% of the paper used for printing was FSC-certified paper.

Beyond the significant reductions in paper consumption, mainly because of the evolution of communication media, the various subsidiaries of the French Telecom Group use environmentally friendly materials, e.g. recycled and FSC or PEFC-certified paper. The French Telecom Group is also committed to promoting the deployment of invoice dematerialization for both its general public and business customers.

Metals and minerals

With regard to the use of rare and critical materials (critical resources, generally the metals and minerals required to manufacture electronic components) the Group believes that the issue goes beyond the scope of its own corporate social responsibility policy and represents a major opportunity for environmental preservation.

Through the collection of used mobile phones and boxes from customers in their distribution networks, the French Telecom Group and the Altice Portugal Group are stakeholders in the value chain for the deposits of scarce resources contained in WEE. In addition, Sagemcom, a supplier of the LaBox set-top box, has been working on the traceability of minerals (e.g. gold, tin, tungsten and tantalum ores) which originate from conflict zones based on the guidelines of the Electronic Industry Citizenship Coalition and the Global e-Sustainability Initiative.

2.3.2.2 Energy

The energy consumption of the Group Companies mainly relates to the networks technical sites, making optimization of energy consumption of these infrastructures a priority. In order to achieve the energy consumption reduction goals, the Group is focused on increasing energy efficiency and monitoring the associated environmental impact as described below.

The French Telecom Group

In this period of energy transition, the French Telecom Group is focused on controlling its own impacts while continuing to help its customers reduce their energy consumption.

Since 2015, the French Telecom Group has been focusing on the implementation of an Energy Management System and in 2016, the French Telecom Group began the redeployment of an Environmental Management System for certain activities. In order to deploy its Energy Management System, the French Telecom Group has set up a series of relays in its various subsidiaries, including SFR, to monitor indicators. Some Group Companies, such as SFR and SRR, have environmental managers. The French Telecom Group has appointed an “Energy Manager” to deploy and lead the Energy Management System. The Environmental Management System of SFR is certified according to the requirements of the ISO 14001 standards for the after-sales customer service and Waste Electrical and Electronic Equipment (“WEEE”) scope. In addition, since energy is a major issue for telecom activities, SFR’s Energy Management System has been certified according to the requirements of the ISO 50001 standard since 2015.

However, the French Telecom Group’s network deployment and modernization plan, combined with the constant increase in customer usage (4G, high definition content and ultra-high definition), automatically leads to increased energy consumption. Therefore, the French Telecom Group focused its Energy Management System to control and reduce energy consumption in the medium term, covering the deployment, operation and maintenance activities of the network sites of certain subsidiaries as well as the transport of B2B employees, the tertiary activities and the operations and maintenance activities of the head office. In order to reduce energy consumption, photovoltaic panels have been installed on the roofs of the tertiary site of Lyon Saint-Priest.

The French Telecom Group is making the management of energy consumption of customer equipment a major focus of its environmental policy. Following the implementation of the Commission Regulation (EU) No 801/2013 of August 22, 2013 - amending Regulation (EC) No 1275/2008 with regard to eco-design requirements for standby, off mode electric power consumption of electrical and electronic household and office equipment -, improvements have been achieved in standby energy consumption of LaBox set-top box. The standby energy consumption went from 30.2 watt to 11.6 watt. LaBox also achieves demonstrable improvements in terms of energy consumption compared to previous generations.

The energy consumption of the French Telecom Group is set forth in the table below.

Energy consumption (GJ) [1]	French Telecom Group	
	2017	**2018**
Electricity consumption	3,089,091.85	3,097,285.21
Fuel consumption (petrol)	34.84	34.57
Fuel consumption (diesel)	12,292.69	11,319.84

[1] Energy consumption converted from kilowatt to Giga Joule (GJ) for electricity and from litres to GJ for petrol fuel and diesel fuel. Includes electricity, heating oil, natural gas, heat network, chilled water and renewable energy production for internal use.

The Altice Portugal Group

In the Altice Portugal Group, in 2018, efficiency measures were implemented in processes, structures and equipment, which resulted in a consumption reduction of 60,716 GJ.

Implemented efficiency measures	**Consumption reduction (GJ)**	
	2017	**2018**
Single RAN	13,754	17,786
Alicate Operation, phase II[1]	56,836	42,930
Total	**70,590**	**60,716**

[1] Obsolete equipment removal project.

Energy consumption (GJ)	**Altice Portugal Group**	
	2017	**2018**
Electricity consumption	1,222,706	1,159,791
Fuel consumption (petrol)	512	322
Fuel consumption (diesel)	167,678	165,675

2.3.2.3 Water

The water consumption of the French Telecom Group and the Altice Portugal Group essentially fulfils two objectives: air conditioning of technical areas and hygiene and comfort of the employees in the administrative areas.

Water consumption (m^3)	**French Telecom Group[1]**		**Altice Portugal Group**	
	2017	**2018**	**2017**	**2018**
Total consumption	74,602	103,227	211,838	217,032

[1] The water consumption of SFR is reported for the main technical and tertiary sites as well as for the other entities of the French Telecom Group.

Because of its activities and geographical locations, the French Telecom Group is not subject to local water supply constraints. Water management is therefore not a critical issue for the French Telecom Group. However, actions have been implemented for several years in order to reduce consumption at certain tertiary sites, e.g. the installation of pressure reducers and flush dual control.

2.3.2.4 Biodiversity

Although the impact of the telecommunications sector on the loss of biodiversity is limited, Group Companies have promoted projects to ensure the positive effect of their business activities on biodiversity. The following initiatives, which have been implemented by Group Companies, have, directly or indirectly, contributed to minimizing the loss of biodiversity: (i) policies to ensure that the construction of new sites does not have negative impacts on protected areas and species and (ii) site sharing policies with other operators in order to minimize landscape impact.

Used area in biodiversity-rich habitats (Km^2)	**French Telecom Group**		**Altice Portugal Group**	
	2017	**2018**	**2017**	**2018**
Total area[1]	N/A	N/A	0.01	0.01

[1] Altice Portugal Group's sites that lie within protected areas and with high biodiversity value.

In 2018, two new Altice Portugal Group's sites were installed. Only 1.5% of the sites of the Altice Portugal Group are installed in protected areas.

2.3.2.5 Greenhouse gas emissions ("GHG")

Climate change caused by GHG emissions is one of the main risks to the sustainability of the Group's business. The French Telecom Group and the Altice Portugal Group monitors their carbon footprint as listed below.

CO_2 emissions (tonnes)	French Telecom Group		Altice Portugal Group	
	2017	2018	2017	2018
Scope 1[(1)]	**7,772.78**	**9,280.57**	**12,319.24**	**12,159.36**
- Direct (Petrol)	28.15	27.93	35.11	22.03
- Direct (Diesel)	7,744.63	9,252.64	12,284.13	12,137.33
Scope 2[(2)]	**66,263.00**	**63,962.00**	**154,432.91**	**146,084.68**
- Indirect (Electricity)	66,263.00	63,962.00	154,432.91	146,084.68
Total (Scope 1 + 2)	**74,035.78**	**73,242.57**	**166,752.15**	**158,244.04**

(1) Emission related to the fuel of the car park.
(2) CO_2 emissions attributable to energy consumption (e.g. electricity, heating oil, natural gas, hot and cold water network, renewable energy produced for internal use).

The French Telecom Group's GHG emissions mainly relate to energy consumption in technical and tertiary infrastructures (67%) and employee business travel (33%).

In 2018, the Altice Portugal Group implemented efficiency measures in the processes, structures and equipment which resulted in a reduction of GHG emissions.

Implemented efficiency measures	Avoided GHG emissions (tCO2e)	
	2017	2018
Single RAN	1,796	2,322
Alicate Operation, phase II[(1)]	7,420	5,605
Total	9,216	7,927

(1) Obsolete equipment removal project.

Indirect GHG emissions (Scope 3) are a consequence of the Group Companies' activities but occur from sources not owned or controlled by them. The table below identifies the emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties, such as aircraft, trains, and passenger cars.

CO_2 Emissions (tonnes)	French Telecom Group		Altice Portugal Group	
	2017	2018	2017	2018
Scope 3 - Business travel[(1)]	15,181	11,020	1,352	1,005

(1) Includes air travel, travel by train and rent a car.

Several initiatives are aimed at avoiding GHG emissions through the reduction of energy consumption:

- in the Altice Portugal Group:
  - satellite set top boxes: the Altice Portugal Group has been looking for equipment that best combines the high quality and capabilities for reception, decoding and the processing of the signal for TV services and the low energy dependence, creating conditions to combat the growing trend of costs and of carbon footprint of customers. With this optimization on the satellite set top boxes, each client obtains Scope 2 emissions savings;
  - cloud service: enhances IT cost savings, increases productivity and reduces energy consumption and Scope 2 emissions;
  - fleet management service: allows Group Companies to track all the movements of their fleet of cars and to communicate with the people on the ground, optimizing activity management;
  - commuting: the Altice Portugal Group has buildings outside the Lisbon city centre. To streamline, simplify and optimize the travel to those sites, corporate transportation is available

to all employees on every business day of the year, with various active routes throughout the day. This initiative also aims to reduce Scope 1 emissions.

- in the French Telecom Group:
  - for each travel booked through digital tools, employees receive information on the CO_2 consumption of their trip in order to emphasize the environmental impact of travel;
  - the Group Companies have reduced the number of company cars allocated to their employees and some Group Companies have developed car sharing programs.

- internal awareness: to mitigate significant environmental impacts resulting from the personal transportation of employees, the French Telecom Group and the Altice Portugal Group constantly develops internal awareness campaigns calling for the adoption of environmentally responsible behaviour, for example, the use of teleconference and videoconference and promoting the use of bicycle parking spaces in its buildings.

2.3.2.6 Waste

The execution of the Group Companies' activities requires the incorporation of new or reused materials and/or equipment and, consequently, also requires the withdrawal of reused materials and/or equipment from service. Therefore, the Group must ensure that the generated waste is duly identified, registered and checked for its final destination. Whenever materials and/or equipment are withdrawn from service, they are classified by the Group Companies as either "Reuse" or "Waste". Materials and/or equipment classified as "Waste" are delivered to municipal entities or licenced waste management operators and are subsequently sent to an appropriate final destination.

For the Altice Portugal Group, in 2017 and 2018, respectively 99.8% and 99.9 % of the waste sent to a final destination was destined for recovery operations. Only 0.2% and 0.1% of the waste in 2017 and 2018, respectively, were destined for disposal operations. Waste management is carried out by external operators.

Production of hazardous waste (tonnes)	**French Telecom Group**		**Altice Portugal Group**	
	2017	**2018**	**2017**	**2018**
Waste batteries	41.7218	61.941	102	27
Waste fluorescent lamps	0.665	0.35703	0.8	0.6
Waste used oils	0.94	0	4	0.6
Hospital waste	0.027	0.028	7	3
WEEE containing hazardous substances	N/A	N/A	0.2	1.3
Absorbent and filtering materials waste	0.582	0	4	0.2
Total	**43.9358**	**62.32603**	**118**	**32.7**

No hazardous waste was transported outside the country.

Production of non-hazardous waste (tonnes)	**French Telecom Group**		**Altice Portugal Group**	
	2017	**2018**	**2017**	**2018**
Paper/paperboard waste	164.182	152.277	303	263
Plastic waste	N/A	N/A	42	40
WEEE[1]	5,075.419	4,465.282	440	397
Activity support infrastructure waste[2]	NA	NA	952	1,310
Wood waste	0	0	156	155
Total	**5,239.601**	**4,617.559**	**1,893**	**2,165**

(1) WEEE includes total household and professional EEE.
(2) Includes leaded copper cable, self-supported copper cable, copper cable with plastic, reinforced copper cable, optic fibre cable, TEDS and TE1SE cable, telephone poles and metals (iron, and copper, zinc and aluminium alloys).

2.3.3 Social performance

Accessibility and trust are core values of the Group's human resources management. The Group is committed to creating stability for its employees, which is achieved through social dialogue, and corporate and technical training.

Within this framework, employees of the Group play a key role by contributing to the development of the Group's culture, improving the Group's efficiency and therefore making it a better place to work. The Group aims to strengthen teamwork, solidarity and trust within the organization.

In this section, the Group's social performance is presented through the following topics: employment and labour management relations; occupational health and safety; training and skills development; diversity, equal opportunity and non-discrimination, human rights; customer health and safety; community communication access; digital security and customer privacy.

2.3.3.1 Employment and labour management relations

The Group Companies have human resources policies that promote employee dialogue, productivity, merit, and are in compliance with local laws and regulations, facilitating communications between management and employees, and contributing positively to labour relations.

The well-being of employees is of vital importance to the Group Companies, which provides multiples advantages and benefits focused on health, culture activities (access to sports, show and wellness initiatives like seminars, and workshops, among others) that complement benefits in telecommunication services or other company services and products.

The Group Companies consider the promotion of a qualitative social dialogue between the social partners and the management a key element of its human resources policy. This commitment implies respect for the exercise of trade union rights, including those related to the exercise of a trade union mandate or staff representative, and the prohibition of all forms of discrimination. In the French Telecom Group and the Altice Portugal Group, regular meetings are held between the management, the employee representative bodies and trade union organizations, in order to address and resolve labour matters, contributing to the social harmony of the Group Companies.

Workforce

In the French Telecom Group, fixed-term contracts are used to reinforce the distribution network in order to best meet customer demand. The Altice Portugal Group prioritizes stability, favouring the permanent contract that covers 99% of the employees.

The following tables detail size and composition of the workforce by age and gender in the French Telecom Group and the Altice Portugal Group.

Total workforce - by gender (number of employees)	**French Telecom Group**		**Altice Portugal Group**	
	2017	**2018**	**2017**	**2018**
Men	7,567	7,021	5,504	5,311
Women	4,606	4,104	3,423	3,312
Total	**12,173**	**11,125**	**8,927**	**8,623**

Total workforce - by age (number of employees)	**French Telecom Group**		**Altice Portugal Group**	
	2017	**2018**	**2017**	**2018**
< 30 years old	1,965	2,056	338	227
30 – 49 years old	8,138	6,982	5,581	5,099
> 50 years old	2,070	2,087	3,008	3,297
Total	**12,173**	**11,125**	**8,927**	**8,623**

New employee hiring and employee turnover

The French Telecom Group employees are the ambassadors for the SFR brand and help to attract new employees. Since 2018, this contribution has been rewarded with a co-optation bonus. In order to support the employability of the French Telecom Group's workers, workshops have been provided to prepare them for interviews and CV writing. In 2018 more than 1,000 employees have been promoted within the French Telecom Group. In 2017, 90% of French Telecom Group's recruitments were employees for distribution (i.e. shops).

The following tables detail size and composition of the recruitment and turnover numbers by age and gender in the French Telecom Group and the Altice Portugal Group.

Total entries - by gender (number of employees)[1]	French Telecom Group		Altice Portugal Group	
	2017	2018	2017	2018
Men	483	651	109	58
Women	276	426	29	19
Total	**759**	**1,077**	**138**	**77**

Total entries - by age (number of employees)[1]	French Telecom Group		Altice Portugal Group	
	2017	2018	2017	2018
< 30 years old	538	674	47	13
30 – 49 years old	215	372	88	59
> 50 years old	6	31	3	5
Total	**759**	**1,077**	**138**	**77**

[1] The entry shown for the French Telecom Group and the Altice Portugal Group are for open-ended employment contracts.

In the French Telecom Group, the turnover figures were impacted by the 2017 voluntary departure plan, outflows of which will last until the end of June 2019. The Altice Portugal Group has a voluntary departure plan planned for 2019.

Turnover – by gender and age (number of employees)[1]	French Telecom Group				Altice Portugal Group			
	Men		Women		Men		Women	
	2017	2018	2017	2018	2017	2018	2017	2018
< 30 years old	230	214	166	127	48	33	22	5
30 – 49 years old	1,478	882	1,190	697	226	185	106	85
> 50 years old	223	194	107	123	270	37	74	32
Total	**1,931**	**1,290**	**1,463**	**947**	**544**	**255**	**202**	**122**

[1] The turnover data shown for the French Telecom Group and the Altice Portugal Group are for open-ended employment contracts.

Parental leave

All employees are entitled to parental leave. The following table shows the rate of return after parental leave and the retention rate at the end of one year in the Altice Portugal Group.

Rates of return and retention after parental leave	Altice Portugal Group			
	Men		Women	
	2017	2018	2017	2018
Employees entitled to parental leave	263	234	124	112
Employees who used parental leave	263	234	124	112
Return rate	100%	99%	98%	98%
Retention rate	**95%**	**96%**	**93%**	**94%**

2.3.3.2 Occupational health and safety

All employees of the Group are responsible for ensuring health and safety in the workplace, in particular through risk identification, evaluation and the implementation of control measures. Group Companies have implemented monitoring and control systems.

In order to prepare for a response to emergency situations and to prevent or mitigate adverse consequences for the health and safety of employees, the Group Companies regularly carried out emergency simulation exercises to re-create pressure situations which are similar to those of a real emergency event. These emergency simulation exercises assess the state of operational readiness and responsiveness of the different responses involved in emergency control operations.

The Altice Portugal Group

In Portugal, health and safety issues are covered by formal agreements with trade unions on an international and national level, specifically the Understanding Protocol on the Promotion of Occupational Safety and Health. This protocol is associated to the Code of Conduct for Social Responsibility concluded in January 2006 between Portugal and the Union Network International Europe (2012), as part of the "Good Work Good Health" project - a project in which the Altice Portugal Group participated through the ETNO. This project addressed the theme of mental health at work and a Guide to Good Practice was compiled based on the contributions of all the participating organizations. These themes are also addressed in a specific chapter on protection of health and safety at work in the Collective Labour Agreement applicable to the Altice Portugal Group and in the health plans applicable to its employees.

In the Altice Portugal Group, occupational diseases are subject to annual monitoring and special attention. Because of the Altice Portugal Group's activities, occupational diseases are rare and mainly pertain to musculoskeletal disorders, i.e. relating to the posture during use of a computer.

The following table details the impact of employee accidents by gender within the Altice Portugal Group.

Accidents	**Altice Portugal Group**			
	Men		**Women**	
	2017	**2018**	**2017**	**2018**
Accidents at work with medical leave	147	124	22	21
Lost days* due to accidents at work, with medical leave	2,701	2,829	374	971
Injury rate	3.13	2.64	0.77	0.76
Number of deaths	0	0	0	0

* Calendar days, from the day following the occurrence of the accident at work

In 2018, the Altice Portugal Group's absenteeism rate was 4.54%, compared to 4.41% in 2017.

The French Telecom Group

In France, the French Telecom Group's occupational risk prevention policy has been defined by the continued harmonization of the prevention practices within the group by:

- reinforcing the internal and external preventive actions for the safety of the people on the technical sites, e.g. through service contracts between the Group Companies in the French Telecom Group, completeness and quality of documentation, employee training, a focus on safety level upgrades, further harmonization of company safety standards and periodic exchange meetings with partners;
- pursuing a global approach in anticipating the risks of co-activity between the employees and the environment on all the tertiary sites and especially on the new Altice Campus site, including a proposal of common instructions for all the Group Companies in the French Telecom Group and the implementation of new prevention plans;
- updating the professional risk assessments in accordance with a unique methodology for all the Group Companies in the French Telecom Group, in association with the Committee on workplace health, hygiene, security and working conditions, the Human Resources department, the General Services department and the Occupational Safety and Health unit; and
- deploying similar prevention initiatives after relocations or groupings of the Group Companies in the French Telecom Group on the same tertiary site.

2.3.3.3 Training and skills development

Group Companies promote the employability and development of their employees through their human resources policy. In a constantly evolving sector, the professional development of employees is a competitive challenge. Group Companies have therefore deployed an ambitious training plan that ensures the evolution of the profession and the personal aspirations of each employee.

In 2018, the Altice Portugal Group carried out 174,338 training hours to 8,994 employees, in topics like environment, occupational health and safety, corporate training (e.g. ethics, human rights and integrated

management system), technical certifications and behavioural and specific training, based on the specific requirements of each employee.

The Altice Portugal Group developed and implemented custom skills development programs for its employees, e.g. the SKILL Program, which is one of the pillars of the Altice Portugal Group's development and training strategy. The SKILL Program contains 5 distinct phases:

- segment: define the critical skills profile and identify the target population;
- communicate: define the communication plan of the program and mobilize and involve employees;
- identify: benchmark competences and identify potential;
- develop: conduct targeted training, give individual feedback on results, and build a development plan;
- legitimate: confirm skills, recognition and "modelling" and prepare a management report.

In 2018, the SKILL program included 2,034 employees of the Altice Portugal Group and 27,545 hours of training and HR development actions.

In the French Telecom Group (excluding the SFR Distribution network), 118,856 hours of training were given to 4,820 employees in 2018. The average number of training hours was calculated on the number of employees registered with open-ended/fixed-term contract, excluding trainees and excluding the SFR Distribution network.

The following table provides information regarding the average training hours by gender in the French Telecom Group and the Altice Portugal Group.

Average training hours – by gender	**French Telecom Group**		**Altice Portugal Group**	
	2017	**2018**	**2017**	**2018**
Men	26.0	18.6	14.0	20.7
Women	22.4	13.8	14.4	19.5
Total	**24.8**	**15.8**	**14.3**	**20.2**

2.3.3.4 Diversity, equal opportunity and non-discrimination

To understand customers that expect diversity, and offer services that resemble them, it is essential for the Group Companies to consider the diversity within the Group. Diversifying the sources of recruitment, raising employee awareness of non-discrimination and acting in favour of equal opportunities are an important commitment and a condition for success. Diversity constitutes a genuine efficiency factor which influences the modernity of the Group Companies and innovation within the Group.

The Group considers any forms of individual discrimination contrary to human dignity inadmissible, and conducts such as moral harassment, sexual harassment or other acts of abuse of power are not tolerated.

Promoting professional equality between men and women

The Group is convinced that professional diversity is a strategic issue for both the development of individuals and that of the Group itself. In particular, the Group strives to prohibit any distinction in gender-related treatment, so that women and men are present in a balanced way in all functions and at all levels of the group, and everyone is able to benefit from equal treatment at all stages of his professional life.

The management diversity of the French Telecom Group and the Altice Portugal Group is reflected in the following table:

Management positions diversity - by gender (%)	**French Telecom Group**		**Altice Portugal Group**	
	2017	**2018**	**2017**	**2018**
Men	70.1%	70.2%	68.1%	68.8%
Women	29.9%	29.8%	31.9%	31.2%

The Altice Portugal Group is a subscriber (through ETNO) of the ETNO-UNI Europe Joint Declaration on gender equality and the European Code of Best Practices for Women in ICT, has signed the agreements renewing

commitments in the IGEN-Companies Forum (gender equality forum in which companies adopt an action plan to reduce inequalities) and has signed the Portuguese Charter for Diversity, for the implementation of actions in the extent of gender equality. The concern for equality and non-discrimination is also reflected in the Altice Portugal Group's code of ethics and in the collective labour agreement, stating the Altice Portugal Group's commitment to fair and equal treatment based on merit, regardless of gender, age, sexual orientation, religion, civil status, nationality or ethnic origin.

The French Telecom Group is also strongly committed to equality of opportunity and diversity. These values structure the French Telecom Group's human resources policy as well as the SFR Foundation activities for fifteen years now. This entails a strong commitment that requires a proactive human resources policy and is focused on two imperatives: non-discrimination and evaluation which is solely based on skills.

Group disability policy

The Group aims to improve its commitments in favour of the employment of employees with disabilities. The Group promotes equality of opportunity through policies at the Group Companies level aimed at the development of vocational integration and the sustainable integration of disabled employees into the labour market. This policies promotes adaptation of working conditions to the specific needs of each employee.

In 2018, the Altice Portugal Group had 188 employees with special needs (2.18% of the total workforce). In the French Telecom Group, more than 320 employees declared in a disability situation, including 23 in 2018 and more than 40 adaptations were made to workstations. In 2018, the rate of employees with a handicap was 4.97%.

The French Telecom Group provides availability of information and awareness, employability, support, training of managers, accessibility of sites and tools and working with organizations that provide and support work for the handicapped people. This is a global approach implemented by the various three-year company agreements signed in full consultation with the social partners since 2003. Thus in 2015, the French Telecom Group and its four representative trade union organizations signed the fifth company agreement in favour of the employment, integration and job retention of employees with disabilities (2015 - 2018), which aims to:

- help reduce the initial skill gap of people with disabilities who are looking for work; and
- develop the skills of employees with disabilities to ensure equal opportunity throughout the working life and sustainable integration.

The disability policy of the French Telecom Group includes the following initiatives:

- profession exclusion prevention after prolonged absence through personalised HR support;
- workstation layout;
- arrangement of tasks, schedules or objectives;
- career management of employees with disabilities;
- transport aids;
- accompanying psychological disorders.

The French Telecom Group also performs other actions in favour of the employment of employees with disabilities:

- promoting the employment of people with disabilities by collaborating with organizations that provide and support work for the handicapped people;
- promoting training and internal and external awareness actions disability, including:
  - dedicated intranet site;
  - information leaflet: "Where you see a disability, we see a solution"; and
  - traveling exhibition at headquarters, on several sites in the Ile-de-France region.

Act for the employment of young people

Through its proactive policy on diversity and equal opportunities, the French Telecom Group has applied work-study programs for several years in order to promote diversity and to enable young people to acquire jobs, experience and skills to develop their employability.

2.3.3.5 Human rights

One of the fundamental principles of the Group is the respect for the dignity and rights of its employees, customers, industrial and commercial partners and shareholders. This respect also pertains to human rights and property rights. The Group is committed to developing an organizational culture that is supported by social and labour policies and promotes human rights aiming to avoid any form of violation of human rights principles.

The Group therefore applies, at the Group Companies level, the principles of the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the International Labour Organization Core Conventions on Labour and the 10 Principles of the United Nations Global Compact, integrating transparency, ethics and social responsibility into its management systems.

2.3.3.6 Customer health and safety

The increased use of mobile phones has sparked public opinion concerns regarding the possible effects of electromagnetic fields of mobile telecommunications on the health of the population. On a local basis, and through the Group Companies, the Group monitors scientific developments and positions of the health authorities on radio frequencies and provides information campaigns and maintains a dialogue towards its various stakeholders, including elected representatives, sponsors, customers, etc.

The Group Companies communicate the precautions recommended by the health authorities to reduce exposure to the airwaves, including the use of a headset or the recommendation to call in areas with good reception. The Group Companies also inform their customers through their websites by providing comprehensive and up-to-date information on the subject. The Group Companies also ensure that dedicated information is at the disposal of the sales forces of their distribution network and supplement these information systems so they can better respond to customer inquiries on the subject. By way of example, the French Telecom Group provides to its customers the information contained in the leaflet of the French Federation of Telecommunications “My mobile and my health”. This information is provided to any new customer (general public and companies) with the general conditions of subscription and the general conditions of sale.

Finally, in accordance with the relevant regulations on the subject, the French Telecom Group and the Altice Portugal Group include the maximum level of telephone exposure in its commercial brochures, on the lines of its distribution network, on its websites, as well as in its advertisements.

In 2018, representatives of the French Telecom Group participated in 185 information meetings with stakeholders on the subject of health and radio frequencies (compared to 345 in 2017). The activities are varied, including support to deployment teams to support a project and answer questions, maintain contacts with local authorities during the negotiations of mobile deployment charts, or meetings conducted at the request of the Committee on workplace health, hygiene, security and working conditions of the client companies.

Measurement of electromagnetic radiation

In France, the *Agence Nationale des Fréquences* (French National Agency of Frequencies) is the operational manager of the electromagnetic field measuring control device. The measurement reports are publicly available on the *Agence Nationale des Fréquences* (French National Agency of Frequencies) website (www.cartoradio.fr) which also provides the location of all radio stations of more than 5W on the French national territory (mobile telephone relay antennas, television or radio transmitters and private networks).

In 2018, to control radio frequencies, the Altice Portugal Group monitored the level of electromagnetic radiation on 129 sites (11 digital terrestrial television, 10 microwave relays and 108 mobile network sites).

Radio frequency marketed equipment – assessments	**French Telecom Group**		**Altice Portugal Group**	
	2017	**2018**	**2017**	**2018**
Terminals marketed that meet the value of recommended radiations	100%	100%	100%	100%
Mobile equipment marketed with information on the respective SAR - in the manual and/or online (site of the brand)	100%	100%	100%	100%

Noise

The World Health Organization has considered that regular exposure to high levels of noise can also have negative impacts on public health, causing varying discomfort depending on the nature and intensity. The Group is aware that telecommunication stations make noise that can impact the quality of life of surrounding communities and encourages the Group Companies to monitor their emitted noise. By way of example, during the course of 2018, the Altice Portugal Group monitored noise in 23 stations. Whenever there are levels of annoyance and complaints, from values higher than legally defined, the Altice Portugal Group prepares intervention plans to mitigate the impact of noise.

2.3.3.7 Community communications access

The Group is concerned with guaranteeing access to telecommunications services to as many people as possible, regardless of their geographical location, motor capacity or socio-economic condition. In this sense, the Group Companies have guaranteed the availability of services and price plans adjusted to all customer profiles.

The Group has made over the past year, and will continue to make, significant investments in mobile (4G/5G) and fixed (fibre) network infrastructure to ensure the widest coverage of its telecommunication services. By way of example, in France, in January 2018, telecom operators including SFR, the Government and the *Autorité de Régulation des Communications Électroniques et des Postes* (French Telecommunications and Postal Regulatory Authority) reached an historic agreement to generalize quality mobile coverage for all French nationals. Through this agreement, the mobile coverage will be accelerated and densified by application of an ambitious schedule. The highlights of the agreement are the following:

- ubiquitous 4G services on the entire mobile network: telecom operators will be required to provide a superfast mobile services (4G) from every cell site by the end of 2020, except for sites in the white areas and town centres program where the deadline is 2022;

- improve coverage on transport routes: telecom operators will have to provide voice/SMS and superfast mobile (4G) coverage on priority transport routes (55,000 km of roadways; including 11,000 km of motorways) by 2020 and coverage of 90% of the regional rail network by 2025;

- generalization of the telephone coverage inside the buildings, notably using voice over Wi-Fi;

- provision of a fixed 4G offer in areas where Internet speeds (fixed) are unsatisfactory.

The Group aims to actively ensure that the digital revolution does not create new inequalities. As part of the accessibility of its offers, the Group Companies are continuing their efforts to respond to requests from customers with disabilities. By way of example, since October 8, 2018, subscribers of the French Telecom Group with hearing impairments and/or speech impairments can make automatically translated telephone calls adapted to their disability and to their correspondents (relatives, doctors, hairdressers, etc.). This innovative solution is based on a partnership between the French Telecom Group and the start-up RogerVoice. The Altice Portugal Group, through the PT Foundation, has also developed and made available several special solutions adapted to the needs of citizens with disabilities, contributing to digital inclusion.

2.3.3.8 Digital security and customer privacy

The Group Companies ensure that the decisions taken to facilitate the digital life of their customers also maintain the protection of their data. This includes diverse actions against phishing, spam and all hacking activities aimed at corporate networks.

The French Telecom Group

In France, consumer confidence in the digital economy and the new services offered to them is conditional on the effective protection of customer data. For this reason, the French Telecom Group undertakes to ensure protection, confidentiality and security of the personal data of the users of its services, as well as the respect of their privacy. The French Telecom Group has defined a general information security policy, which is based on the ISO 27001 standard on information security management systems and is applicable to all Group Companies within the French Telecom Group.

To support this ambitious approach, many actions have been put in place for the security of the information system and the personal and/or confidential data of customers, subscribers and/or consumers:

- regular information and updates on safety topics provided to the executive committee of the French Telecom Group, including through presentations by the Director of the *Agence Nationale de la Sécurité des Systèmes d'Information* (National Cybersecurity Agency of France), by the senior management of the French Telecom Group or by members of the safety committees in place in the French Telecom Group;
- setting up of a network of information systems security officers and security correspondents throughout the French Telecom Group;
- implementation of a security by design policy for new projects, ensuring that technical and organizational measures are planned at the earliest stages of the projects;
- implementation of a tool to perform EBIOS, a method for analysis, evaluation and action on risks relating to information systems;
- awareness and information security training sessions led by members of the Information Security department and the Ministry of the Interior;
- phishing security test to evaluate the level of readiness and awareness of employees to this threat;
- security audits to identify vulnerabilities in the core network and the information systems;
- implementation of a network perimeter monitoring tool to evaluate the exposure to Internet threats;
- improvement of the anti-DDoS (distributed denial of service) defence mechanisms, increasing the French Telecom Group's resilience to this type of cyber-attack (which consists in attack from multiple sources with the objective of overloading a system or service with requests); and
- setting up of an information security intranet with centralized and updated policies and procedures regarding cybersecurity, including internal and external reference sites.

Finally, the general information security policy adopted by the French Telecom Group is explained in security trainings and is deployed in the local business units by a network of dedicated employees. Suppliers/third parties security requirements are also addressed through contractual annexes, that are published and updated.

The educational system which the French Telecom Group provides on its website and its forums in order to raise awareness of customers with regard to "phishing" is kept up to date, including the support page, and regularly updated with new examples. The French Telecom Group also offers a mobile application called "SFR Security" to overcome this type of attack and other attacks.

The French Telecom Group's B2B customers are also facing new threats such as denial of services attacks, which are an attempt at making an online service unavailable by overwhelming it with traffic from multiple sources. A flood of incoming messages or connection requests forces targeted services to slow down or even crash and shut down, thereby denying service to the legitimate users of the service. The French Telecom Group is offering its B2B customers turnkey solutions to protect and secure their information systems, internal networks, internet access and websites against such threats.

In accordance with the General Data Protection Regulation (the "**GDPR**") - Regulation (EU) 2016/679 of European Parliament and of the Council of April 27, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/CE of October 24, 1995, the French Telecom Group:

- has assigned data protection officers for the main companies in the French Telecom Group who are in charge of overseeing the GDPR compliance requirements strategy and implementation. The French Telecom Group has also defined and set up data protection governance (data protection officer team, and measures and process for managing the French Telecom Group personal data); and
- has a data privacy policy defined and published on its website: https://www.sfr.fr/politique-de-protection-des-donnees-personnelles.html).

During 2017 and 2018, the French Telecom Group has devoted a significant part of its efforts to defining a roadmap in accordance with a global risk analysis and data processing review. As required by the GDPR, the French Telecom Group has updated processing registers and carried out data protection impact assessments to evaluate data process risks and identify mitigation controls/procedures. All employees are subject to specific e-learning and training programs on the GDPR changes to their regular activities and their business requirements.

The Altice Portugal Group

To protect customers from malicious practices, an information campaign on fishing was initiated to raise awareness among the Altice Portugal Group's customers. In addition, for the authentication page of its commercial sites, the Altice Portugal Group selected the highest level of security (SSL Extended Validation), allowing customers to visually check if they were on the legitimate site of the relevant Group Company and not on a phishing site created by hackers attempting to steal personal information.

With regard to the privacy and security of personal data, the Altice Portugal Group:

- has a privacy policy defined and published on its website: https://www.telecom.pt/pt-pt/Paginas/politica-privacidade.aspx;
- has a data protection committee and a data protection officer, responsible for the implementation and verification of the privacy policy, as well as the definition of clear rules for the processing of personal data; and
- holds an ISO 27001 certification standard, an international reference for information security management.

In view of the increasing relevance and risk of national and international ransomware attacks, the Altice Portugal Group has taken several actions to mitigate this risk through its Cybersecurity and Privacy department. The management of the response to these types of incidents is defined in internal processes. As a preventive measure there are also programs of security awareness and information privacy.

The Altice Portugal Group is also collaborating in combating this threat with various national and international organizations, such as the National Center for Cybersecurity and EUROPOL. In the latter case, it collaborates in the working group of the "NoMoreRansom" project of the European Cybercrime Center (EC3) of EUROPOL, where it is an advisor. This project "NoMoreRansom" provides at https://www.nomoreransom.org/ useful information for all citizens, namely, what is ransomware, actions to protect against this type of malware, how to report this cybercrime and also provides tools decryption for certain ransomware families.

During 2017 and 2018, the Altice Portugal Group has devoted a significant part of its effort in verification and implementation of technical and organizational measures to what is legislated in the GDPR and established a program and group of dedicated work. All employees were subject to specific training programs to create awareness of the GDPR changes to their regular activities.

2.3.3.9 Privacy and safety of minors

The Group is aware of the great importance that access to the internet and the provision of quality content and services play in the development of society and individuals, as well as, in a broader context, the promotion of fair, democratic, free and competitive societies. The Group supports the idea of an open and inclusive Internet and applies great care and respect in the way it conducts its operations. Therefore, the Group has always made efforts to ensure the provision of safe communication services, particularly with regard to vulnerable people, such as minors and seniors.

The French Telecom Group

Concerned with the access of the young public to inappropriate contents, SFR Family is a complete suite of applications designed to help children, from toddlers to older children, responsibly enjoy screens, and parents to simply set rules and quickly adapt them to the needs of their children. This application allows for accompanying children on a daily basis on all the equipment they use: theirs, but also those of parents (computers, smartphones and tablets).

On fixed equipment, there is an access control which allows for setting parameters specifically adapted to a family scheme. In addition, several devices are in place regarding TV offers:

- Signage / age: the signage entered by the editors in the TV stream is displayed. It is specified to customers in the tariff brochure.

- Adult Content: Beyond the fact that adult content is flagged and locked, it has also been isolated from other content. This is the case of the VoD portal dedicated to adults. To access it the customer must enter his parental code. No adult content is available on computer and tablet. The French Telecom Group respects the recommendations of the French media regulator (CSA) on the schedules of diffusion of the linear programs for adults between midnight and 5am. Outside this time slot, the customer does not access the content, or it is not adult content (only erotic).

- Signage less than 3 years: the CSA amendment relating to the protection of children under 3 years is well presented on the tariff brochure given to all customers, for any subscription and also available online.

The Altice Portugal Group

The Altice Portugal Group, which, through its parent company PT Portugal is a member of the European industry self-regulation initiative ICT Coalition for Children Online and a signatory of its ICT Principles (www.ictcoalition.eu), is an operator committed to the safety of minors online and develops its activity in accordance with the principles advocated by ICT Coalition for Children Online. The Altice Portugal Group promotes solutions, processes and actions in the following relevant areas: parental control, dealing with abuse/misuse, child abuse or illegal contact, privacy and control, and education and awareness raising.

Indeed, the Altice Portugal Group has developed, adopted and promoted an approach for the protection of minors online based on three pillars:

- Education and awareness: the Altice Portugal Group actively promotes the knowledge and responsible use of ICT services through the PT Foundation's "Secure Communication" program as well as through campaigns, information and online tips. Through the PT Foundation, the Altice Portugal Group is also a member of the Portuguese Safer Internet Centre consortium, through which it participates in several awareness and information initiatives during the year, at national level and among different target audiences. The "Communicating in Security" program aims to contribute to digital education and to a conscious, safe and responsible digital citizenship among children, parents, caregivers and the senior population.

- Better and safer products and services: the Altice Portugal Group makes a continuous effort to make its services better and safer through the development of services specially designed for young people and child protection, such as "MEO Kids" (TV and mobile phone) and SAPO Mail Kids, through the development of a family safety app - MEO SAFE -, which combines location, parental control and mobile phone safety features, and by including other safety features like PINS, reporting options, privacy settings and content classification in certain broadband and TV services.

- Cooperation and self-regulation: the Altice Portugal Group has also developed protocols and collaborative experience with other stakeholders, to promote privacy and safety of minors, including by being a member of the Portuguese Safer Internet Centre Consortium (https://www.internetsegura.pt) that aims to raise awareness in Portugal regarding the risks associated with Internet usage and combat illegal content and a member of the Online Child Protection Task Force of the ETNO (https://etno.eu/articles/65-etno-sustainability-charter-signatories-3.html), whose overall aim is to make cyberspace and ICT services safer for the younger generations.

2.3.4 Altice foundations and community involvement

The Group has a history and culture of connection with the communities for social development, focused on philanthropy and social intervention. It is core to the Group's culture to support communities in the geographies in which the Group Companies operate. In 2018, the Group relied on the actions of the various foundations supported by Group Companies.

2.3.4.1 The PT Foundation

The PT Foundation implements several projects based on social interventions and sustainable development support in several areas, namely:

- education: it promotes and stimulates the social use of communication and information technologies, developing programs that encourage the school success and fight against info-exclusion;

- entrepreneurship: it develops programs and supports initiatives that provides useful and appropriate information to potential entrepreneurs;

- art and culture: it promotes national artistic expressions and supports arts and culture of population in greater vulnerability;

- social intervention: it contributes to improve living conditions of the population, promoting knowledge, health, safety and environment sustainability.

In 2018, the Altice Portugal Group invested approximately €3.5 million in the community and in social projects, focusing on education and social intervention, and had as beneficiaries of its projects 492 entities and about 1.2 million individual beneficiaries.

In 2018, the following were the main PT Foundation projects:

- Secure Communication

  A program to raise awareness among students, teachers and educators on information literacy and responsible and safe use of both the Internet and mobile phones. This program consists of training sessions in a classroom environment, provided by Altice Portugal Group's employees under the internal rules that enable their participation in volunteer work during normal working hours, without any penalty in terms of remuneration or attendance. For this purpose, specific educational content is prepared for each different grade level and trainer courses for the Altice Portugal Group's employees ensure that content is uniformly transmitted.

  The PT Foundation has established several partnerships with national entities, which allow a greater comprehensiveness and dissemination of this program, namely PSP, ANPRI - National Association of Computer Teachers, RBE - School Library Network, FCT - Science and Technology Foundation - Safer Internet Centre and RUTIS - Universities of the Third Age Network Association.

- Khan Academy: free platform for accelerating learning

  Khan Academy is a non-governmental organization whose goal is to provide quality education to everyone, anywhere and free of charge, through an educational and interactive online platform. Since 2013, the PT Foundation has guaranteed the translation and adaptation of the original videos available on the American platform for Portuguese language and educational contents, with the supervision and certification of the Portuguese Societies of Mathematics, Physics and Chemistry.

  By the end of 2018, the PT Foundation provided more than 2,184 videos, from the 1st to the 12th year of schooling, primarily in mathematics. It also provided some videos of physics, chemistry and biology. The videos are available for free on the PT Foundation's website, on SAPO Videos, on YouTube and on the MEO Kids platform, with more than 2.4 million views. To promote and disseminate the project and this tool, the PT Foundation has organized workshops aimed at the school community about the use of the platform in classroom and study.

- Telephone booths converted into micro libraries

  Combining art and culture with emblematic telecommunications symbols, the PT Foundation joins several projects that bring Portugal Telecom's old telephone booths to life. About twenty-two booths have already been converted into micro-libraries. In 2018, six micro libraries were opened, strategically located in areas of high affluence, both by the local community and by tourists, aiming to promote reading habits, through free access.

Volunteering is also an important activity of the PT Foundation, which carries out its activities through various projects and actions benefiting non-profit institutions such as private social solidarity institutions and non-governmental organizations, promoting the social well-being of the most disadvantaged segments of the community, as well as protecting the environment. The projects have national scope and involve employees from various Group Companies in the Altice Portugal Group, as well as friends and family, in order to motivate employees and their families to participate in citizenship activities.

Volunteering	Altice Portugal Group	
	2017	2018
Volunteering hours	8,723	16,550
Volunteers number	1,522	2,401
Number of beneficiary entities	228	254
Number of individual beneficiaries	188,015	59,012

2.3.4.2 The SFR Foundation

The French Telecom Group has a particularly active patronage policy. Created in 2006, the SFR Foundation was renewed for 5 years in 2016. On the occasion of this renewal, the SFR Foundation refocused its mandate on the issues of digital inclusion and integration and particularly the professional success of young people. Professional integration is the key to social integration.

The SFR Foundation provides incentives to relevant projects by providing financial support, human resources, skills, and equipment or company services. The following projects are representative of the SFR Foundation's sponsorship policy:

- The "collective for employment"

  In 2016, the SFR Foundation, along with foundations from four other companies (Accenture, Adecco, AG2R La Mondiale and Vinci), initiated a program called "collective for employment" that aimed to develop employability in three territories: Seine-Saint-Denis, Lyon and Marseille.

  In 2018, the SFR Foundation continued its actions within the "collective for employment" through the support of the "Parcours Ecole-Entreprise" program. The ambition of this program is to bring the worlds of business and education together in order to facilitate the entry of young people with educational disadvantage into the professional world. Through this course, they will have access to different workshops aimed at gaining autonomy and self-esteem, obtaining better knowledge of the job market, adopting a professional posture and gaining confidence in their professional project.

- "Emmaüs Connect" – digital inclusion and digital training

  The SFR Foundation works alongside Emmaüs Connect on a daily basis in order to promote digital inclusion. By participating in the creation of Emmaüs Connect 8 years ago, the SFR Foundation made a pioneering choice at a time when digital exclusion was not yet identified as a social emergency. More than 200 employees of the French Telecom Group took part in the assembly and start-up of this project.

  As a result of the SFR Foundation's efforts, Emmaüs Connect has been able to develop action programs to make digital inclusion a chance for people in social fragility and has supported 37,000 people through its solidarity access offers since 2013. This partnership has opened 10 digital solidarity training centres across the country that provide digital inclusion programs. In addition, thanks to in-kind donations from the SFR Foundation, amounting to €4 million a year, Emmaüs Connect provides people in social fragility with telecommunication resources and access to the Internet on favorable terms. The partnership between the SFR Foundation and Emmaüs Connect has expanded with the goal of creating a citizen network of digital caregivers. The SFR Foundation now supports the start-up WeTakeCare, which has developed learning platforms such as "Clicnjob" or "Good Clicks" to facilitate digital training for vulnerable audiences and to support communities in their digital inclusion strategy.

- "Article 1": the SFR Foundation is at the origin of the creation of the project "Passeport Avenir", which has recently become "Article 1". The association supports young talents from popular backgrounds in their academic and professional success through mentoring and the pre-incubation program;

- "All entrepreneurs": this project, also supported by the SFR Foundation, is a pre-incubation program designed for young talents with working-class backgrounds that encourages entrepreneurship, with a one-year support program that provides: individual tutoring, workshops with experts, access to coworking spaces, financial support, etc.

- “Sport in the City”: for 8 years, the SFR Foundation has been a partner of “Sport dans la Ville”, the main sports integration association in France. The programs developed by the association enabled the social and professional integration of 6,500 young people from sensitive neighbourhoods.

- “Dreams”: For 2 years, the SFR Foundation has been supporting the Dreams association, which offers an orientation support program for girls aged between 14 and 20 years old. The SFR Foundation organizes meetings between these girls and employees of the French Telecom Group; 92% of the participants have a clear professional project at the exit of the program.

- “Mozaik RH”: with the support of the SFR Foundation, the recruitment firm Mozaïk RH launched, on June 12, 2018, diversfiezvostalents.com, the first online recruitment platform that goes beyond the CV and reveals talents from diversity. This platform, supported by public authorities, institutions and local authorities, appears to be an effective tool.

2.3.4.3 The Dominican Republic Foundation

The Altice Foundation in the Dominican Republic develops social responsibility programs which are aimed at collaboration in the sustainable development of Dominican communities in vulnerable areas or environments, by delivering knowledge resources and technological tools in the following areas:

- promoting digital education as social inclusion and help to end the digital gap in the country, which includes:
    - the setting up of digital rooms for charities, where computer training and Internet connection are offered for the benefit of teachers and students in the community. The Altice Foundation is allied with other companies for the implementation of elements required in the rooms, such as computers and furniture. The Altice Foundation also provides free high-speed internet;
    - providing free certification for apps development, with the relevant know-how of Altice Dominicana’s engineers. The Altice Foundation offers free courses for young people with basic skills to expand their capability and knowledge through this technological tool;
    - the deployment of 600 Wi-Fi hotspots at national level, as an institutional donation from the Altice Foundation for the digital access and closing program of INDOTEL (the telecommunications regulatory organization in the Dominican Republic); and
    - providing training in digital education and new technologies for teachers of the national education system through agreements already signed with some universities, such as Pontificia Universidad Católica Madre y Maestra, the Universidad Católica Nordestana de San Francisco de Macorís and the Universidad Tecnológica de Santo Domingo;

- promoting technological entrepreneurship to achieve social and economic impact: StartLab is a corporate social responsibility initiative consisting of an incubator for technological entrepreneurship projects, in order to develop ideas into finished projects which can become successful micro businesses, in turn generating new jobs and more development opportunities for companies;

- collaboration on environment and natural resources protection in the Dominican Republic: reforestations days with volunteers of the Altice Foundation, restoring places that used to be forests and aiding the conservation of the landscape, contributing to the production and conservation of water, protecting the soil from natural erosion and maintaining the flora and fauna in the Dominican Republic.

2.3.5 Contractual implementation of the corporate sustainability principles

The master agreements between the Group and its main telecom suppliers contain a commitment from the latter to comply with the principles of corporate social responsibility, e.g. social fundamental principles, protection of the environment, waste management and business ethical principles. By signing the master agreement, the suppliers also undertake to comply with the provisions of the United Nation Global Compact, which is a voluntary initiative based on a call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals.

Regarding the fundamental social principles, the suppliers undertake to comply with the following guiding principles which are mainly issued from the Agreement of the International Labour Organization:

- child labour: the minimum age for employment must comply with the applicable law in the host country and in no event may be less than 15-year-old for any kind of activity;
- forced labour and mistreatment: forced labour in all its forms is prohibited and the employer must respect the dignity and human rights of its employees;
- working time and schedules: working schedules must comply with the legislation of the country;
- living wages and social benefits: minimum salaries and social benefits paid to employees must comply with the legislation of the country;
- freedom of expression: freedom of association and right to collective bargaining;
- equal opportunities and non-discrimination: any discrimination regarding recruitment, training, promotion, remuneration etc. based upon the race, the color, the age, the gender, the sexual orientation, the marital status, the ethnic group, a handicap, the religion, the membership in a political party or in a syndicate, etc., is prohibited;
- health, hygiene and security at work: the employer must ensure optimal hygiene and security conditions on all its sites for its employees.

Regarding the protection of the environment, waste management, and energy performance, the supplier agrees to take into account all the measures related to the protection of the environment and to the waste management and energy performance for the term of the master agreement. In particular, the supplier undertakes to:

- implement means to eliminate or to reduce the sources of pollution generated by its activities, to measure and to reduce its GHG, to preserve natural resources, to avoid or to minimize the use of dangerous substances and to promote the recycling or the reuse of waste while ensuring its traceability;
- ensure that waste and more particularly dangerous waste is managed in a safe way on all its sites (e.g. handling operations, storage, etc.) and managed by appropriate recycling industries in accordance with the applicable laws;
- use its best efforts to reduce the packaging of its products, and to this end, contribute to the development of the recycling and the revaluation;
- incorporate an ongoing improvement process towards excellence concerning the environment and energy management in its quality policy; and
- respect specific regulation such as:
  - the European directive 2002/96/CE of January 27, 2003 on waste electrical and electronic equipment;
  - the European regulation 1907/2006/CE of December 18, 2006 on registration, evaluation and authorization and restrictions of chemicals; and
  - the European directive 2002/95/CE of January 27, 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

Regarding the Principles of Business Ethics, the supplier commits to behave loyally and fairly in all its relations with its own suppliers and partners and to prevent any kind of active or passive corruption, and undertakes to refuse any kind of extortions and to implement measures of raising awareness on this subject within its sphere of influence.

In 2018, 90% of the agreements with the main suppliers of the Altice Portugal Group and 100% of the agreements with the main suppliers of the French Telecom Group included social and environmental requirements.

The main suppliers to the French Telecom Group and the Altice Portugal Group are annually assessed in environment and health and safety areas and, if necessary, supplier audits are performed to address risks identified in regular risk assessments. In 2018, the Altice Portugal Group conducted 15 audits involving its main suppliers. No significant compliance issues were identified, within the scope of the master agreement. In 2018, the French Telecom Group strengthened its objectives for a responsible purchasing policy and, as part of its diligence process, increased the number of partners evaluated in corporate social responsibility performance (by the *Association Française de Normalisation* - AFNOR) from 91 in 2017 to 135 in 2018.

2.4 Group financial review

The following discussion and analysis is intended to assist in providing an understanding of the Group's financial condition, changes in financial condition and results of operations and should be read together with the Consolidated Financial Statements for the year ended December 31, 2018, including the accompanying notes (please see page 153 of this Management Report). For an overview of the Group's business, objectives and strategy, please see section 1 "*Principal activities of the Group*" and section 2 "*Strategy and performance*". Please see section 2.7 "*Risk management and control*" below, for a discussion of important principal risk factors relating to the Group's business and financial profile.

The below table sets forth the Group's consolidated statement of income for the years ended December 31, 2018 and December 31, 2017, in euros. Please note that the Group's consolidated statement of income has been revised as of and for the year ended December 31, 2017 to take into account the impacts of the classification of Altice USA as discontinued operations as per IFRS 5 "*Non-Current Assets Held for Sale and Discontinued Operations*", and the adoption of IFRS 15 "*Revenue from Contracts with Customers*" by the Group.

Consolidated Statement of Income	For the year ended December 31, 2018	For the year ended December 31, 2017	Change
(€m)		(* revised)	
Revenues	**14,255.2**	**15,151.6**	**-5.9%**
Purchasing and subcontracting costs	(4,480.8)	(4,740.1)	-5.5%
Other operating expenses	(3,134.5)	(3,101.9)	1.1%
Staff costs and employee benefits	(1,545.7)	(1,583.8)	-2.4%
Depreciation, amortization and impairment	(4,124.5)	(4,370.6)	-5.6%
Other expenses and income	457.1	(1,075.9)	-142.5%
Operating profit	**1,426.9**	**279.4**	**410.7%**
Interest relative to gross financial debt	(1,814.3)	(2,328.5)	-22.1%
Other financial expenses	(399.4)	(228.6)	74.7%
Finance income (expense)	97.3	324.2	-70.0%
Net result on extinguishment of a financial liability	(148.6)	(134.7)	10.3%
Finance costs, net	**(2,265.0)**	**(2,367.4)**	**-4.3%**
Share of earnings of associates	(10.3)	(16.7)	-38.2%
Loss before income tax from continuing operations	**(848.4)**	**(2,104.7)**	**-59.7%**
Income tax (expense) / benefit	(68.0)	423.2	-116.1%
Loss for the period from continuing operations	**(916.4)**	**(1,681.6)**	**-45.5%**
Discontinued operations			
Profit after tax for the year from discontinued operations	711.6	1,423.0	-50.0%
Loss for the period	**(204.8)**	**(258.6)**	**-20.8%**
Attributable to equity holders of the parent	*(332.9)*	*(609.7)*	*-45.4%*
Attributable to non-controlling interests	*128.0*	*351.1*	*-63.5%*

The Group operates in various geographies. When analysing the financial health of these geographical segments, the Group uses measures and ratios - in particular Adjusted EBITDA - that are not required by or presented in accordance with IFRS or any other generally accepted accounting standards. The Group presents Adjusted EBITDA because it believes that it is of interest for the Shareholders and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

The below tables show the Adjusted EBITDA and operating profit for the periods indicated, respectively by geographical segments.

For the year ended December 31, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**10,358.8**	**2,109.5**	**941.2**	**590.2**	**342.1**	**119.4**	**5.1**	**(211.1)**	**14,255.2**
Purchasing and subcontracting costs	(3,372.8)	(545.0)	(257.2)	(166.0)	-	(334.3)	(0.9)	195.4	**(4,480.8)**
Other operating expenses	(2,176.0)	(418.3)	(214.5)	(102.9)	(197.3)	(7.1)	(25.6)	7.2	**(3,134.5)**
Staff costs and employee benefits	(1,023.5)	(276.5)	(64.0)	(27.4)	(84.5)	(5.2)	(64.9)	0.4	**(1,545.7)**
Total	**3,786.5**	**869.8**	**405.5**	**293.9**	**60.2**	**(227.3)**	**(86.3)**	**(8.1)**	**5,094.2**
Share-based expense	1.7	-	0.2	-	-	-	41.0	-	**42.9**
Adjusted EBITDA	**3,788.2**	**869.8**	**405.7**	**293.9**	**60.2**	**(227.3)**	**(45.3)**	**(8.1)**	**5,137.2**
Depreciation, amortisation and impairment	(2,704.3)	(680.2)	(319.1)	(125.5)	(16.4)	(283.9)	4.9	-	**(4,124.5)**
Share-based expense	(1.7)	-	(0.2)	-	-	-	(41.0)	-	**(42.9)**
Other expenses and income	(497.1)	532.7	(7.4)	12.6	(1.1)	300.2	117.4	**(0.4)**	**457.1**
Operating profit/(loss)	**585.2**	**722.3**	**79.0**	**181.1**	**42.7**	**(211.0)**	**36.1**	**(8.5)**	**1,426.9**

For the year ended December 31, 2017 (*revised) €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**11,105.0**	**2,244.7**	**1,035.5**	**694.2**	**163.9**	**417.3**	**185.0**	**(694.0)**	**15,151.6**
Purchasing and subcontracting costs	(3,984.4)	(593.3)	(274.8)	(190.7)	0.3	(178.8)	(23.2)	504.8	**(4,740.1)**
Other operating expenses	(2,299.1)	(381.4)	(217.0)	(115.4)	(90.9)	(12.5)	(172.2)	186.6	**(3,101.9)**
Staff costs and employee benefits	(1,078.4)	(277.3)	(70.2)	(30.2)	(33.9)	(6.7)	(93.1)	6.1	**(1,583.8)**
Total	**3,743.2**	**992.6**	**473.6**	**358.0**	**39.4**	**219.2**	**(103.5)**	**3.5**	**5,726.0**
Share-based expense	2.0	-	-	-	-	-	28.6	-	**30.6**
Adjusted EBITDA	**3,745.2**	**992.6**	**473.6**	**358.0**	**39.4**	**219.2**	**(74.9)**	**3.5**	**5,756.7**
Depreciation, amortisation and impairment	(2,917.2)	(807.3)	(328.4)	(137.0)	(8.2)	(138.0)	(34.5)	-	**(4,370.6)**
Share-based expense	(2.0)	-	-	-	-	-	(28.6)	-	**(30.6)**
Other expenses and income	(985.6)	(115.9)	(16.1)	(26.7)	(0.4)	3.7	79.6	**(14.5)**	**(1,075.9)**
Operating profit/(loss)	**(159.6)**	**69.4**	**129.1**	**194.2**	**30.8**	**84.9**	**(58.4)**	**(11.0)**	**279.4**

2.4.1 Significant events affecting historical results

Many significant events had an impact on the results of the Group's operations for the year ended December 31, 2018. A summary of the significant events that took place in the year ended December 31, 2018 is presented below:

Issuance of the 2018 Cablevision Senior Guaranteed Notes and the $1,500 million incremental term loans under the Cablevision Credit Facility Agreement

On January 12, 2018, CSC Holdings, LLC ("**CSC Holdings**") entered into a Fifth Amendment to the Cablevision Credit Facility Agreement, which provides for, among other things, incremental term loans in an aggregate principal amount of $1,500 million. The incremental term loans are comprised of eurodollar borrowings or alternate base rate borrowings, and bear interest at a rate per annum equal to the adjusted LIBO rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. The incremental term loans were drawn on January 25, 2018 and will mature on January 25, 2026.

On January 29, 2018, CSC Holdings issued $1,000 million aggregate principal amount of Senior Guaranteed Notes due 2028 (the "**2018 Cablevision Senior Guaranteed Notes**"). The 2018 Cablevision Senior Guaranteed Notes bear interest at a rate of 5.375% and mature on February 1, 2028.

The proceeds from the incremental term loans under the Cablevision Credit Facility Agreement and the 2018 Cablevision Senior Guaranteed Notes were used, together with borrowings under the Cablevision Revolving Credit Facility and cash on balance sheet, to (i) redeem the $300 million aggregate principal amount of CSC Holdings' 7.875% senior debentures due 2018, (ii) make a distribution to Cablevision, the direct parent of CSC Holdings, which used the proceeds to redeem $750 million aggregate principal amount of its 7.750% senior notes due 2018, (iii) temporarily repay approximately $450.0 million of outstanding borrowings under the Cablevision Revolving Credit Facility, (iv) fund a dividend of $1,500 million to Cablevision and (v) pay fees, costs and expenses associated with these transactions. Cablevision used the proceeds referred to in (iv) above to fund a dividend to its parent, Altice USA, which in turn used such proceeds to fund the Pre-Distribution Dividend (as defined below).

On June 8, 2018, the Company effected the Separation, as a result of which the Company no longer owns a controlling equity interest in Altice USA and Altice USA now operates independently from the Company.

Cancellation of treasury shares

On January 26, 2018, the Board resolved to cancel 370,000,000 Common Shares A (effective on May 18, 2018) held by the Company, in addition to the 416,000,000 Common Shares A and 1,307,716 Common Shares B that it resolved to cancel on December 4, 2017 (effective on February 10, 2018).

Closing of the Green transaction

On February 12, 2018, the Group completed the sale of its telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, to InfraVia Capital Partners for an enterprise value of approximately CHF 214 million (€183 million) and cash proceeds of €156.4 million.

Maturity extension of $285 million of revolving credit commitments under the Cequel Credit Facility Agreement

On March 22, 2018, Altice US Finance I entered into an amendment to the Cequel Credit Facility Agreement which established the extended revolving credit commitments in an aggregate principal amount of $285 million. The extended revolving credit commitments mature on April 5, 2023.

On June 8, 2018, the Company effected the Separation, as a result of which the Company no longer owns a controlling equity interest in Altice USA and Altice USA now operates independently from the Company.

Issuance of the 2018 Cequel Senior Notes

On April 5, 2018, Cequel Communications Holdings I, LLC and Cequel Capital Corporation issued $1,050 million aggregate principal amount of Senior Notes due 2028 (the "**2018 Cequel Senior Notes**"). The 2018 Cequel Senior Notes bear interest at a rate of 7.500% and mature on April 1, 2028. The proceeds from the 2018 Cequel Senior Notes, together with cash on hand, were used to redeem the $1,050 million aggregate principal amount of Cequel Communications Holdings I, LLC's and Cequel Capital Corporation's 6.375% Senior Notes due 2020 and to pay fees, costs and expenses in connection therewith.

On June 8, 2018, the Company effected the Separation, as a result of which the Company no longer owns a controlling equity interest in Altice USA and Altice USA now operates independently from the Company.

Exercise of the call option on Altice Content Luxembourg S.A.

In December 2015, Altice Content Luxembourg S.A. ("**ACL**") (a company 75% owned by Altice Content S.A. ("**Altice Content**") and 25% owned by News Participations S.A.S., a company controlled by Mr. Alain Weill,) acquired, through Groupe News Participations S.A.S., an interest in NextRadioTV. In the context of that transaction, News Participations granted to Altice Content a call option on the ACL securities held by News Participations. In addition, Altice Content granted to News Participations a put option on the ACL securities held by News Participations. In May 2016, Altice Content transferred its interest in ACL, as well as the put option and the call option, to Altice France. On April 5, 2018, Altice France exercised the call option for an amount of €100.0 million.

Exercise of the Altice Technical Services call option

In April 2018, the Group exercised the call option for the acquisition of the remaining 49% in Altice Technical Services S.A. for a fixed price of €147 million, to be paid in November 2018 and bearing interests at an annual rate of EURIBOR 1 month plus 3.5%. The total amount of €156.3 million was paid in November 2018. As a result of the exercise of the call option, the Group's ownership in Altice Technical Services S.A. increased to 100%.

Appeal against the European Commission's Decision

On April 24, 2018, the Company announced that it would file an appeal against the European Commission's decision to impose upon it a €124.5 million fine for gun jumping in connection with the Company's acquisition of PT Portugal in June 2015. The appeal requested that the decision as a whole be annulled or, at the very least, that the sanction be significantly reduced. On July 25, 2018, a Company's subsidiary, Altice Financing, issued a bank guarantee to the European Commission in relation to this fine.

Separation of Altice USA from the Company

On January 8, 2018, the Company had announced that its Board - after due and careful consideration of several options - had approved plans for the Separation. Simultaneously, the board of directors of Altice USA, acting through its independent directors, approved in principle the payment of a $1.5 billion cash dividend to all shareholders immediately prior to completion of the Separation (the "**Pre-Distribution Dividend**"). Formal approval of the Pre-Distribution Dividend and setting of a record date occurred on May 14, 2018. The Company used €625 million of the approximately $1,008 million of proceeds received from the Pre-Distribution Dividend to prepay a portion of outstanding borrowings under the Bank Guarantee Agreement and retained approximately €275 million as cash on balance sheet to provide funding for the Altice TV division.

On May 18, 2018, the shareholders of the Company approved the Separation, which was effected on June 8, 2018 by way of the Distribution.[3]

Treatment of stock options in connection with the Separation

On April 30, 2018, the Board resolved, on the recommendation of the Remuneration Committee, to amend the terms and conditions of the stock options issued under the Stock Option Plans (other than the PSOP)[4], which was approved by the General Meeting on June 11, 2018. The General Meeting approved the modification for the Board Members but the same principles were applicable for all participants under the Stock Option Plans (other than the PSOP): the exercise price of the stock options granted under the Stock Option Plans (other than the PSOP) was adjusted to reflect the Separation and a gross cash compensation corresponding to the value of a stock option on 0.4163[5] Altice USA share, multiplied by the number of stock options held by the participant under the relevant Stock Option Plan, was granted to the participants who had unexercised stock options under the Stock Option Plans (other than the PSOP), subject to vesting of the relevant stock options.

In addition, on May 29, 2018, the Board resolved, on the recommendation of the Remuneration Committee; to amend the terms and conditions of the stock options granted to Mr. Okhuijsen under the PSOP, which was approved by the General Meeting on July 10, 2018. The General Meeting approved the amendment for Mr. Okhuijsen, in its capacity of Board Member, but the same principles were applicable for all participants under the PSOP: the exercise price of the stock options granted under the PSOP, as well as the financial performance target to be achieved for the stock options to vest, were adjusted to reflect the Separation.

Issuance of the 2018 Altice France Senior Secured Notes, the $2,500 million incremental term loans under the Altice France Credit Facility Agreement and amendments to the Altice France Revolving Credit Facility Agreement

On July 31, 2018, Altice France issued $1,750 million and €1,000 million aggregate principal amount of Senior Secured Notes due 2027 (the "**2018 Altice France Senior Secured Notes**"), bearing interest at rates of 8.125% and 5.875%, respectively. The 2018 Altice France Senior Secured Notes mature on February 1, 2027.

On August 14, 2018, Ypso France S.A.S., Altice France and Numericable U.S. LLC (together the "**Altice France Term Loan Borrowers**") entered into a Seventh Amendment to the Altice France Credit Facility Agreement, which provides for, among other things, incremental term loans in an aggregate principal amount of $2,500 million. The term loans are comprised of eurodollar borrowings or alternate base rate borrowings, and bear interest at a rate per annum equal to the adjusted LIBO rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 3% per annum and (ii) with respect to any eurodollar loan, 4% per annum. The term loans were drawn on August 14, 2018.

[3] The Distribution excluded the shares of Altice USA indirectly owned by the Company through Neptune Holding US LP; only the shares of Altice USA that were held by the Company through CVC 3 B.V. were included in the Distribution. On the date of the Distribution, the closing price of the Altice USA shares was $17.74. In accordance with the resolutions adopted by the General Meeting on May 18, 2018, the Distribution has been implemented in accordance with Dutch law and the Articles of Association and was charged against the Company's share premium reserve as shown on the Company's balance sheet ("additional paid in capital") for an amount equal to the book value of the shares of Altice USA that were included in the Distribution (€3,949,108,486.21). The share premium reserve of the Company results in part from the Merger, in part from subsequent contributions made by shareholders and does not include reserves or profits carried forward.

[4] Including the stock options issued pursuant to the brand licence and services agreement.

[5] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.

The proceeds from the incremental term loans borrowed under the Altice France Credit Facility Agreement and the 2018 Altice France Senior Secured Notes were used to fund in part the redemption of $4,000 million aggregate principal amount of Altice France's 6% Senior Secured Notes due May 2022 and €1,000 million aggregate principal amount of Altice France's 5.375% Senior Secured Notes due May 2022, in each case together with accrued and unpaid interest to, but not including, the redemption date, and to pay fees, costs and expenses associated therewith.

On August 14, 2018, the Altice France Term Loan Borrowers entered into an Eighth Amendment to the Altice France Credit Facility Agreement to amend the definition of "Applicable Margin" in the Altice France Credit Facility Agreement, to be with respect to the existing term loans maturing January 31, 2026, 2.6875% per annum for alternate base rate loans and 3.6875% per annum for eurodollar loans.

On August 16, 2018, Altice France, Completel S.A.S, Ypso France S.A.S. and SFR Fibre S.A.S. I entered into an amendment and restatement agreement to the Altice France Revolving Credit Facility Agreement in order to (i) extend the maturity date of €633.4 million of revolving credit commitments to August 16, 2023 and (ii) make amendments to certain of the negative and affirmative covenants thereunder.

Entry into the 2018 Guarantee Facility Agreements

On July 24, 2018 and July 25, 2018, respectively, Altice Financing entered into guarantee facility agreements, providing for (i) a €31.125 million guarantee facility with Credit Agricole Corporate and Investment Bank as issuing bank, maturing on July 26, 2021 and (ii) a €93.375 million guarantee facility with BNP Paribas SA and Credit Agricole Corporate and Investment Bank as mandated lead arrangers and BNP Paribas SA as facility agent (together, the "**2018 Guarantee Facilities**"). As of December 31, 2018, the 2018 Guarantee Facilities have been fully utilized by the issuance of bank guarantees in the aggregate amount of €124.5 million to guarantee the payment of the fine imposed by the European Commission for gun jumping in connection with the Company's acquisition of PT Portugal in June 2015 (please see section 2.4.1 "*Significant events affecting historical results – Appeal against the European Commission's Decision*").

Remuneration of the CEO of the Company

On July 10, 2018, the General Meeting determined the remuneration of the Company's CEO, Mr. Alain Weill, as follows:

- an aggregate annual fixed compensation of €2.0 million;

- a discretionary annual cash bonus of up to €1.0 million (prorated for time for the first year), which shall be determined by the Board upon a proposal of the Remuneration Committee;

- in connection with the proposed Separation, an adjustment of the terms and conditions governing his current right to acquire in aggregate 1,855,664 Preference Shares B (the "**Weill 2016 FPPSs**"), as follows:
  - 1,103,096 Preference Shares B, each upon vesting convertible into one newly to be issued Common Share A as well as 0.4163 existing shares of Class A Common Stock in Altice USA (the "**Weill 2016 FPPSs Tranche 1**");
  - 752,568 Preference Shares B, each upon vesting convertible into a number of newly to be issued Common Shares A depending on the share price of the Common Shares A during the 5 trading days preceding the conversion request (the "**Weill 2016 FPPSs Tranche 2**");
  - a gross cash compensation of a maximum aggregate amount of $839,991.15, to be paid after the conversion of the Weill 2016 FPPSs Tranche 2 into Common Shares A;

- the right to acquire in aggregate up to 50,000,000 Preference Shares B (the "**Weill 2018 FPPSs**"), with the following characteristics:
  - granted number of Preference Shares B: 25,000,000;
  - vesting period: earliest of four years from the grant date of the Preference Shares B and the annual General Meeting to be held in 2022;
  - performance criteria: on the financial year ending on December 31, 2021, the Company having generated an annual consolidated EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated EBITDA in the 4-year business plan adopted by the Company;

- number of Preference Shares B, each convertible into one Common Share A, ranging between 0% and 200% of the number of granted Preference Shares B, to be assessed at the end of the vesting period, according to a predetermined allocation key linked to performance criteria.

As of December 31, 2018, 827,322 Weill 2016 FPPSs Tranche 1 and 564,426 Weill 2016 FPPSs Tranche 2 had vested and were therefore included in the calculation of the weighted average of Common Shares and the earnings per Common Shares. Preference Shares B granted to Mr. Weill meet the definition of equity settled transaction under IFRS 2 "*Share-based Payment*" and the related expense was recorded in the statement of income for the year ended December 31, 2018 for €21.5 million.

Sale of telecommunication towers business in Portugal

On September 4, 2018, the closing of the transaction between PT Portugal and a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners took place. The transaction, which had been announced on July 18, 2018, comprised the sale of the newly formed tower company called OMTEL, that comprises 2,961 sites operated by MEO, and the acquisition of a 25% stake in OMTEL by PT Portugal. The transaction valued OMTEL at an enterprise value of €660 million, representing a very attractive multiple of 18.9x 2017 pro forma EBITDA of €35 million. In addition, a build-to-suit agreement for 400 new sites was signed between MEO and OMTEL and is expected to generate approximately €60 million in additional proceeds to MEO within the next four years. The total consideration received was €539.5 million. The capital gain recorded during the year ended December 31, 2018 amounted to €611 million. The agreement with the consortium includes an additional deferred payment based on an earn-out structure upon exit by the consortium.

Sale of telecommunication towers business in the Dominican Republic

On October 3, 2018, the Company announced the closing of the transaction between Altice Dominicana and Phoenix Tower International, a portfolio company of Blackstone, for the sale of 100% in the tower company Teletorres del Caribe that comprised 1,039 sites currently operated by Altice Dominicana. Altice Dominicana (as tenant) has entered into a 20-year master agreement with Teletorres del Caribe. The capital gain recorded during the year ended December 31, 2018 amounted to €88.1 million. The consideration received was $168 million (€148.6 million).

Settlement of put option with minority shareholders of HOT

On November 2, 2018, pursuant to an agreement entered into between the parent company of HOT, Cool Holding S.A., and some former minority shareholders of HOT, Cool Holding S.A. bought back a call option held by those shareholders over HOT's shares for an amount of €52.1 million.

Creation of Hivory

In June 2018, Altice France entered into an exclusivity agreement with KKR, a leading global investment firm, for the sale of 49.99% of the equity in the to be formed French tower company, SFR TowerCo, that comprised 10,198 sites operated by SFR. The transaction valued SFR TowerCo at an enterprise value of €3.6 billion, representing a very attractive multiple of 18.0x 2017 pro forma EBITDA of €200 million. In addition, a build-to-suit agreement for 1,200 new sites was signed between SFR and SFR TowerCo and is expected to generate approximately €250 million in additional proceeds to SFR within the next four years.

On December 18, 2018, the Company and KKR announced the creation of SFR TowerCo, renamed "Hivory", the largest independent telecoms tower company in France, benefitting more than 10,000 strategically located sites, and the third largest European tower company. Through Hivory, Altice France and KKR will proactively seek to partner with all mobile operators to develop their coverage and densification objectives in France, through the build-to-suit of new towers and facilitating colocation needs in the French mobile market. Altice France will fully consolidate Hivory.

Closing of the sale of an equity stake in SFR FTTH

On November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients, and OMERS Infrastructure regarding the sale of a minority equity stake of 49.99% in SFR FTTH for a total cash consideration of €1.8 billion based on an

estimated equity value at closing of €3.6 billion. The transaction closed on March 27, 2019. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion.

With 5 million homes to be passed in the medium and low dense areas (including 1 million homes built as of December 31, 2018) and more to be franchised or acquired, SFR FTTH is the largest alternative FTTH infrastructure wholesale operator in France. SFR FTTH will sell wholesale services to all operators at the same terms and conditions. Altice France will sell technical services to SFR FTTH for the construction, the subscriber connection and the maintenance of its FTTH network.

2.5 Discussion and analysis of the results and financial condition of the Group

2.5.1 Revenue

From January 1, 2018, the Group has implemented the new standard on revenue recognition, IFRS 15 "*Revenue from Contracts with Customers*", as decreed and adopted by the European Union. As a result, the presentation and recognition of the Group's revenues were revised to accurately reflect the requirements of the new standard. More information on these changes is provided in Note 2.3 to the Consolidated Financial Statements.

Group

For the year ended December 31, 2018, the Group generated total revenues of €14,255.2 million, a 5.9% decrease compared to €15,151.6 million for the year ended December 31, 2017. This decrease in revenues was recorded in all lines of activities, in general as a result of increased competition and the associated impact on the subscriber base and ARPU, in addition to an unfavourable development of the foreign currency rates for the Dominican Peso and the Israeli Shekel, which, based on the average annual exchange rate, decreased by 8.2% and 4.3% respectively. These unfavourable effects on revenue are partly offset by the additional revenue recorded by Teads, which was acquired on June 22, 2017.

The tables below set forth the Group's revenue by lines of activity in the various geographical segments in which the Group operates for the years ended December 31, 2018 and December 31, 2017, respectively:

	For the year ended December 31, 2018							
Revenue (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Revenue Fixed - B2C	2,545.3	618.4	580.6	100.7	-	-	-	**3,845.0**
Revenue Mobile - B2C	4,146.4	561.7	243.3	354.1	-	-	-	**5,305.5**
B2B	1,772.1	585.7	117.0	82.5	-	-	-	**2,557.4**
Wholesale	1,189.1	206.7	-	52.5	-	-	-	**1,448.2**
Other revenue	706.0	137.0	0.3	0.4	342.1	119.4	5.1	**1,310.2**
Total standalone revenues	**10,358.8**	**2,109.5**	**941.2**	**590.2**	**342.1**	**119.4**	**5.1**	**14,466.3**
Intersegment eliminations	(79.4)	(43.8)	(0.6)	(0.8)	(2.8)	(80.8)	(2.9)	**(211.1)**
Total consolidated revenues	**10,279.4**	**2,065.8**	**940.7**	**589.4**	**339.3**	**38.6**	**2.1**	**14,255.2**

	For the year ended December 31, 2017 (* revised)							
Revenue (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Fixed - B2C	2,805.1	658.4	656.0	108.9	-	-	40.4	**4,268.7**
Mobile - B2C	4,358.6	568.2	242.3	416.5	-	-	0.6	**5,586.3**
B2B	1,851.9	591.4	136.2	93.7	-	-	10.3	**2,683.5**
Wholesale	1,288.5	275.1	-	72.8	-	-	-	**1,636.5**
Other	801.0	151.5	1.0	2.3	163.9	417.3	133.7	**1,670.7**
Total standalone revenues	**11,105.0**	**2,244.7**	**1,035.5**	**694.2**	**163.9**	**417.3**	**185.0**	**15,845.6**
Intersegment eliminations	(155.4)	(45.3)	(1.2)	(8.9)	-	(402.0)	(81.3)	**(694.0)**
Total consolidated revenues	**10,949.7**	**2,199.4**	**1,034.3**	**685.3**	**163.9**	**15.3**	**103.7**	**15,151.6**

Revenues for the Group's fixed B2C business decreased from €4,268.7 million for the year ended December 31, 2017 to €3,845.0 million for the year ended December 31, 2018, a 9.9% decrease compared to the year ended December 31, 2017. This decrease was driven primarily by growing competition and the associated impact on subscriber numbers and pricing pressure.

The Group's mobile B2C business revenue decreased to €5,305.5 million for the year ended December 31, 2018, a 5.0% decrease compared to €5,586.3 million for the year ended December 31, 2017, mainly due to a decrease in France resulting from continued pricing pressure on mobile offers for the B2C base and impacts of customer

loss from previous quarters. In addition, mobile revenues decreased in the Dominican Republic resulting from price erosion and the unfavourable development of the foreign currency rates for the Dominican Peso.

The Group's B2B business revenue decreased to €2,557.4 million for the year ended December 31, 2018, a 4.7% decrease compared to €2,683.5 million for the year ended December 31, 2017, to a large extent driven by decreases in France resulting from price reductions which were implemented during the second quarter of 2017 and increased competition in Israel and the Dominican Republic. The unfavourable development of the foreign currency rates for the Dominican Peso and the Israeli Shekel resulted in an additional decrease in B2B business revenue.

The Group's wholesale business revenue decreased to €1,448.2 million for the year ended December 31, 2018, a 11.5% decrease compared to €1,636.5 million for the year ended December 31, 2017, mainly due to decreases in France, Portugal and the Dominican Republic due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Revenues from the Group's other activities totalled €1,310.2 million for the year ended December 31, 2018, a 21.6% decrease compared to €1.670,7 million for the year ended December 31, 2017. The decrease in other revenues was mainly due to a reduction of intersegment recharging of services provided to Group Companies. These decreases are partly offset by an increase of revenues related to Teads, which was acquired on June 22, 2017.

Geographical segments

France: For the year ended December 31, 2018, the Group generated external revenue in France of €10,279.4 million, a 6.1% decrease compared to €10,949.7 million for the year ended December 31, 2017. This decrease is attributable to decreases in all service revenues.

Revenues from the Group's fixed B2C business decreased by 9.3% from €2,805.1 million for the year ended December 31, 2017 compared to €2,545.3 million for the year ended December 31, 2018. This decrease is explained by customer losses experienced in previous quarters and a reduction in ARPU following more intense market competition following SFR's successful churn reduction and more proactive retention activity. B2C fixed revenue was also impacted by the loss of favourable value added tax ("**VAT**") treatment on telecom/press bundles, which ended in March 2018.

The Group's mobile B2C business posted a net revenue decrease of 4.9% from €4,358.6 million for the year ended December 31, 2017 to €4,146.4 million for the year ended December 31, 2018. This decrease was driven primarily by continued pricing pressure on mobile offers for the B2C base and the impact of customer loss from previous quarters. B2C mobile revenue was also impacted by the loss of favourable VAT treatment on telecom/press bundles, which ended in March 2018.

Revenues from the Group's B2B business decreased by 4.3%, from €1,851.9 million for the year ended December 31, 2017 to €1,772.1 million for the year ended December 31, 2018. B2B revenues were impacted by price reductions for existing mobile customers in the first half of 2017.

Revenues from the Group's wholesale business decreased by 7.7%, from €1,288.5 million for the year ended December 31, 2017 to €1,189.1 million for the year ended December 31, 2018. Wholesale revenues decreased mainly due a decrease in revenues from white label operators and a decline in the international wholesale voice business, which was disposed of during the third quarter of 2018.

Other revenues mainly include the contribution of the media assets. Revenues decreased from €801.0 for the year ended December 31, 2017 to €706.0 million for the year ended December 31, 2018, a decrease of 11.9%. This decrease was driven by the sale of certain press businesses in the second half of 2017, thus impacting 2018 revenues. The revenues from these disposed businesses were included for the year ended December 31, 2017. This reduction was partly offset by record audiences and advertising revenues from the BFM and RMC brand channels.

Portugal: For the year ended December 31, 2018, the Group generated revenues in Portugal of €2,065.8 million, a 6.1% decrease compared to €2,199.4 million for the year ended December 31, 2017. This decrease was mainly due to a decline in the fixed revenues, reflecting the competitive pressure in the market and the resulting price erosion notwithstanding an improved performance in customer net additions in the period. In addition, wholesale

revenues decreased due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Revenues from the Group's fixed B2C business decreased by 6.1% from €658.4 million for the year ended December 31, 2017 to €618.4 million for the year ended December 31, 2018. This decrease is explained by the year on year decline in fixed ARPU due to competitive pressure, which more than offset the positive net adds reported during 2018, as compared to negative net adds during the same period of last year.

The Group's mobile B2C business posted a net revenue decrease of 1.1% from €568.2 million for the year ended December 31, 2017 compared to €561.7 million for the year ended December 31, 2018. This decrease was driven primarily by a decline in mobile ARPU due to competitive pressure and lower prepaid revenues.

Revenues from the Group's B2B business decreased by 1.0%, from €591.4 million for the year ended December 31, 2017 to €585.7 million for the year ended December 31, 2018. B2B revenues were impacted by intense competition and the resulting continued repricing.

Revenues from the Group's wholesale business decreased by 24.9%, from €275.1 million for the year ended December 31, 2017 to €206.7 million for the year ended December 31, 2018. Wholesale revenues decreased mainly due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Other revenues decreased from €151.5 million for the year ended December 31, 2017 to €137.0 million for the year ended December 31, 2018, a decrease of 9.6%. This decrease is primarily driven by a decline in non-group revenues of Altice Labs.

Israel: For the year ended December 31, 2018, the Group generated revenue in Israel of €940.7 million, a 9.1% decrease compared to €1,034.3 million for the year ended December 31, 2017. On a constant currency basis, revenues decreased by 5.0%. On a constant currency basis, this was mainly due to a decrease in fixed revenues due to a strong competition in the TV and broadband market with the entry of new competitors with aggressive pricing, resulting in a decrease in the subscriber base and a decrease in ARPU. This decrease was partly offset by an increase in mobile revenues due to higher equipment sales while the market is still under price pressure following the entry of a new MVNO player from the second quarter of 2018.

Dominican Republic: For the year ended December 31, 2018, the Group generated total revenue of €589.4 million, a 14.0% decrease compared to €685.3 million for the year ended December 31, 2017. On a constant currency basis, revenues decreased by 6.3%. On a constant currency basis, this was largely driven by a decrease in mobile B2C revenues as a result of voice erosion, and a decrease in wholesale, mainly due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Teads: For the year ended December 31, 2018, the Group generated revenue in Teads of €339.3 million[6], compared to €163.9 million for the year ended December 31, 2017. Due to the fact that Teads was acquired on June 22, 2017, 6 months of revenue were reported for the year ended December 31, 2017 versus 12 months of revenue for the year ended December 31, 2018.

Altice TV: For the year ended December 31, 2018, the Group generated total revenue in Altice TV of €38.6 million, compared to €15.3 million for the year ended December 31, 2017.

Others: For the year ended December 31, 2018, the Group generated total revenue in Others (which comprises of the Group's corporate entities) of €2.1 million, compared to €103.7 million for the year ended December 31, 2017.

2.5.2 Adjusted EBITDA

Group

For the year ended December 31, 2018, the Group's Adjusted EBITDA was €5,137.2 million, a decrease of 10.8% compared to the year ended December 31, 2017 (€5,756.7 million). This decrease can be attributed to lower

[6] Please note that the standalone revenues of Teads for the year ended December 31, 2018 in the Consolidated Financial Statements (€342.1 million) are based on the full year revenues net of discounts.

revenues, as explained above, and higher other operating expenses, partially offset by decreased purchasing and subcontracting expenses and staff costs and employee benefits.

- Purchasing and subcontracting costs decreased by 5.5%, from €4,740.1 million in the year ended December 31, 2017 to €4,480.8 million in the year ended December 31, 2018.
- Other operating expenses increased by 1.1% to €3,134.5 million in the year ended December 31, 2018 from €3,101.9 million in the year ended December 31, 2017.
- Staff costs and employee benefit expenses decreased by 2.4%, from €1,583.8 million in the year ended December 31, 2017 to €1,545.7 million in the year ended December 31, 2018.

Geographical segments

France: For the year ended December 31, 2018, the Group's Adjusted EBITDA in France was €3,788.2 million, an increase of 1.1% from €3,745.2 million for the year ended December 31, 2017. This increase was mainly due to a decrease in content costs, other operating costs and staff costs, offset partially by the decrease in revenues described above. The decrease in content costs is mainly driven by lower costs for premium content supplied by other Group Companies following the restructuring and the creation of the new Altice TV unit announced in January 2018. Other operating expenses decreased due to a decrease in customer service and sales and marketing costs, which was offset by an increase in general and administrative costs. The decrease in staff costs is mainly driven by a decrease in employee numbers as part of the voluntary restructuring plan launched in 2017.

Portugal: For the year ended December 31, 2018, the Group's Adjusted EBITDA in Portugal was €869.8 million, a decrease of 12.4% from €992.6 million for the year ended December 31, 2017. This decrease is attributable to the reduction in fixed and wholesale revenues, and higher costs of goods sold related to mobile handsets, higher subscriber acquisition costs and an increase in infrastructure rental mainly due to the sale of the tower business and subsequent lease of towers. The negative impact of these drivers was only partially offset by lower international voice traffic costs, in line with the decline in associated wholesale revenues, and lower staff costs as a result of a lower headcount.

Israel: For the year ended December 31, 2018, the Group's Adjusted EBITDA in Israel was €405.7 million, a decrease of 14.3% compared to €473.6 million for the year ended December 31, 2017. Adjusted EBITDA on a constant currency basis decreased by 10.5% compared to 2017. On a constant currency basis, this decrease is mainly due to a decrease in revenues which is partly offset by a decrease in purchasing and sub-contracting costs (mainly due to content savings), other operating expenses and staff costs (as a result of the departure plan which was implemented during the third quarter of 2017).

Dominican Republic: For the year ended December 31, 2018, the Group's Adjusted EBITDA in the Dominican Republic decreased by 17.9% from €358.0 million for the year ended December 31, 2017 to €293.9 million for the year ended December 31, 2018 (10.6% on a constant currency basis). On a constant currency basis, this decrease is mainly attributable to a decline in revenues and an increase in infrastructure rental mainly due to the sale of the tower business and subsequent lease of towers, partly offset by decreases in expenses due to improved cost control during 2018.

Teads: For the year ended December 31, 2018, the Group's Adjusted EBITDA for Teads amounted to €60.2 million, compared to €39.4 million for the year ended December 31, 2017. Due to the fact that Teads was acquired on June 22, 2017, 6 months of Adjusted EBITDA were reported for the year ended December 31, 2017 versus 12 months of Adjusted EBITDA for the year ended December 31, 2018.

Altice TV: For the year ended December 31, 2018, the Group's Adjusted EBITDA for Altice TV decreased by 203.6% from €219.2 million for the year ended December 31, 2017 to a negative Adjusted EBITDA of €227.3 million. This decrease is mainly attributable to a reduction of intersegment recharging of services provided to Group Companies.

Others: For the year ended December 31, 2018, the Group's Adjusted EBITDA in Others was a negative amount of €45.3 million, an increase of 39.5% from a negative Adjusted EBITDA of €74.9 million for the year ended December 31, 2017.

2.5.3 Operating profit of the Group

Depreciation, amortization and impairment

For the year ended December 31, 2018, depreciation and amortization totalled €4,124.5 million, a 5.6% decrease compared to €4,370.6 million for the year ended December 31, 2017.

Other expenses and income

For the year ended December 31, 2018, the Group's other income totalled €457.1 million, a 142.5% decrease compared to an expense of €1,075.9 million for the year ended December 31, 2017. A detailed breakdown of other expenses income is provided below:

Other expenses and income (€m)	For the year ended December 31, 2018	For the year ended December 31, 2017 (* revised)	Change
Share-based expense	42.9	30.6	40.2%
Items excluded from adjusted EBITDA	**42.9**	**30.6**	**40.2%**
Restructuring costs	9.0	721.1	-98.8%
Onerous contracts	53.4	131.5	-59.4%
Net (gain)/loss on disposal of assets	(11.0)	118.9	-109.3%
Disputes and litigation	56.9	32.9	72.9%
Penalties	124.5	-	nm
Net gain on sale of consolidated entities	(787.9)	(11.0)	7062.7%
Deal fees	41.5	11.3	267.3%
Management fee	(11.0)	(26.5)	-58.5%
Other expenses and income (net)	67.5	97.6	-30.8%
Other expenses and income	**(457.1)**	**1,075.9**	**-142.5%**

Share-based expenses: The Group has several equity incentive plans across its various entities comprised mainly of the share option plan (SOP), the long-term incentive plan (LTIP), the 2017 share option plan (2017 SOP), the performance stock option plan (PSOP), the options granted to Next Alt and the preference shares granted to the CEO, Mr. Alain Weill (please refer to Note 26 to the Consolidated Financial Statements). During the year ended December 31, 2018, the Group incurred share-based expenses of €42.9 million, an increase of €12.3 million compared to the year ended December 31, 2017. Please refer to Note 26 to the Consolidated Financial Statements for full details on each of the stock option plans and the amounts recorded as expenses in 2018.

Restructuring costs: Restructuring costs for the year ended December 31, 2018 mainly related to the restructuring plans in PT Portugal for €10.2 million, which include termination payments for employees who left the company (€5.4 million) and salaries paid to employees without functions (€4.8 million). Additionally, restructuring costs in Altice France amounted to negative €1.6 million, consisting of €7.0 million expense related to the departure plan in Intelcia, which was partially offset by a release of restructuring provision of €8.6 million.

Restructuring costs incurred for the year ended December 31, 2017 of €721.1 million mainly related to the voluntary departure plan in Altice France (€672.9 million), as well as restructuring expenses in PT Portugal (€35.1 million), Altice Management International S.A. (€6.0 million), French Overseas Territories (€3.0 million) and HOT (€1.9 million).

Onerous contracts: For the year ended December 31, 2018, the expenses recognised for onerous contracts mainly related to the costs related to the change in office premises to the new Altice Campus (€52.6 million), a reduction of €78.1 million compared to the year ended December 31, 2017.

Loss on disposals of assets: For the year ended December 31, 2018, the gain on disposal of assets was primarily related to the gain on scrapped assets in Altice France (€16.4 million). This was partially offset by losses on scrapped property, plant and equipment, assets in PT Portugal due to forest fires damages (€1.8 million) and other disposed tangible assets (€3.6 million).

The loss on disposal of assets for the year ended December 31, 2017, primarily related to the scrapping of assets prior to the assets being fully depreciated; this largely included boxes and store furnishings following the closure of some retail stores (mainly in France, €108.6 million).

Disputes and litigation: For the year ended December 31, 2018, disputes and litigations mostly consisted of provision recorded during the year in Altice France for litigations with Bouygues, Orange and other tax litigations for a total of €151 million, which was offset by a release of the provision for litigation with Orange (€122 million). Additionally, a €24.7 million litigation provision was recorded in PT Portugal.

For the year ended December 31, 2017, the disputes and litigations included the effect of new allowances recorded during the year, which were offset by the reversal of the provision for the tax litigation following the merger of Vivendi Telecom International ("VTI") and SFR. The provision reversal was recorded in France for an amount of €117 million (please refer to Note 24.4.1.2 to the Consolidated Financial Statements).

Penalties: Penalties correspond to the fine imposed to the Group following the European Commission's investigation on gun jumping during the acquisition of PT Portugal by the Group. The €124.5 million fine was recorded in the Portugal segment. Please refer to Note 32.2.1 to the Consolidated Financial Statements for more details.

Gain on sale of consolidated entities: For the year ended December 31, 2018, this relates to the capital gain generated by:

- the sale of the tower business in Portugal of €611 million (please refer to Note 3.1.9 to the Consolidated Financial Statements);
- the sale of the tower business in the Dominican Republic of €88.1 million (please refer to Note 3.1.10 to the Consolidated Financial Statements);
- the sale of telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG of €88.8 million (please refer to Note 3.1.1 to the Consolidated Financial Statements);
- the sale of the international wholesale business (please refer to Note 3.1.6 to the Consolidated Financial Statements) recorded in France (€2.0 million), the Dominican Republic (€5.0 million) and PT Portugal (€2.5 million), offset by the loss of €0.3 million on the sale of i24 US Corp. to Altice USA (please refer to Note 3.1.4 to the Consolidated Financial Statements).

Deal fees: Deal fees consisted mainly of €27.8 million deal fees in Altice France mostly for the fees related to the transactions in relation to the tower and fibre businesses, €6.8 million expenses in PT Portugal for the financial and legal advisory fees in the sale of the tower business and €4.0 million of advisory fees related to the Separation.

Management fees: Management fee income corresponds to a portion of the corporate costs charged by the Group to Altice USA, which amounted to €11.0 million and €26.5 million for the year ended December 31, 2018 and December 31, 2017, respectively. The Group stopped charging the management fee to Altice USA as of the date of the Separation.

Other expenses and income (net): Other expenses and income (net) consisted mainly of expenses in Altice Holdings of €13.0 million related to a share settlement with the management team of Altice Blue Two (part of the French Overseas Territories). In addition, PT Portugal recorded €3.4 million of fines (mostly related to the termination fee of a real estate rental agreement of €2.4 million) and €10.1 million of deferred capital gains related to the disposal of towers in Portugal. Altice France recorded expenses for network claims of €28 million and end-of-year employee bonus of €17 million.

Operating profit

As a result of the above-mentioned factors, for the year ended December 31, 2018, the Group recorded an operating profit of €1,426.9 million, a 410.9% increase compared to €279.4 million for the year ended December 31, 2017.

2.5.4 Loss for the year of the Group

Finance costs (net)

Net finance costs amounted to €2,265.0 million for the year ended December 31, 2018, registering a decrease of 4.3% compared to €2,367.4 million for the year ended December 31, 2017. A detailed breakdown of finance costs (net) is provided below:

Finance costs, net **(€m)**	**For the year ended December 31, 2018**	**For the year ended December 31, 2017 (* revised)**	**Change**
Interest relative to gross financial debt	(1,814.3)	(2,328.5)	-22.1%
Other financial expenses	(399.4)	(228.6)	74.7%
Finance income (expense)	97.3	324.2	-70.0%
Net result on extinguishment of a financial liability	(148.6)	(134.7)	10.3%
Finance costs, net	**(2,265.0)**	**(2,367.4)**	**-4.3%**

Interest relative to gross financial debt: For the year ended December 31, 2018, the Group's interest relative to gross financial debt totalled €1,814.3.3 million, a 22.1% decrease compared to €2,328.5 million for the year ended December 31, 2017. Interest relative to gross financial debt includes the variation in the mark to market of the Group's derivative financial instruments, which was a main driver of the variation in this line item for the year ended December 31, 2018 compared to previous year.

Other financial expenses: For the year ended December 31, 2018, the Group's other financial expenses totalled €399.4 million, a 74.7% increase compared to €228.6 million for the year ended December 31, 2017. The change in other financial expenses is largely driven by fluctuations in exchange rates.

Finance income: For the year ended December 31, 2018, the Group's finance income totalled €97.3 million, a 70.0% decrease compared to finance income of €324.2 million for the year ended December 31, 2017. The change in finance income is largely driven by other financial income in France amounting to €200.1 million, mainly related to net gains related to the repricing of certain cross-currency and interest rate swaps during 2017.

Net result on extinguishment of a financial liability: For the year ended December 31, 2018, the Group's Net result on extinguishment of a financial liability amounted to €148.6 million related to the refinancing transactions of the Altice France credit pool, compared to a Net result on extinguishment of a financial liability of €134.7 million for the year ended December 31, 2017, which was related to the refinancing of debt in Altice Financing, which closed in April 2017.

Share of earnings of associates

For the year ended December 31, 2018, the Group's share of loss of associates totalled €10.3 million compared to a loss of €16.7 million for the year ended December 31, 2017.

Income tax (expense) / benefit

For the year ended December 31, 2018, the income tax expense totalled €68.0 million compared to an income tax benefit of €423.2 million in the year ended December 31, 2017 (please refer to Note 24 to the Consolidated Financial Statements for additional details).

Loss for the period from continuing operations

For the year ended December 31, 2018, the loss after tax from continued operations totalled €916.4 million compared to a loss after tax from discontinued operations of €1,681.6 million in the year ended December 31, 2017. The reasons for this decrease are enumerated in the sections above.

Profit after tax for the year from discontinued operations

The profit from discontinued operations for the year ended December 31, 2018 and the year ended December 31, 2017 relate to the results of Altice USA in the statement of income. Please note that for the year ended December 31, 2018, the results of Altice USA have been included up to June 8, 2018, which was the date of the Separation.

2.5.5 Liquidity and capital resources

General

The Group's principle sources of liquidity are (i) operating cash flow generated by the Group's subsidiaries, (ii) various revolving credit facilities and guarantee facilities that are available at each of the Group's restricted groups, as applicable, for any requirements not covered by the operating cash flow generated and (iii) various liquid stakes in securities and other assets.

As of December 31, 2018, Altice Luxembourg had an aggregate of €200.0 million (equivalent) available borrowings under the 2014 Altice Luxembourg Revolving Credit Facility Agreement; Altice International's restricted group had an aggregate of €831.0 million (equivalent) available borrowings under the Guarantee Facility Agreements, the 2014 Altice Financing Revolving Credit Facility Agreement and the 2015 Altice Financing Revolving Credit Facility Agreement, of which nil was drawn as at December 31, 2018; and the Altice France restricted group had an aggregate of €1,125.0 million (equivalent) available borrowings under the Altice France Revolving Credit Facility Agreement, of which nil was drawn as at December 31, 2018.

The Group expects to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. The Group's ability to generate cash from the Group's operations will depend on the Group's future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group's control. As the Group's debt matures in later years, the Group anticipates that it will seek to refinance or otherwise extend the Group's debt maturities from time to time.

With the transformational SFR FTTH transaction and the various tower sales and long-term partnerships announced in 2018, the Group has been able to crystallize €8 billion of infrastructure value and obtain cash proceeds of €4 billion, whilst continuing to explore similar deals in the Group's footprint.

Cash flow

The following table presents primary components of the Group's cash flows of continuing operations and cash flows of discontinued operations (net) for each of the years indicated. Please refer to the consolidated statement of cash flows in the Consolidated Financial Statements for additional details.

Net Cash Flows **(€m)**	**For the year ended December 31, 2018**	**For the year ended December 31, 2017 (* revised)**	**Change**
Net cash flow from operating activities of continuing operations	4.059,8	4.998,7	-18,8%
Net cash flow from investing activities of continuing operations	(2.677,4)	(3.622,1)	-26,1%
Net cash flow from financing activities of continuing operations	(515,5)	(1.091,8)	-52,8%
Changes in cash and cash equivalents of continuing operations	**866,9**	**284,9**	**204,3%**
Changes in cash and cash equivalents of discontinued operations (net)	**(65,1)**	**(195,6)**	**-66,7%**
Classification of cash as held for sale	(209,3)	-	nm
Effects of exchange rate changes on cash held in foreign currencies	5,6	40,6	-86,3%
Net changes in cash and cash equivalents	**598,0**	**129,9**	**360,3%**

The Group recorded a net increase of €598.0 million in cash and cash equivalents for the year ended December 31, 2018, compared to a net increase of €129.9 million for the year ended December 31, 2017.

Net cash provided by operating activities of continuing operations: Net cash provided by operating activities decreased by 18.8% to €4,059.8 million for the year ended December 31, 2018 compared to €4,998.7 million for the year ended December 31, 2017. The decrease in net cash provided by operating activities is mainly explained by the changes in working capital and other non-cash operating gains, which were only partly offset by a decrease in income taxes paid.

Net cash used in investing activities of continuing operations: Net cash used in investing activities decreased by 26.1% to €2,667.4 million for the year ended December 31, 2018 compared to €3,622.1 million for the year ended December 31, 2017. The decrease in the year ended December 31, 2018 is mainly attributed to the higher proceeds

from the disposal of businesses during the year ended December 31, 2018, mainly the towers businesses in Portugal and the Dominican Republic for a total amount of €688.1 million, the telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, for a total amount of €156.4 million and the international wholesale business in France, Portugal and the Dominican Republic for a total amount of €33.0 million. During the year ended December 31, 2017, the main disposal of businesses related to the sale of Coditel Brabant SPRL and Coditel S.à r.l, for an amount of €302.8 million. In addition, the amount spent on acquisitions decreased from €289.8 million in 2017 to €111.9 million in 2018.

Net cash used in financing activities of continuing operations: Net cash used in financing activities decreased by 52.8% to €515.5 million for the year ended December 31, 2018 compared to €1,091.8 million for the year ended December 31, 2017. The decrease in net cash used can primarily be attributed to the receipt of the provisional purchase price of €1,766.8 million for the sale of the tower business in Altice France, the receipt of the dividend of €894.3 million from Altice USA in June 2018 and lower payments for share buy-back payments and acquisition of non-controlling interests. These increases in the receipt of cash were partly offset by the net repayment of debt of €883.4 million for the year ended December 31, 2018, whereas for the year ended December 31, 2017 there was a net inflow of cash of €2,001.2 million as a result of an increase of debt.

Capital expenditures

The Group classifies its capital expenditures in the following categories.

Fixed services (including wholesale): Includes capital expenditures related to (i) connection of customer premises and investment in hardware, such as set-top boxes, routers and other equipment, which is directly linked to RGU growth (‘CPEs and installation related’); (ii) investment in improving or expanding the Group’s cable network, investments in the television and fixed line platforms and investments in DOCSIS network capacity (‘cable network and construction related’) and (iii) other capital expenditures related to the Group’s fixed business. This also includes capital expenditures relating to data centers, backbone network, connection fees of clients’ premises, rental equipment to customers and other B2B operations as well as content-related capital expenditures relating to the Group’s subsidiaries that produce and distribute content. Capital expenditures relating to network and equipment that is common to the delivery of fixed or mobile services as well as in ‘Others’ are reflected in cable capital expenditures or mobile capital expenditures as the case may be.

Mobile services: Includes capital expenditures related to improving or expanding the Group’s mobile networks and platforms and other investments relating to the Group’s mobile business.

Others: Includes capital expenditures relating to the Group’s content and other non-core fixed or mobile activities.

The Group has made substantial investments and will continue to make capital expenditures in the geographies in which it operates to expand its footprint and enhance its product and service offerings. In addition to continued investment in its infrastructure, the Group will continue to strategically invest in content across its geographic segments to enrich its differentiated and convergent communication services as well as to reduce churn and increase ARPU. The Group expects to finance principal investments described below, to the extent they have not been completed, with cash flow from its operations.

The Group has made new investment commitments since December 31, 2018. For information on contractual obligations and commercial commitments the Group has acquired in the year ended December 31, 2018, please see Note 31 to the Consolidated Financial Statements.

The table below sets forth the Group’s capital expenditure on an accrued basis for the years ended December 31, 2018 and 2017, respectively, for each of the Group’s geographical segments:

For the year ended December 31, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Capital expenditure (accrued)	2,269.6	423.3	234.1	115.2	1.4	1,014.1	-	(4.7)	**4,053.0**
Capital expenditure - working capital items	94.5	36.3	8.7	(3.5)	-	(703.6)	-	-	**(567.7)**
Payments to acquire tangible and intangible assets	**2,364.2**	**459.6**	**242.8**	**111.7**	**1.4**	**310.5**	**-**	**(4.7)**	**3,485.3**

For the year ended December 31, 2017 (*revised) €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Capital expenditure (accrued)	2,394.1	437.8	241.5	114.6	-	46.6	32.1	(11.1)	**3,255.6**
Capital expenditure - working capital items	224.5	(16.1)	(7.1)	(5.5)	-	99.9	0.1	-	**295.6**
Payments to acquire tangible and intangible assets	**2,618.6**	**421.6**	**234.2**	**109.1**	**-**	**146.5**	**32.2**	**(11.1)**	**3,551.4**

Geographical segments

France: For the year ended December 31, 2018, total capital expenditure in France were €2,364.2 million (representing 22.8% of revenue in France), a 9.7% decrease compared to €2,618.6 million for the year ended December 31, 2017 (representing 23.6% of revenue in France). The decrease is mainly explained by the significant capital expenditure incurred in previous years in order to improve the Group's mobile network and to roll out new fibre homes and is also due to the commercial success with a higher number of connections of customer premises in 2018.

Portugal: For the year ended December 31, 2018, PT Portugal's total capital expenditures were €459.6 million (representing 21.8% of revenue in Portugal), a 9.0% increase compared to €421.6 million for the year ended December 31, 2017 (representing 18.8% of revenue in Portugal). The increase in capex is explained by an increase in mobile network related capex reflecting the deployment of the single RAN technology, higher SAC-related capex reflecting both higher gross adds and an increase in the unitary SAC and changes in capital expenditure related working capital. These increases are partially offset by lower fixed network related capex as a result of a lower number of homes passed.

Israel: Capital expenditure in Israel increased by 3.7%, from €234.2 million (representing 22.6% of revenue in Israel) in the year ended December 31, 2017 to €242.8 million (representing 25.8% of revenue in Israel) in the year ended December 31, 2018. On a constant currency basis, capital expenditure increased by 8.3%, driven by higher network and installation spend and changes in capital expenditure related working capital, partly offset by lower investments in CPE.

Dominican Republic: For the year ended December 31, 2018, the total capital expenditures were €111.7 million (representing 18.9% of revenue in the Dominican Republic), a 2.4% increase compared to €109.1 million for the year ended December 31, 2017 (representing 15.7% of revenue in the Dominican Republic). On a constant currency basis, accrued capital expenditures increased by 11.5%, to a large extent driven by purchase of equipment and services for mobile network to support data growth and increase of LTE coverage, services for the migration to single RAN technology and new deals for TV content rights.

Teads: In general, Teads has limited capital expenditures due to the nature of its business.

Altice TV: For the year ended December 31, 2018, the total capital expenditures were €310.5 million, a 111.9% increase compared to €146.5 million for the year ended December 31, 2017. The increase is mainly explained by the capital expenditures in 2018 for the UEFA Champions League rights.

Others: For the year ended December 31, 2018, the total capital expenditures were nil, compared to capital expenditures of €32.2 million for the year ended December 31, 2017.

2.5.6 *Discussion and analysis of the financial condition of the Group*

Consolidated Statement of Financial Position (€m)	**As at December 31, 2018**	**As at December 31, 2017 (* revised)**	**Change**
Non-current assets			
Goodwill	15,757.3	22,302.4	-29.3%
Intangible assets	8,662.9	24,264.0	-64.3%
Property, plant & equipment	10,008.5	15,161.4	-34.0%
Contract costs	252.5	256.7	-1.6%
Investment in associates	154.1	49.4	211.8%
Financial assets	2,039.6	2,545.5	-19.9%
Deferred tax assets	153.9	152.3	1.1%
Other non-current assets	425.7	466.9	-8.8%
Total non-current assets	**37,454.5**	**65,198.6**	**-42.6%**
Current assets			
Inventories	422.2	461.4	-8.5%
Contract assets	265.7	302.3	-12.1%
Trade and other receivables	4,509.6	4,932.0	-8.6%
Current tax assets	119.1	173.7	-31.4%
Financial assets	43.1	93.4	-53.9%
Cash and cash equivalents	1,837.0	1,239.0	48.3%
Restricted cash	141.6	168.1	-15.8%
Total current assets	**7,338.3**	**7,369.9**	**-0.4%**
Assets classified as held for sale	538.0	184.3	191.9%
Total assets	**45,330.8**	**72,752.7**	**-37.7%**
Issued capital	68.3	76.5	-10.7%
Treasury shares	(14.6)	(370.1)	-96.1%
Additional paid in capital	-	2,605.9	-100.0%
Other reserves	(783.6)	(811.4)	-3.4%
Accumulated losses	(2,401.5)	(3,107.3)	-22.7%
Equity attributable to owners of the Company	**(3,131.4)**	**(1,606.4)**	**94.9%**
Non-controlling interests	226.7	1,242.9	-81.8%
Total equity	**(2,904.7)**	**(363.5)**	**699.1%**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	34,262.1	50,059.4	-31.6%
Other financial liabilities	560.3	1,963.1	-71.5%
Provisions	1,178.8	1,479.8	-20.3%
Deferred tax liabilities	255.7	4,451.1	-94.3%
Non-current contract liabilities	565.2	471.9	19.8%
Other non-current liabilities	606.4	165.8	265.7%
Total non-current liabilities	**37,428.4**	**58,591.1**	**-36.1%**
Current liabilities			
Short-term borrowings, financial liabilities	102.3	1,792.9	-94.3%
Other financial liabilities	2,052.2	2,394.0	-14.3%
Trade and other payables	7,068.8	8,368.8	-15.5%
Contract liabilities	606.0	811.9	-25.4%
Current tax liabilities	247.0	205.4	20.3%
Provisions	330.2	542.4	-39.1%
Other current liabilities	201.2	305.0	-34.0%
Total current liabilities	**10,607.7**	**14,420.4**	**-26.4%**
Liabilities directly associated with assets classified as held for sale	199.5	104.7	90.5%
Total liabilities	**48,235.5**	**73,116.2**	**-34.0%**
Total equity and liabilities	**45,330.8**	**72,752.7**	**-37.7%**

For the year ended December 31, 2018, the Group had a total asset position of €45,330.8 million and a net negative equity position of €2,904.7 million. The major contributors to the total asset position of the Group are the Altice France Group and PT Portugal and its subsidiaries.

Current assets

As at December 31, 2018, the Group had a current asset position of €7,338.3 million, a 0.4% decrease compared to €7,369.9 million as at December 31, 2017. As at December 31, 2017, €725.8 million of the current assets related to Altice USA, which became a discontinued operation on June 8, 2018. Taking into consideration the impact of the discontinued operations, the current assets of continued operations increased by €694.3 million, which was mainly driven by an increase in cash and cash equivalents and trade and other receivables.

Non-current assets

As of December 31, 2018, the Group had a non-current asset position of €37,454.5 million, a 42.6% decrease as compared to €65,198.6 million as of December 31, 2017. As at December 31, 2017, €23,926.4 million of the non-current assets related to Altice USA, which became a discontinued operation on June 8, 2018. Taking into consideration the impact of the discontinued operations, the non-current assets of continued operations decreased by €3,817.8 million.

Property, plant and equipment ("PPE"): The Group includes companies that have substantial PPE relating to their telecommunications network, which are required to enable them to run their business. The net book value of such assets (classified under the property, plant and equipment caption) amounted to €10,008.5 million as of December 31, 2018 compared to €15,161.4 million at December 31, 2017. The decrease of €5,152.9 million is mainly explained by the net book value of PPE related to the discontinued operation of Altice USA, amounting to €4,756.6 million, the impact of depreciation of €1,893.8 million, and the classification of €454.6 million of PPE as held for sale, partly offset by additions of €2,110.1 million and other immaterial movements.

Intangible assets: The net book value of intangible assets amounted to €8,662.9 million at December 31, 2018 compared to €24,264.0 million at December 31, 2017. The decrease is mainly explained by the net book value of intangible assets related to the discontinued operation of Altice USA, amounting to €15,334.6 million and the impact of amortization of €1,968.4 million, partly offset by additions (€1,806.8 million) and other immaterial movements.

Goodwill: The net book value of goodwill decreased from €22,302.4 million as at December 31, 2017 to €15,757.3 million as at December 31, 2018. The decrease in goodwill is mainly resulting from the net book value of goodwill related to the discontinued operation of Altice USA, amounting to €6,378.9 million.

Investments in associates: The investments in associates increased from €49.4 million as at December 31, 2017 to €154.1 million as at December 31, 2018. This increase is mainly explained by the Group's acquisition of a 25% stake in the capital of Belmont Infra Holding S.A. for €108.8 million (please refer to Note 9 to the Consolidated Financial Statements).

Non-current financial assets: Financial assets amounted to €2,039.6 million as at December 31, 2018, a decrease of 19.9% compared to €2,545.5 million as at December 31, 2017. This decrease is mainly related to the investment in Comcast shares held by Altice USA which amounted to €1,431.0 million as at December 31, 2017, which, following the Separation, is not recognized anymore as at December 31, 2018. This decrease was partly offset by an increase in derivative financial assets and investments held as available for sale. Please also refer to Note 10 to the Consolidated Financial Statements.

Deferred tax assets: Deferred tax assets amounted to €153.9 million as of December 31, 2018, a decrease of 1.0% compared to €152.3 million as at December 31, 2017. For information on the changes in the deferred tax assets, please see Note 24 to the Consolidated Financial Statements.

Current financial assets: Current financial assets amounted to €43.1 million as at December 31, 2018, a decrease of 53.9% compared to €93.4 million as at December 31, 2017. This decrease is mainly related to the change in derivative financial instruments. Please also refer to Note 10 to the Consolidated Financial Statements.

Current liabilities

The Group had a current liability position of €10,607.7 million as at December 31, 2018, a decrease of 26.4% compared to €14,420.4 million as at December 31, 2017, mainly composed of trade and other payables and other financial liabilities. As at December 31, 2017, €2,992.0 million of the current liabilities related to Altice USA, which became a discontinued operation on June 8, 2018. Taking into consideration the impact of the discontinued operations, the current liabilities of continued operations decreased by €890.7 million.

Trade and other payables: Trade and other payables amounted to €7,068.8 million for the year ended December 31, 2018, a decrease of 15.5% compared to €8,368.8 million for the year ended December 31, 2017. Excluding the impact of the discontinued operation of Altice USA amounting to €899.7 million, trade and other payables decreased by €400.3 million. This decrease is mainly explained by decreases in corporate and social security payables in Altice France as a result of restructuring pay-outs and other on an individual basis immaterial movement. These decreases were partly offset by an increase in fixed asset payables in Altice TV, mainly related

to the payable to UEFA for the Champions League and Europa League rights which amounted to €347.1 million in total as of December 31, 2018.

The high level of trade payables is structural (i.e., related to the structure of the industry in general) and follows industry norms, as customers generally make payments in advance, based on their billing cycle, and suppliers are paid as per the standard payment terms prevalent in each country. The Group generates sufficient operating cash to respect its current debt and has access to revolving credit facilities to assist in meeting its current debt obligations.

Short term borrowings: The current portion of borrowings decreased from €1,792.9 million as of December 31, 2017 to €102.3 million as of December 31, 2018. The balance as at December 31, 2018 primarily relates to loans payable to financial institutions. The balance as at December 31, 2017 primarily relates to €199.0 million (ILS 957 million) of debentures related to HOT, €1,300.1 million of debentures related to Altice USA and €230.2 million of loans payable to financial institutions.

Other financial liabilities: Other financial liabilities decreased by 14.3% to reach €2,052.2 million as of December 31, 2018 compared to €2,394.0 million in the year ended December 31, 2017. This was largely driven by a decrease of €340.1 million of accrued interest to be paid, mainly due to the decrease in long term borrowings as a result of the discontinuation of Altice USA.

Non-current liabilities

The Group's non-current liabilities are mainly composed of bonds and indebtedness obtained from banking institutions. The non-current liability position was €37,428.5 million as of December 31, 2018 compared to €58,591.1 million as of December 31, 2017. As at December 31, 2017, €21,409.7 million of the non-current liabilities related to Altice USA, which became a discontinued operation on June 8, 2018. Taking into consideration the impact of the discontinued operations, the non-current liabilities of continued operations increased by €247.1 million.

The Company raises debt through its subsidiaries Altice Corporate Financing, Altice Luxembourg, Altice Finco, Altice Financing, Altice France and certain of their subsidiaries.

Long term borrowings: As of December 31, 2018, debentures and bank loans issued by (i) Altice Luxembourg amounted to €6,582.5 million (equivalent), (ii) Altice France amounted to €16,594.0 million (equivalent), and (iii) Altice International amounted to €8,087.0 million (equivalent). In addition, the corporate facility contracted by Altice Corporate Financing amounted to €1,728.0 million and other loans from financial institutions amounted to €0.4 million (equivalent).

Other non-current financial liabilities: Other non-current financial liabilities are mainly composed of liabilities related to transactions with non-controlling interest (put options, vendor notes, contributions), deposits received and financial leases. Other non-current financial liabilities decreased by €1,402.8 million from €1,963.1 million as at December 31, 2017 to €560.3 million as at December 31, 2018, mainly due to the reduction of the collateralized debt – Comcast recorded in Altice USA, which became a discontinued operation on June 8, 2018.

Non-current provisions: Non-current provisions decreased to €1,178.8 million as at December 31, 2018 from €1,479.8 million as at December 31, 2017. For information on the changes in the provisions, please refer to Note 16 to the Consolidated Financial Statements.

Deferred tax liabilities: Deferred tax liabilities decreased by 94.3% to reach €255.7 million as of December 31, 2018, compared to €4,451.1 million as of December 31, 2017, mainly due to the discontinuation of Altice USA. For information on the changes in the deferred tax liabilities, please refer to Note 24 to the Consolidated Financial Statements.

2.5.7 Going concern assumption

As of December 31, 2018, the Group had net current liability position of €3,269.4 million (mainly due to trade payables amounting to €7,068.8 million) and a negative working capital of €2,137.0 million. During the year ended December 31, 2018, the Group registered a net loss of €916.4 million from continued operations and generated cash flows of €4,059.8 million from continued operations.

As at December 31, 2018, the Group had a negative equity position of €2,904.7 million compared to €363.5 million as at December 31, 2017. The equity position decreased from the prior period mainly due to the special distribution in kind of the Group's 67.2% interest in Altice USA to the Company's shareholders out of the Company's share premium reserve as part of the Separation.

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding and suppliers are paid under standard commercial terms, thus generating a negative working capital. This is evidenced by the difference in the level of receivables and payables: €4,509.6 million and €7,068.8 million for the year ended December 31, 2018, as compared to €4,932.0 million and €8,368.8 million for the year ended December 31, 2017. Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of December 31, 2018, the Group's short-term borrowings comprised mainly loans from financial institutions for Altice France and Altice Financing for €77.8 million and €18.8 million respectively. As of December 31, 2017, the Group's short-term borrowings amounted to €1,792.9 million, of which €1,379.3 million were related to Altice USA. The short-term obligations are expected to be covered by the operating cash flows of the operating subsidiaries. As at December 31, 2018, the amount drawn on the revolving credit facilities at Altice France and Altice Financing amounted to nil. A listing of available credit facilities by silo is provided in Note 18.5 to the Consolidated Financial Statements and the amounts available per segments are sufficient to cover the short-term debt and interest expense needs of each of these segments if needed.

Given the above, the Board has considered the following elements in determining that the use of the going concern assumption is appropriate:

- The Group's performance on Adjusted EBITDA and operating cash flows:
  - Adjusted EBITDA for the year ended December 31, 2018 amounted to €5,137.2 million, a decrease of 10.8% compared to the Adjusted EBITDA for the year ended December 31, 2017. This decrease in Adjusted EBITDA is mainly linked to lower performance in the Portugal, Israel, the Dominican Republic and Altice TV segments.
  - Operating cash flows for the year ended December 31, 2018 were €4,059.8 million.

- The Group had unrestricted cash reserves of €1,837.0 million as of December 31, 2018, compared to €1,239.0 million as of December 31, 2017, which would allow it to cover any urgent cash needs. The Group can move its cash from one segment to another under certain conditions as allowed by the covenants under its various debentures and loan agreements. Cash reserves in operating segments carrying debt obligations were as follows:
  - France: €1,068.5 million;
  - Altice International: €597.3 million.

- Additionally, as of December 31, 2018, the Group had access to revolving credit facilities of up to €2,156.0 million (of which nil was drawn as at December 31, 2018) and has access to an equity market where it can issue additional equity.

- In 2019, the Group has limited scheduled debt repayment of only €0.2 billion.

The Group's senior management team tracks operational key performance indicators (KPIs) on a weekly basis, thus tracking top line trends closely. This allows the Board and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and help to ensure that the budgeted targets are met.

In addition, on November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients, and OMERS Infrastructure regarding the sale of a minority equity stake of 49.99% in SFR FTTH. This transaction, which closed on March 27, 2019 brought an additional €1.7 billion of cash to Altice France and is expected to give access to cheap lines of credit.

Based on the above, the Board is of the view that the Group will continue to act as a going concern for twelve months after December 31, 2018 and has hence deemed it appropriate to prepare the Consolidated Financial Statements using the going concern assumption.

2.5.8 Key operating measures

The Group uses several key operating measures, such as number of homes passed, fibre/cable unique customers, Fixed ARPU, number of mobile subscribers and Mobile ARPU, to track the financial and operating performance of its business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. All of these measures are derived from the Group's internal operating and financial systems. As defined by the Group's management, these terms may not be directly comparable to similar terms used by competitors or other companies.

The tables below set forth the Group's key operating measures for the years ended December 31, 2018 and December 31, 2017, respectively:

	Altice Europe – Twelve months ended December 31, 2018					
000's unless stated otherwise	France	FOT	Portugal	Israel	Dominican Republic	Total
Homes passed	**23,467**	**178**	**5,157**	**2,128**	**792**	**31,722**
Fibre homes passed	12,295	172	4,490	2,128	755	19,840
FIXED B2C						
Fibre / cable unique customers	**2,533**	**59**	**803**	**990**	**192**	**4,578**
Net adds	302	1	184	-11	-11	464
Total fixed B2C unique customers	**6,275**	**83**	**1,581**	**990**	**318**	**9,247**
Net adds	333	1	26	-11	-5	343
MOBILE B2C						
Postpaid subscribers	**13,530**	**219**	**2,959**	**1,140**	**568**	**18,416**
Net adds	1,022	27	141	-11	32	1,212
Prepaid subscribers	**1,534**	**52**	**3,558**	**159**	**2,532**	**7,834**
Total mobile B2C subscribers	**15,064**	**270**	**6,516**	**1,299**	**3,100**	**26,250**

	Altice Europe – Twelve months ended December 31, 2017					
000's unless stated otherwise	France	FOT	Portugal	Israel	Dominican Republic	Total
Homes passed	**24,921**	**178**	**5,046**	**2,089**	**786**	**33,019**
Fibre homes passed	10,951	172	4,027	2,089	748	17,987
FIXED B2C						
Fibre / cable unique customers	**2,231**	**59**	**620**	**1,001**	**204**	**4,114**
Net adds	193	0	142	-16	-1	317
Total fixed B2C unique customers	**5,943**	**82**	**1,555**	**1,001**	**323**	**8,904**
Net adds	-171	-6	-45	-16	4	-234
MOBILE B2C						
Postpaid subscribers	**12,508**	**191**	**2,817**	**1,152**	**536**	**17,204**
Net adds	182	29	95	70	-29	347
Prepaid subscribers	**1,842**	**55**	**3,658**	**145**	**2,717**	**8,418**
Total mobile B2C subscribers	**14,351**	**246**	**6,476**	**1,296**	**3,252**	**25,622**

[1] Total homes passed in France includes unbundled DSL homes outside of the Altice France Group's fibre/cable (FTTH / FTTB) footprint. Portugal total homes passed includes DSL homes enabled for IPTV outside of PT Portugal's fibre footprint and fibre homes passed figures include homes where MEO has access through wholesale fibre operators.
[2] Fibre / cable unique customers represents the number of individual end users who have subscribed for one or more of the Group's fibre / cable based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. It is calculated on a unique premises basis. Fibre / cable customers for France excludes white-label wholesale subscribers and includes RMC Sport OTT and 4G Box subscribers. For Israel, it refers to the total number of unique customer relationships, including both B2C and B2B.
[3] ARPU is an average monthly measure that the Group uses to evaluate how effectively the Group is realizing revenue from subscribers. ARPU is calculated by dividing the revenue for the service provided after certain deductions for non-customer related revenue (such as hosting fees paid by channels) for the respective period by the average number of customer relationships for that period and further by the number of months in the period. The average number of customer relationships is calculated as the number of customer relationships on the first day in

the respective period plus the number of customer relationships on the last day of the respective period, divided by two. For Israel and the Dominican Republic, ARPU has been calculated by using the following exchange rates: average rate for the year ended December 31, 2018, €1.00 = ILS 4.2423, €1.00 = 58.4453 DOP; average rate for the year ended December 31, 2017, €1.00 = ILS 4.0607, €1.00 = 53.6481 DOP.
(4) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks. In Israel, the split between iDEN and UMTS (B2C only, including prepaid) services as follows: 5,000 iDEN and 1,294,000 UMTS as of December 31, 2018, and 8,000 iDEN and 1,289,000 UMTS as of December 31, 2017.
(5) The tables above exclude Altice USA's key operating measures. As a result, the totals are presented as if the Separation had occurred on January 1, 2017.

2.5.9 Equity

The Company is a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands.

The Company's Common Shares A and Common Shares B are traded on Euronext Amsterdam under the tickers ATC and ATCB.

As of December 31, 2018, the Company's authorized capital is €304,500,000.00, divided into the following shares:

- 5,928,144,600 Common Shares A, each with a nominal value of €0.01;
- 222,874,216 Common Shares B, each with a nominal value of €0.25;
- 4,700,000,000 Preference Shares A, each with a nominal value of €0.04; and
- 150,000,000 Preference Shares B, each with a nominal value of €0.01.

As of December 31, 2018, the Company's issued share capital consists of €68,304,858.82 divided into:

- 1,596,608,025 Common Shares A, of which 615,998,253 are held by the Company as treasury shares;
- 209,318,001 Common Shares B, of which none are held by the Company as treasury shares; and
- 927,832 Preference Shares B.

As of December 31, 2018, no Preference Shares A have been issued.

The Company has instituted a share conversion policy, whereby the holders of Common Shares B can opt to convert their Shares into Common Shares A. As part of the conversion, each Common Share B with a nominal value of €0.25 is converted into 25 Common Shares A having a nominal value of €0.01. The holder of the Common Share B then receives one Common Share A and sells the other 24 Common Shares A to the Company for no consideration. These repurchased Shares are held as treasury shares by the Company. As the consideration paid for the acquisition of the Common Shares A held by the Company is nil, the carrying value of these Common Shares A is zero. For the year ended December 31, 2018, the Company had received and executed conversion orders amounting to a total of 32,410,232 Common Shares B.

As at December 31, 2018, total negative equity amounted to €2,904.7 million compared to a negative equity of €363.5 million as at December 31, 2017. The decrease in equity is largely explained by the impact of the Separation, resulting in a decrease in equity for an amount of €3,126.2 million, dividends paid for an amount of €416.2 million and the addition of the comprehensive loss for the year ended December 31, 2018 for an amount of €255.0 million. These decreases in equity were partly offset by transactions with non-controlling interests which resulted in an increase in equity for an amount of €1,468.8 million.

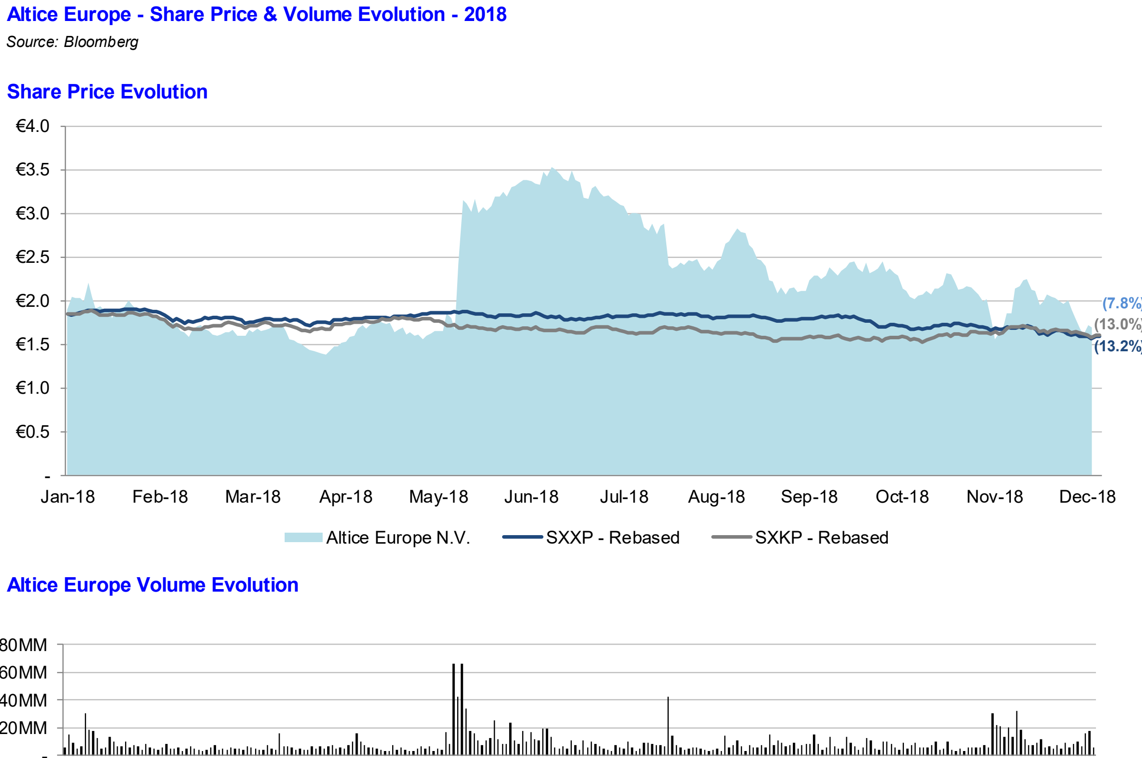
The share of non-controlling interest as at December 31, 2018 amounted to €226.7 million, compared to €1,242.9 million as at December 31, 2017. The decrease is largely explained by the Separation. Following the Separation, the financial interest held by non-controlling interests as of December 31, 2018 was nil compared to €1,238.5 million as at December 31, 2017. This decrease was partly offset due to changes in non-controlling interest in Altice France, largely related to the sale of towers through Hivory, which resulted in an additional minority interest of €217.6 million. Please refer to Note 3.3 to the Consolidated Financial Statements for further details.

The Group recorded a net loss of €204.8 million compared to a net loss of €258.6 million for the year ended December 31, 2017.

The Group believes that the negative equity position does not impact the going concern assumption for the Group (please refer to Note 33 to the Consolidated Financial Statements).

2.5.10 *Share performance*

The evolution of the price of the Common Shares A until December 31, 2018 is presented below and is based on data available from public sources.[7]



The share price of Common Shares A ended the year at €1.7, a decrease of 7.8% versus the opening price at the beginning of the year, compared to a decrease of 13% of the SXXP index (that represents 600 large, mid and small capitalization companies across 17 countries of the European region). Following the Separation, the financial gearing of the Company is high relative to peers and this contributed to the relative volatility of the share price performance of Common Shares A throughout 2018. The share price of Common Shares A increased to a peak of €3.5 on June 22, 2018, following press speculation in relation to potential M&A in France and the turn-around of French operations with the new management team being received positively by the financial community. Market concerns over the Group's leverage and the financial performance of the Group's business in France contributed to the relative share price underperformance of Common Shares A in 2018.

2.5.11 *Presence of branches*

The Company has no branches as of December 31, 2018.

2.5.12 *Dividends*

With the exception of the special distribution in kind of its 67.2%[8] interest in Altice USA to its Shareholders out of its share premium reserve on June 8, 2018, the Company has not paid any dividends since its incorporation. In future years, the Company intends to assess the relevance of paying dividends in light of its key objectives of increasing operational efficiencies of its existing businesses, driving growth through reinvestment and integrating its acquired businesses by utilizing the Group's operational expertise, scale and investment support, as well as its strategy to prioritise investments in its infrastructure, portfolio of rights or value-accretive acquisitions including, as the case may be, by increasing its shareholding in its subsidiaries and/or buying-back its own shares. Within

[7] Pro forma for the period preceding May 22, 2018, i.e. the ex-dividend date for the Distribution.
[8] The Distribution excluded the shares of Altice USA indirectly owned by the Company through Neptune Holding US LP.

this framework, the Company will at times consider returning capital to the Shareholders through ordinary and exceptional dividend as well as share buy-backs if deemed adequate on the basis of its strategy.

2.5.13 Treasury shares

As of December 31, 2018, the Company held 615,998,253 Common Shares A and no Common Shares B as treasury shares.

As set forth in section 2.5.8 "*Equity*", the Company has instituted a share conversion policy, whereby the holders of Common Shares B can opt to convert their Shares into Common Shares A. As part of the conversion, each Common Share B with a nominal value of €0.25 is converted into 25 Common Shares A having a nominal value of €0.01. The holder of the Common Share B then receives one Common Share A and sells the other 24 Common Shares A to the Company for no consideration. These repurchased Shares are held as treasury shares by the Company. Accordingly, it depends on the holders of Common Shares B that may decide to convert their shares whether the Company will acquire additional Common Shares A to be held as treasury shares as a consequence of such share conversion policy.

Treasury shares may be used to cover grants under the Company's Stock Option Plans (described in section 5.5.7 "*Share options*") and for other purposes. The Company may furthermore repurchase Shares which can be used to cover grants under the Stock Option Plans and for other purposes. As described in section 3.7.8 "*Power to issue and repurchase Shares*", no authorization from the General Meeting is required for the acquisition of fully paid up issued Shares for the purpose of transferring the same to employees of the Company or of a Group Company under a scheme applicable to such employees (such as the Stock Option Plans), provided that such issued Shares are listed on a stock exchange.

Certain of the Company's treasury shares have been cancelled (please see section 2.4.1 "*Significant events affecting historical results – Cancellation of treasury shares*").

2.5.14 Events after the reporting period

Closing of the sale of an equity stake in SFR FTTH

On November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients, and OMERS Infrastructure regarding the sale of a minority equity stake of 49.99% in SFR FTTH for a total cash consideration of €1.8 billion based on an estimated equity value at closing of €3.6 billion. The transaction closed on March 27, 2019. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion.

With 5 million homes to be passed in the medium and low dense areas (including 1 million homes built as of December 31, 2018) and more to be franchised or acquired, SFR FTTH is the largest alternative FTTH infrastructure wholesale operator in France. SFR FTTH will sell wholesale services to all operators at the same terms and conditions. Altice France will sell technical services to SFR FTTH for the construction, the subscriber connection and the maintenance of its FTTH network.

Voluntary employee reduction program in Portugal

In connection with their transformation process and their innovation and business process simplification, some of the Group companies in Portugal have launched a voluntary employee reduction program in January 2019. This program was aimed at employees of 50 years old or more; accordingly, their employment agreements shall be terminated, and those employees will be entitled to receive a monthly fixed compensation up to retirement age corresponding to a percentage of their previous remuneration that varies based on the age of the employees. In connection with this program, the Group companies in Portugal have reached agreements with approximately 800 employees up to the end of March 2019, as a result of which these Group companies will recognize in the first quarter of 2019 a liability corresponding to the present value of salaries payable to those employees up to retirement age.

2.5.15 Related party transactions

Transactions with related parties during 2018 are mainly related to transactions with Altice USA, transactions with associates of the various operating entities of the Group and payments for services rendered by the controlling shareholder of the Group. Such transactions are limited to:

- exchange of services between Altice France and PT Portugal and their associate companies (please refer to Note 9 to the Consolidated Financial Statements for more details on Altice France's and PT Portugal's associates);
- grant of stock options (in 2017) to the controlling shareholder of the Company;
- exchange of services between Altice USA, Teads, PT Portugal and Altice Dominicana;
- exchange of services like healthcare insurance, infrastructure services, management of emergency network and broadcasting of sport events between PT Portugal and its associate companies;
- services between HOT and Phi, its joint venture partner for mobile services;
- rental agreements entered into with Quadrans, a company controlled by the ultimate beneficial owner of the Group, for office space in France for the Altice France Group.

The Group licenced the Altice brand from Next Alt as part of a brand licence and services agreement concluded in 2016. As part of this agreement, the Group has the exclusive right to use the Altice brand for corporate identification purposes and commercial purposes in the telecommunication, content and media sectors in the territory defined in the agreement (which, since the Separation, excludes North America). In 2017, the brand licence and services agreement was amended. Instead of a fee, Next Alt was granted 30 million stock options (please see section "*5.5.7 Share options – Share options pursuant to the brand licence and services agreement*" and Note 26 to the Consolidated Financial Statements for more details about this grant). A total operating expense with the Company's equity holder of €56.3 million and €53.1 million was recognised in the consolidated statement of income for the year ended December 31, 2018 and December 31, 2017, respectively.

Transactions with related parties are not subject to any guarantees. The table below shows a summary of the Group's related party transactions for the year, and outstanding balances as at December 31, 2018 and December 31, 2017.

Related party balances - assets	**December 31, 2018**			**December 31, 2017 (*revised)**		
(€m)	**Investment, loans and receivables**	**Trade receivables and other**	**Current accounts**	**Investment, loans and receivables**	**Trade receivables and other**	**Current accounts**
Equity holder	12.4	7.4	0.1	11.3	-	-
Altice USA and its subsidiaries	385.0	9.8	11.2	-	22.3	-
Executive managers	-	-	-	-	-	-
Associate companies and non-controlling interests	85.4	51.8	25.0	72.6	44.5	11.4
Total	**482.8**	**69.1**	**36.3**	**83.9**	**66.8**	**11.4**

Related party balances - liabilities	**December 31, 2018**			**December 31, 2017 (*revised)**		
(€m)	**Other financial liabilities**	**Trade payables and other**	**Current accounts**	**Other financial liabilities**	**Trade payables and other**	**Current accounts**
Equity holder	-	39.5	-	-	4.0	-
Altice USA and its subsidiaries	-	2.3	13.0	-	41.6	10.8
Executive managers	-	-	-	-	-	-
Associate companies and non-controlling interests	0.9	93.0	0.6	-	70.3	0.4
Total	**0.9**	**134.7**	**13.6**	**-**	**115.8**	**11.2**

Related party transactions - income and expense	December 31, 2018				
(€m)	Revenue	Operating expenses	Financial expenses	Financial income	Capex
Equity holder	0.1	56.3	-	-	-
Altice USA and its subsidiaries	22.0	1.6	-	-	0.2
Executive managers	-	-	-	-	-
Associate companies and non-controlling interests	145.3	166.1	0.7	7.8	14.1
Total	**167.4**	**224.0**	**0.7**	**7.8**	**14.3**

Related party transactions - income and expense	December 31, 2017 (*revised)				
(€m)	Revenue	Operating expenses	Financial expenses	Financial income	Capex
Equity holder	-	53.1	-	-	-
Altice USA and its subsidiaries	30.8	0.8	-	56.0	-
Executive managers	-	-	-	-	-
Associate companies and non-controlling interests	142.0	137.5	29.0	1.0	14.3
Total	**172.8**	**191.5**	**29.0**	**57.0**	**14.3**

The revenue reported with associated companies and non-controlling interest mainly related to:

- Fibroglobal - Comunicações Electrónicas for €2.6 million (€2.9 million for the year ended December 31, 2017). The revenues are related to specialized works and the lease to Fibroglobal of ducts, posts and technical spaces through which its network passes;
- La Poste Telecom for mobile services delivered of €138.0 million (€117.1 million for the year ended December 31, 2017); and
- Siresp for management of the emergency service network of €14.4 million for the year ended December 31, 2017 but zero for the year ended December 31, 2018 (Siresp is no longer a related party in 2018 as it is consolidated due to the increase of the Group's ownership).

The revenue reported with Altice USA and its subsidiaries for the year ended December 31, 2018 of €22.0 million mainly related to the sale of software licences and equipment from PT Portugal, online advertising services from Teads and long-distance traffic with Altice Dominicana. For the year ended December 31, 2017, the revenue of €30.8 million primarily related to management fee and long-distance traffic.

The operating expense reported with associated companies and non-controlling interest mainly related to:

- Fibroglobal - Comunicações Electrónicas for fibre network infrastructure. The operating expenses of €9.2 million are related to a fee for any new customer installation and a monthly fee for PT Portugal's customer base through the network of Fibroglobal (€8.3 million for the year ended December 31, 2017);
- La Poste Telecom for the use of mobile services on their network of €14.2 million (€10.8 million for the year ended December 31, 2017);
- Sport TV for broadcasting of sports events of €65.3 million (€57.8 million for the year ended December 31, 2017);
- OMTEL for operating expenses related to infrastructure service fees for €18.5 million (zero for the year ended December 31, 2017);
- VOD Factory for providing VOD services of €14.7 million (€16.8 million for the year ended December 31, 2017); and
- Phi for operating expenses for a mobile network in Israel of €38.9 million (€38.9 million for the year ended December 31, 2017).

For the year ended December 31, 2018, the Group recorded an operating expense with its equity holder of €56.3 million (€53.1 million for the year ended December 31, 2017). This operating expense mainly relates to share-based compensation expense of €6.4 million and €49.8 million of rental expenses from Quadrans (which is majority owned by the Company's controlling shareholder). For the year ended December 31, 2017, the recorded operating expense of €53.1 million with its equity holder mainly related to management fees of €4.0 million, share-based compensation expense of €13.4 million, rental expenses from Quadrans of €32.5 million and rental expenses from Green Datacenter Properties of €2.8 million (both entities were majority owned by the Company's controlling shareholder).

The financial expense with associated companies and non-controlling interest decreased from €29.0 million to €0.7 million for the year ended December 31, 2018. The financial expense of €29.0 million mainly related to

interest on the loan with BC Partners and the Canada Pension Plan Investment Board (CPPIB) amounting to €24.0 million for both BC Partners and CPPIB for the first six months of 2017, as the loan was settled as part of the Altice USA IPO.

The financial income reported with Altice USA and its subsidiaries for the year ended December 31, 2017 of €56.0 million mainly related to loans granted to Altice USA which have been restructured as part of the Altice USA IPO.

The investment, loans and receivables of associated companies and non-controlling interests as of December 31, 2018 mainly related to:

- a loan of €14.3 million granted to Fibroglobal - Comunicações Electrónicas that provides fibre network and infrastructure management services to PT Portugal (€14.2 million as of December 31, 2017);
- a loan receivable of €12.7 million with Synerail in relation to the GSMR project (€14.8 million as of December 31, 2017);
- a subordinated loan with Wananchi of €57.6 million (€43.0 million as of December 31, 2017); and
- rental agreements for office space in France for the Altice France Group entered into by the Group with Quadrans, a company controlled by the ultimate beneficial owner of the Group. The Group has a deposit of €12.4 million with Quadrans (€11.3 million as of December 31, 2017).

The investment, loans and receivables with Altice USA and its subsidiaries as of December 31, 2018 mainly related to the Group's investment in Altice USA shares of €382.6 million. The trade receivables and other with Altice USA and its subsidiaries primarily relate to receivables from PT Portugal, Altice Dominicana and Teads for both 2018 and 2017.

The trade receivables and other and the current accounts of associated companies and non-controlling interests as of December 31, 2018 mainly related to:

- La Poste Telecom trade receivable of €19.2 million (€23.5 million as of December 31, 2017) and a current account of €24.2 million (€11.3 million as of December 31, 2017);
- Portugal Telecom - Associação de Cuidados de Saúde trade receivable of €13.5 million (€12.9 million as of December 31, 2017) related to the employee healthcare insurance in PT Portugal; and
- Sport TV trade receivable of €17.5 million (€0.9 million as of December 31, 2017).

The trade payables and other with equity holders as of December 31, 2018 mainly related to trade payable with Quadrans for rental of office space for the Altice France Group of €39.5 million (€4.0 million as of December 31, 2017).

The trade payables and other with Altice USA and its subsidiaries as of December 31, 2017 related to trade payable of €41.6 million which was settled during 2018.

The trade payables and other of associated companies and non-controlling interests as of December 31, 2018 mainly related to:

- Phi trade payable of €47.4 million (€47.7 million as of December 31, 2017). Phi is the joint venture with Partner that operates a mobile network in Israel;
- OMTEL trade payable related to infrastructure services of towers of €17.1 million (zero as of December 31, 2017);
- Sport TV, which provides broadcasting services of sport events to PT Portugal. PT Portugal has a trade payable of €12.3 million as of December 31, 2018 (€6.9 million as of December 31, 2017);
- VOD Factory, which provides VOD services to the Group for an amount of €4.8 million (€2.4 million as of December 31, 2017); and
- Portugal Telecom - Associação de Cuidados de Saúde, which provides healthcare insurance for the PT Portugal's active and retired employees. A trade payable of €6.3 million exists as of December 31, 2018 (€6.6 million as of December 31, 2017).

The total amount of transactions with the controlling shareholder of the Group amounted to €511.0 million as of December 31, 2018 (including future operating leases in France with Quadrans).

2.6 Future developments

Investments in network

Based on the results of operations and the implementation of various strategies, the Group believes that it will be able to make substantial investments in the geographies in which it operates, in particular in France and Portugal.

In France, the Group accelerated the build-out of its 4G/4G+ network over the last three years to have a market-leading mobile network in place by the end of 2018 (4G population coverage of 98%). The Group is preparing the ground to be able to launch, in France and in Portugal, the 5G networks in the next coming years.

The Group also aims to continue the expansion of its fibre network in France and Portugal and intends to capitalize on its past investments in improved fibre infrastructure.

On November 30, 2018, the Group signed a transformational deal in France with financial partners to accelerate the roll-out of approximately 4 million new FTTH homes passed at a competitive cost of debt, in mid-dense and low-dense areas, a boost of around 35% of the Altice France Group's addressable high-speed market. The transaction closed on March 27, 2019 (please see section 2.4.1 "*Significant events affecting historical results – Closing of the sale of an equity stake in SFR FTTH*" for more details about this transaction). The Altice France Group aims to reach 14 million owned homes by 2022 (from 10 million at the end of 2018).

In Portugal, the Group aims to reach 5.3 million homes by 2020 (from 4.5 million at the end of 2018) to capitalize on PT Portugal's leading market position and unmatched service offerings. Across its footprint, the Group will also seek to replicate the successful convergence of its Portuguese customer base into quad- and multi-play offerings, which have lower churn rates, in order to increase cross- and up-selling opportunities and to achieve cross-border operational synergies.

Refinancing activities

The Group will continue to opportunistically evaluate refinancing options of its debt, in order to obtain more attractive commercial terms, reduce the interest rates and extend the average maturity of its debt.

2.6.1 Unusual events

There have not been any unusual events affecting the Company in the financial year ended on December 31, 2018 other than mentioned in this Management Report (please see in particular section 2.4.1 "*Significant events affecting historical results – Separation of Altice USA from the Company*" regarding the Separation).

2.6.2 Research and development

2.6.2.1 Altice Labs

Altice Labs, the Group's state-of-the-art research and development center, aims to centralize and streamline innovative technological solutions development for the entire Group by developing products and solutions that contribute for the Group's convergent network operationalization, improve the customer experience and deliver best-in-class services and equipment both for the B2C and B2B segments.

Altice Labs has developed advanced collaborative unified communications, zero-touch provisioning systems and Passive Optical Network central office and customer premises equipment in line with the most advanced connectivity and Wi-Fi home routing technologies, which have been deployed across geographies improving network resiliency and customer experience.

Some of the differentiating solutions already being leveraged throughout the Group operations include:

- a complete FTTx portfolio solution, from central office and customer premises equipment with best-in-class Wi-Fi coverage, to a full suite of passive optical components to cope with flexible outside distribution network design;
- a comprehensive operations support systems solution, based on the full-stack NOSSIS portfolio, which enables for an end-to-end operational capability, from network design and assets inventory up to fulfilment and also a network, service and customer assurance. This suite has been playing an important

role for the Group's converged networking and connectivity rollout strategy, enabling the creation of a common operational toolkit across the Group's operations;

- a convergent charging and policy solution that provides the Group with a solution for enabling a convergent approach for service charging and data traffic enhancing, contributing for a strong user experience while allowing for synergies across the different operations, both on business models and on network integration; and
- a complete set of out-of-the-box TV services enabling the creation of a disruptive TV experience for the home or on the move, based on the results of several research projects undertaken by Altice Labs on user experience, usability and service usage.

Strong investments are being made on the digitalization of the offer and the first results are starting to show up, with innovative cloud-centric solutions that make the difference on customer experience and relationship while introducing as well new revenue generation opportunities. Some results of these investments are already starting to be visible with first-adoptions in some of the Group's operations:

- BOTSchool, an AI-enabled, self-learning, digital assistant platform that is being successfully used for customer interactions on new offer launching, customer service steering and that will now start to be positioned as an offer for the B2B market as well;
- City Governance Center, a SmartCity solution that positions itself as an aggregation point of data and events generated on other Internet of Things (IoT) verticals and enhances the municipalities capabilities to act on an intelligent way over their assets. This solution can be complemented by City Gateway, a connectivity device that provides a multi-technology support for the transport of IoT information and concentrates it into a single transport technology, being 4G or fibre;
- Dataplaxe, a data management solution that behaves as the foundation for any data-intensive scenario, and which provides a way for B2B customers to easily work on huge amounts of data and create specific visualization scenarios based on strong analytics capabilities. This solution will also be used as a foundation for new IoT and Industry 4.0 solutions in the near-future.

Altice Labs has been a valuable tool to create differentiation on network performance, service usage and digitalization. The strong relationship with universities and industry partners sustains a reliable innovation ecosystem to transform knowledge into value to customers in a unique way, leveraging the continuous engagement of Altice Labs on research, development and innovation projects, both self and program funded, that allows for exploring new technologic challenges and new network paradigms, while building strong knowledge and activity on 5G networks, artificial intelligence applied into support systems and access network virtualization.

2.6.2.2 Examples of research and development initiatives in France and Portugal

5G

In 2018, the Group has been actively involved in 5G experimentation. SFR worked with radio and core network suppliers in its TechnoLAB in order to assess the first implementation of pre-commercial products and to resolve interoperability issues. After establishing the first 5G connection on a 3.5 Ghz frequency in France on May 3, 2018, SFR conducted the first full-scale 5G experiment on a 3.5 Ghz frequency with a pre-commercial terminal on May 23, 2018 and launched 5G on the Altice Campus, its innovative telecoms-media headquarters in France, on October 9, 2018. SFR extended its regional experimentations by deploying experimental 5G coverage in some cities (e.g. Toulouse and Nantes).

NFV and SDN automation and orchestration

The telecom industry is moving to virtualize all the network functions. Virtualization is an opportunity to dramatically increase the number of functions and services in a network and operators have to adapt their operations to support growth by using automation and orchestration. SFR has developed software development skills in its telecom engineering teams to be able to experiment and implement automation. SFR teams are focusing on SDN automation and mobile core network automation to prepare for the deployment of 5G in the coming years.

Next FTTH generation

NGPON2 or XGSPON are the leading technologies for the next FTTH generation, which will allow for services up to 10 Gbps. In anticipation of their introduction in its live fibre network, SFR has started to experiment with

practical ways to allow NGPON2 and XGSPON to coexist with current GPON technology. This experimentation includes the design of new passive elements with Altice Labs, the testing of these elements in labs and in live networks and the definition of methods for efficient field deployment which would minimize interruption in service and through which the best quality of service can be assured for existing customers.

Professional Mobile Radio networks (PMR)

SFR has studied and tested in real conditions the provision of PMR services on its 4G and 3G mobile infrastructure. This solution is an alternative to private PMR solutions currently used by governments and some large companies. By way of example, as part of a consultation with the French railway company, SNCF, in 2018, SFR has developed a solution that will bring on its network all the current functionalities of SNCF's proprietary PMR network in the Ile-de-France region. In partnership with Motorola, SFR has therefore integrated and tested the interoperability of PMR services with:

- its 4G / 3G mobile infrastructure (radio access and core network);
- a range of terminals reinforced and optimized for these uses (protection of isolated employees, emergency calls, etc.); and
- the prioritization and pre-emption functions of network resources required for critical services.

The Internet of Things (IoT)

- The Group has started to successfully deploy in Portugal and France the new narrow-band IoT radio access technology standardized by the 3GPP (a consortium which ensures the standardization of the mobile telecommunication systems worldwide). The narrow-band IoT brings significant benefits over non-3GPP low-power wide-area solutions, such as a managed and durable quality of service based on licenced spectrum, trusted end-to-end security mechanisms leveraging proven 4G security features and scalability along with the ability to offer a truly bi-directional connectivity without any radio emission restriction.

- In Portugal, the third edition of the IoT Challenge was held on September 18, 2018. This technological event is aimed at challenging start-ups and companies that work in the area of M2M and the IoT to develop quick, scalable and secure solutions in predefined areas, such as Smart Cities, Mobility and Industry 4.0. The event was hosted by PT Portugal and co-hosted by Sierra Wireless and Huawei. The participating teams had the opportunity to develop and test their projects in PT Portugal's technological laboratory for the development of IoT solutions. All projects presented were based on the new narrow-band IoT connectivity.

- In France, narrow-band IoT lab and field testing were undertaken in collaboration with a tier 1 water and waste utilities company and its equipment suppliers. Lab testing was performed in the SFR TechnoLab to validate the smart sensor prototypes, followed by the actual field tests performed in the Lyon area. Field test cases were made in the "smart metering", relying on connected sensors which were often installed in challenging locations (e.g. underground water pressure sensors).

Proactive problem detection on fixed networks

In order to differentiate itself in the highly competitive French market and to offer the best quality for fixed services customers, SFR has invested in the development of IT systems which are able to early and automatically detect service degradation and issues on its fixed network. Big data systems in streaming mode continuously analyse the experiences of SFR's customers and detect abnormal behaviours. Field technicians are engaged as soon as a problem is detected. The integration of these systems with the customer relationship management systems allow customer service to keep the customer informed on the action already launched in case they ask for assistance.

2.7 Risk management and control

The Group recognizes that effective risk management is critical to enable the Group to meet its strategic objectives. As a structured approach, risk management is integrated in the Group's strategic planning and operational management procedures and relies on the commitment of all employees to adopt risk management as an integral part of their duties, notably by identifying, reporting and implementing risk mitigation measures and behaviours.

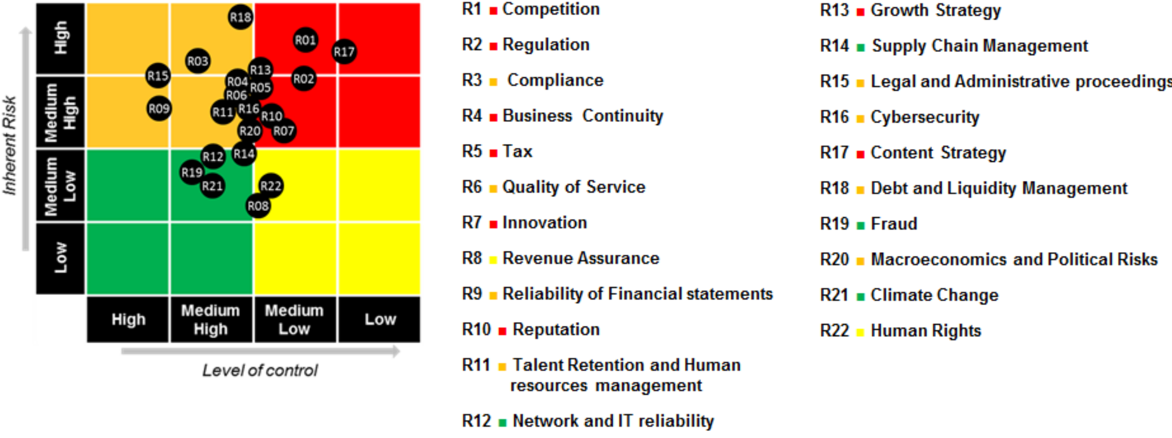
Therefore, the Group is continuously monitoring its risk management framework, policies and procedures, to adapt to the ever-changing business environment where the Group operates.

The Group conducts annual risk assessments to identify the main risks the Group is exposed to and to determine appropriate measures with the view to focus on internal controls in the relevant areas. The Group therefore operates a risk management framework designed to account for its geographically diversified market presence and product portfolio. The Group's risk management framework enables its risks to be identified, assessed, managed and monitored. The Group categorizes its risks into four groups:

- strategic risks – risks and uncertainties that may hamper the achievement of strategic and/or business plans of the Group;
- operational risks – risks and uncertainties that may potentially affect the effectiveness and efficiency of the Group's current business and operations;
- financial risks – risks and uncertainties with respect to the Group's financial position; and
- compliance risks – risk and uncertainties with respect to laws and regulations that can have an impact on the Group's organization and/or business processes and operations.

The Group's risk assessment approach consists of two parts: (i) identification of the key risks and events that can materially affect the Group's strategic objectives and operations, using a "top down" and a "bottom up" exercise conducted in its key operations and geographies – France, Portugal, the Dominican Republic and Israel; and (ii) assessment of the probability of occurrence of such risks and of their impact on the Group's strategy and operations, and determination of the level of control the Group has over those risks (risk mapping). The Group conducted its risk mapping exercise in 2018 to reflect the changes in its corporate structure and the evolving economic, business and regulatory environment. The exercise was performed through workshops conducted across the key Group's entities, businesses and geographies.

The below illustration shows the key risks identified for the Group, that were considered to be the most material, although there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on the Group's results of operations, financial condition, business or operations in the future.



2.7.1 Key risks

Competition (R1)

The Group faces significant competition from established and new competitors in each of the countries and segments in which it operates. The nature and level of the competition the Group faces varies in each of its countries of operation and for each of the products and services it offers. For its fixed services, the Group's competitors include, but are not limited to, providers of television, broadband Internet, fixed line telephony and B2B services using xDSL or fibre connections, providers of television services using technologies such as IPTV, providers of television by satellite, DTT providers, mobile network operators, and providers of emerging digital entertainment technologies and other providers of wholesale carrier, infrastructure and white label services. For its mobile services, the Group faces competition from other mobile operators who own and operate a mobile network as well as from providers of VoIP and MVNOs. For its wholesale services, the Group's key competitors

include but are not limited to, wholesale providers of voice, data and fibre services. For its media and content offerings, the Group's competitors include historical private media groups, public radio operators, and online content aggregators with broadcast OTT programs on a broadband network.

In some instances, the Group's competitors may have easier access to financing, more comprehensive product ranges, lower financial leverage, greater financial, technical, marketing and personnel resources, larger subscriber bases, wider geographical coverage for their cable or mobile networks, greater brand name recognition and experience or longer established relationships with regulatory authorities, suppliers and customers. Some of the Group's competitors may have fewer regulatory burdens with which they are required to comply because, among other reasons, they use different technologies to provide their services, do not own their own fixed line network, or are not subject to obligations applicable to operators with significant market power.

There has been a trend of consolidation of telecommunications operations on a number of countries in which the Group operates. Mergers, joint ventures, and alliances among franchised, wireless, or private cable operators, satellite providers, local exchange carriers, and other telecommunication service providers, in any of the jurisdictions in which the Group operates may provide additional benefits to some of its competitors, either through access to financing, resources, or efficiencies of scale, or the ability to provide multiple services in direct competition with the Group. Competition may also increase following the creation of public-private joint ventures.

Because the telecommunications and mobile markets in Western Europe in which the Group operates are reaching saturation, there are a limited number of new subscribers entering the market and therefore in order to increase its subscriber base and market share it is dependent on attracting the Group's competitors' existing subscribers, which intensifies the competitive pressures it is subject to. Moreover, the competitive landscape in those countries is generally characterized by increasing competition, tiered offerings that include lower priced entry-level products and a focus on multi-play offerings including special promotions and discounts for customers who subscribe for multi-play services, which may contribute to increased average revenue per unique customer relationship, but will likely reduce the Group's ARPU on a per service basis for each service included in a multi-play package. The Group expects additional competitive pressure to result from the convergence of broadcasting and communication technologies, as a result of which participants in the media and telecommunications industries seek to offer packages of fixed and mobile voice, Internet and video broadcast services.

The Group's products and services are also subject to increasing competition from alternative new technologies or improvements in existing technologies. For example, its pay-TV services in certain jurisdictions compete with providers who provide IPTV services to customers in its network areas utilizing DSL or VDSL broadband Internet connections. In the broadband Internet market, the Group generally faces competition from mobile operators as they are increasingly able to utilize a combination of progressively powerful handsets and high bandwidth technologies, such as UMTS and LTE technology. Mobile services, including those offering advanced higher speed, higher bandwidth technologies and MVNOs also contribute to the competitive pressures that the Group faces as a fixed line telephony operator. In the past, mobile operators have engaged in 'cut the line' campaigns and have used attractive mobile calling tariffs to encourage customers with both fixed line and mobile services to retain only their mobile services. This substitution, in addition to the increasing use of alternative communications technologies, tends to negatively affect the Group's fixed line call usage volumes and subscriber growth. At the same time, incumbent fixed line operators have also applied resources to 'win back' activities that can entice the Group's existing telephony customers, as well as prospective telephony customers, to return or remain with the incumbent by offering certain economic incentives.

In addition, new players from sectors that are either unregulated or subject to different regulations (including Internet players such as Yahoo, Google, Microsoft, Amazon, Apple, YouTube, Netflix and other audiovisual media players, which operate OTT of an existing broadband Internet network without the Internet access provider being involved in the control or distribution of the program), have also emerged as competitors to the Group's video content offering. These players are taking advantage of improved connectivity and platform agnostic technologies to offer over the top and cloud-based services. Telecommunications operators are expected to maintain traditional access services and billing relationships over which users access services from adjacent players such as well-known companies offering music, video, photos, apps and retail. The rapid success of audiovisual content streamed through the telecommunications network and insufficient innovation could lead to the emergence of other content or service providers as well as the saturation of the network, which would put pressure on the revenues and margins of operators like the Group while simultaneously requiring them to increase capital expenditures to remain competitive, which could adversely affect the Group's business, financial condition or results of operations.

Moreover, the Group is also facing competition from non-traditional mobile voice and data services, based on new mobile voice over the Internet technologies, in particular OTT applications, such as Skype, Google Talk, Facetime, Viber and WhatsApp. These OTT applications are often free of charge, accessible via smartphones and allow their users to have access to potentially unlimited messaging and voice services over the Internet, thus bypassing more expensive traditional voice and messaging services ("**MMS**") provided by mobile network operators like the Group, who are only able to charge the Internet data usage for such services. With the growing share of smartphone users in the jurisdictions in which the Group operates, there is an increasing number of customers using OTT services. All telecommunications operators are currently competing with OTT service providers who leverage existing infrastructures and are often not required to implement capital-intensive business models associated with traditional mobile network operators like the Group. OTT service providers have over the past years become more sophisticated and technological developments have led to a significant improvement in the quality of service, particularly in speech quality. In addition, players with strong brand capability and financial strength, such as Apple, Google, or Microsoft, have turned their attention to the provision of OTT audio and data services. In the long term, if non-traditional mobile voice and data services or similar services continue to increase in popularity and if the Group, or more generally all the telecommunications operators, are not able to address this competition, this could cause declines in ARPU, subscriber base and profitability across all of the Group's products and services, among other material adverse effects.

In addition, the Group may face increasing competition from a large-scale roll-out of public Wi-Fi networks by local governments and utilities, transportation service providers, new and existing Wi-Fi telecommunications operators and others, which particularly benefits OTT applications. Due to the ability to leverage their existing infrastructure and to roll out public Wi-Fi in a cost-efficient way, the Group's competitors may be better positioned to offer their customers public Wi-Fi access at attractive terms and conditions or as part of their current mobile and landline offerings, which may affect the Group's ability to retain or acquire customers. Furthermore, the Group's competitors may realize cost savings by off-loading mobile data traffic onto their own Wi-Fi networks or those of their partners in order to reduce costs and increase bandwidth more quickly or efficiently than the Group can. An increase in public Wi-Fi networks could also cause declines in ARPU and profitability as demand for the Group's network and services decreases.

In order to mitigate these risks, the Group actively monitors market developments and trends in customer demands. The Group also develops initiatives and programs to promote customer experience, such as introducing new innovative products and services and investing in the technology and networks (LTE and FTTH) as well as in content offerings. In addition, the Group is implementing organizational restructuring initiatives and programs in order to set up a more agile organization and processes to enable a lower level of operational costs and adapt to new market developments.

Legislation and regulatory matters – Compliance (R2 and R3)

The Group's activities as a television, broadband Internet infrastructure access provider, ISP, fixed line, international long-distance telephony and mobile operator, and media and content provider are subject to regulation and supervision by various regulatory bodies, including local and national authorities in the jurisdictions in which it operates. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect the Group, its competitors or its industry, strongly influence how the Group operates its business. Complying with existing and future law and regulations may increase its operational and administrative expenses, restrict its ability or make it more difficult to implement price increases, affect its ability to introduce new services, force the Group to change its marketing and other business practices, and/or otherwise limit its revenues. In particular, the Group's business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements or the imposition of universal service obligations, or any change in policy allowing more favorable conditions for other operators or increasing competition. There can be no assurance that the provision of the Group's services will not be subject to greater regulation in the future. Furthermore, a failure to comply with the applicable rules and regulations could result in penalties, restrictions on the Group's business or loss of required licences or other adverse consequences.

In addition, the Group is subject to antitrust rules and regulations and is, from time to time, subject to review by authorities concerning whether it exhibits monopoly power in any of the markets in which it operates. To the extent that the Group is deemed by relevant authorities to exhibit significant market power, it can be subject to various regulatory obligations adversely affecting its results of operations and profitability. Regulatory authorities may also require the Group to grant third parties access to the Group's bandwidth, frequency capacity, and facilities or services to distribute their own services or resell its services to end customers. Remedies imposed by

the regulators may also require the Group to provide services in certain markets or geographic regions or to make investments that it would otherwise not choose to make. In addition, the Group incurred, and may still have to incur, expenses to adapt its operations to changing regulatory requirements and to ensure regulatory compliance. The Group may have to divert resources from its business operations in order to fulfil its regulatory obligations, which could adversely affect its ability to compete.

The Group collects and processes subscriber data as part of its daily business and the leakage of such data may violate laws and regulations which could result in fines, loss of reputation and subscriber churn and adversely affect its business. Regarding the new EU regulation on data protection (GDPR) that took effect on May 25, 2018, the Group has performed an assessment of the impact on implementing the GDPR in the different European countries in which it operates and developed initiatives to comply with the requirements of this new regulation.

The Group might also be exposed to risks of non-compliance due to the non-observance or the breach of internal (self-regulation such as, for example, bylaws or code of ethics) and external rules (laws and regulations, including anti-corruption laws), with consequent judicial or administrative penalties, financial losses or reputational damage (please see section 3.8.3 "*Culture and values of the Group*" for more details on the Group's corporate culture and commitment to professional and ethical standards).

The Group monitors closely the risks and opportunities that could result from new regulations in the different geographies in which it operates, and implements policies, processes and internal control procedures, aiming to limit exposure to complex legal, regulatory and compliance requirements. The Group also aims to have an on-going, open and transparent discussion with regulatory authorities. In addition, the Group aims to ensure that processes, procedures, systems and corporate conduct comply with legal requirements.

Business continuity management (R4)

The Group is required to hold licences, franchises, permits and similar authorizations to own and operate its networks and to broadcast its signal and radio and TV content to its customers. These authorizations generally require that the Group complies with applicable laws and regulations, meets certain solvency requirements and maintains minimum levels of service. Should the Group fail to comply with these, it may be subject to financial penalties from the relevant authorities and there may also be a risk that licences could be partially or totally withdrawn. The imposition of fines and/or the withdrawal of licences could have a material adverse effect on the Group's results of operations and financial condition and prevent the Group from conducting its business. In addition, such authorizations are generally granted for fixed terms and must be periodically renewed. The procedure for obtaining or renewing these licences can be long and costly and authorities often demand concessions or other commitments as a condition for renewal. In addition, these licences may not be obtainable or renewable in a timely manner or at all. In some instances, such authorizations have not been renewed at expiration, and the Group has operated and is operating under either temporary operating agreements or without an authorization while negotiating renewal terms with the local franchising authorities. Should the Group not be able to obtain or renew the licences needed to operate or develop its business in a timely fashion, its ability to realize its strategic objectives may be compromised. In certain cases, the Group's mobile licences require it to comply with certain obligations (population coverage, sharing in certain areas, national roaming) and the Group may suffer adverse consequences if it is not able to comply with these obligations.

In certain operations, the Group's cable system franchises are non-exclusive. Consequently, local and state franchising authorities can grant additional franchises to competitors in the same geographic area or operate their own cable systems. In some cases, local government entities and municipal utilities may legally compete with the Group without securing a local franchise or more favorable franchise terms. There are federal legislative and regulatory proposals now pending regarding the ability of municipalities to construct and deploy broadband facilities that could compete with the Group's cable systems. In addition, certain telephone companies are seeking authority to operate in communities within the geographies in which the Group operates without first obtaining a local franchise. As a result, competing operators may build systems in areas in which the Group holds franchises.

The Group monitors closely, through its operational teams, the compliance with requirements under the licences, franchises, permits and similar authorizations it holds to own and operate its networks and that support its business processes and services. In addition, the Group has processes in place that enable it to identify and act in cases of any potential non-compliance.

Taxation (R5)

Any change in local or international tax rules, for example prompted by the OECD recommendations on Base Erosion and Profit Shifting (a global initiative to improve the fairness and integrity of tax systems), the implementation of the EU Anti-Tax Avoidance Directive (2016/011/CNS), the new French Anti-Fraud Act no. 2018-898 (one of the main consequence of which is the automatic transfer of certain tax reassessment cases to the prosecutor, which may result in additional exposure for the Group in terms of reputation risk, as well as increased penalties), or any adverse decision by tax authorities may have an adverse effect on the Group's tax status and its financial results. Any such changes may also affect the return on an investor's investment in the Group and result in changes in personal tax rates and tax relief.

The Group monitors closely changes in tax legislation in the different countries where it operates, as part of its tax governance. In addition, the Group maintains a constructive engagement with the various tax authorities and relevant government representatives in the countries where it operates. When appropriate, the Group seeks additional advice from external advisors. Furthermore, the Group maintains an internal control framework for key tax risk areas.

Nevertheless, significant judgment is required in determining the Group's tax positions, amongst others corporate income tax and VAT. In the ordinary course of business, there are transactions where the ultimate tax determination is uncertain. Additionally, calculation of the tax positions is based in part on interpretations of applicable tax laws in the jurisdictions in which the Group operates. Although the Group believes its tax estimates are reasonable, there is no assurance that the final determination of its tax positions will not be materially different from what is reflected in its statement of income and related balance sheet accounts. Should additional taxes be assessed as a result of new legislation, tax litigation or an audit, if the tax treatment should change as a result of changes in tax laws, or if the Group were to change the locations in which the Group operates, there could be a material effect on its results of operation or financial position.

Quality of service - Services failures (R6)

Many of the Group's products and services are manufactured and maintained through complex and precise technological processes. These complex products may contain defects or experience failures when first introduced or when new versions or enhancements to existing products are released. The Group cannot guarantee that, despite testing procedures, errors will not be found in new products after launch. Such errors could result in a loss of, or a delay in, market acceptance of the Group's products, increased costs associated with customer support, delay in revenue recognition or loss of revenues, writing down the inventory of defective products, replacement costs, or damage to the Group's reputation with its customers and in the industry. As a result, the Group could incur substantial costs to implement modifications and correct defects. Any of these problems could materially adversely affect its results of operations.

The volume of contacts handled by the Group's customer service functions can vary considerably over time. The introduction of new product offerings can initially place significant pressure on its customer service personnel. Increased pressure on such functions is generally associated with decreased satisfaction of customers.

In the B2B and wholesale markets, customers require service to be extremely reliable and to be reestablished within short timeframes if there is any disruption. Penalties are often payable in the case of failure to meet expected service quality. In addition, product installation can be complex, requiring specialized knowledge and expensive equipment. Delays and service problems may result in both penalties and the potential loss of customers. In these segments, the Group relies on its experienced customer relations personnel to handle any customer issues or requests, and the loss of such personnel can result in the loss of customers.

The Group has in the past experienced significant levels of customer dissatisfaction as a result of operational difficulties. Improvements to customer service functions may be necessary to achieve desired growth levels, and if the Group fails to manage such improvements effectively and achieve such growth, it may in the future experience customer service problems and damage its reputation, contributing to increased churn and/or limiting or slowing its future growth.

The Group's ability to attract and retain subscribers to its fixed and mobile telephony services, or to increase profitability from existing subscribers, will depend in large part on its ability to stimulate and increase subscriber usage, convince subscribers to switch from competitors' services to its services, offer the network quality and coverage, deliver best in class customer services, and on its ability to minimize customer churn.

The Group remains focused on continuing to improve network quality to provide its customers with the best network and technologies offerings. In addition, the Group is deploying a program to improve the effectiveness and quality of its customer care services in the geographies in which the Group operates (please see section 1.5.2 "*Customer service*" for additional details regarding quality of service initiatives).

Innovation (R7)

The Group's business is characterized by rapid technological change and the introduction of new products and services. Innovation cycles in the telecommunications industry are getting shorter and technologies are superseding existing technologies, products or services at a fast pace. Therefore, the Group is subjected to the risk of failing to leverage technological advances and developments in its business model, to obtain or maintain competitive advantages. The continuous investment in innovation by the Group has proved to be essential for enhancing the leadership and competitiveness of the Group in the various segments and markets in which it operates. The Group also aims to promote innovation and creativity by seeking partnerships with universities, corporate networks, and start-ups (please see section 2.6.2 "*Research and development*" for additional details regarding Altice Labs, the Group's state-of-the-art research and development center, and other innovative initiatives).

In addition, in response to changing consumer habits, the Group has focused its offers towards convergence, mobility and virtualization of content and services. If any new or enhanced technologies, products or services that the Group introduces fail to achieve broad market acceptance or experience technical difficulties, its revenue growth, margins, cash flows and competitive advantage may be adversely affected.

The Group's business may suffer if the Group cannot continue to licence or enforce the intellectual property rights on which its business depends, or if it is subject to claims of intellectual property infringement. The Group relies on patent, copyright, trademark and trade secret laws and licences and other agreements with its employees, customers, suppliers and other parties to establish and maintain its intellectual property rights in content, technology and products and services used to conduct its businesses. However, the Group's intellectual property rights or those of its licensors could be challenged or invalidated, the Group could have difficulty protecting or obtaining such rights or the rights may not be sufficient to permit the Group to take advantage of business opportunities, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm. Successful challenges to its rights to intellectual property or claims of infringement of a third party's intellectual property could require the Group to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be temporarily or permanently prohibited from further use of the intellectual property in question. This could require the Group to change its business practices and limit its ability to provide its customers with the content that they expect.

Revenue assurance (R8)

The Group could be in some situations vulnerable to revenue leakages with the dynamic changes in networks, IT systems and the multitude of its service/bundle/plan offerings given the pace at which new offers are launched in the market. The revenue chain is usually a very complex set of inter-related technologies and processes providing a seamless set of services to the end consumer. As the set of technologies and business processes grows bigger and more complex, the chance of failure increases in each of its connections. A revenue leakage will have an impact in the Group's ability to bill customers correctly for a given service or to receive the correct payment, which may adversely impact the Group's margins and profitability.

The Group monitors closely the risk related with revenue loss and continuously improves controls in its revenue assurance processes in order to prevent and/or detect cases of revenue leakages. Prior to the launch or cut-over of new products, services and new systems, appropriate revenue assurance controls are already embedded in system capabilities and manual processes.

Reliability of financial statements (R9)

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by the Group's management to be reasonable under the circumstances and at the time. These estimates and assumptions form the basis of judgments about the carrying values of assets and liabilities that are not readily available from other sources. Areas requiring more complex judgments may shift over time

based on changes, business mix and industry practice, which could affect the Group's reported amounts of assets, liabilities, income and expenses. In addition, management's judgments, estimates and assumptions and the reported amounts of assets, liabilities, income and expenses may be affected by changes in accounting policy. In May 2014, the International Accounting Standards Board ("**IASB**") issued a new accounting standard for revenue recognition – IFRS 15 "*Revenue from Contracts with Customers*" – that supersedes nearly all existing revenue recognition guidance that the Group currently complies with, including International Accounting Standards ("**IAS**") 18 "*Revenue*", 11 "*Construction Contracts*" and related interpretations. The Group has adopted IFRS 15 "*Revenue from Contracts with Customers*" for the annual period beginning on January 1, 2018, in accordance with the full retrospective method by restating each prior period and recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at the beginning of the earliest period presented (January 1, 2017).

IFRS 9 "*Financial Instruments*" issued on July 24, 2014 is the IASB's replacement of IAS 39 "*Financial Instruments: Recognition and Measurement*". The standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. The standard is applicable for annual periods beginning on or after January 1, 2018. The Group implemented the standard based on the simplified retrospective approach; the transition impact was recorded in equity as of January 1, 2018, with no impact on 2017. The quantitative impacts are presented in the Consolidated Financial Statements.

In January 2016, the IASB issued a new standard coming into effect in January 2019, IFRS 16 "*Leases*", which is meant to supersede the current standard (IAS 17 "*Leases*") and its current interpretations. Under the new standard, which became effective on January 1, 2019, an asset (the right to use the leased item) and a financial liability (a liability for discounted minimum lease payments over the lease term) are recognized in the statement of financial position. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases and will have a material impact on the consolidated statement of financial position, but it will not have a material impact on the consolidated statement of profit or loss.

The most significant impact will be the recognition of right-of-use assets and lease liabilities for leases qualifying as operating lease under the current standard, while accounting for leases qualifying as finance lease under the current standard remains substantially unchanged. Most of the lease commitments that will be in scope of the standard relate to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative or technical purposes and other assets (vehicles). Judgment is required in the determination of the discount rates and the assessment of the lease term (considering renewal or termination options). From a lessor perspective, the standard will not have a material impact as the distinction between operating and finance leases will remain under the new standard.

In order to mitigate the risks resulting from the factors mentioned above, the Group has a mechanism in place to anticipate and analyse complex financial transactions in advance of their completion, in order to correctly evaluate the requisite accounting treatment and expected quantitative impact on the financial statements. This mechanism includes benchmarking the treatment of similar transactions by peers and advance consultation with the Group's external advisors. Recent examples of such cases include the accounting treatment of IFRS 15 and IFRS 16, the annual impairment analysis, the accounting for partial dispositions and the accounting for derivative transactions entered into by the Group.

The Group also forms taskforces and engages external consultants to work on the implementation of and assess the impact of new accounting standards on its financial statements, with an objective to be ready internally in advance of the adoption of such standards. This includes a peer review of positions adopted within the industry and round tables with market regulators and other authorities.

Reputation (R10)

The reputation risk refers to the risk of deterioration of reputation among customers, counterparties, investors, supervisory and control authorities, and the general public as a result of business decisions, operating events, instances of non-compliance with applicable laws, rules or regulations or other events. The objective of managing the reputation risk is to protect the Group's reputation by counteracting the occurrence of reputation losses and limiting the negative effect of image-related events on the Group's reputation.

An unexpected negative media report on the Group's products, services and corporate activities can have a huge impact on the reputation of the Group and its brand image. Social networks have made it possible that such information and opinions can spread much more quickly and extensively.

The Group monitors closely potential threats and engages in a constant and constructive dialog with its relevant stakeholders to mitigate any negative impact on its brands value and reputation.

Talent retention and human resources management (R11)

The Group operates in highly competitive and changing markets, which requires the Group to constantly adapt, anticipate and adopt new measures in order to preserve its competitiveness and efficiency. This leads to regular changes to its organizations, which require the employees affected to adapt. This process requires mobilization and motivation of teams with the Group's objectives. As a result, the Group's business could be affected by deterioration in labour relations with its employees, staff representative bodies or unions. The Group's ability to maintain good relations with its employees, staff representative bodies and unions is crucial to the success of its various projects. Therefore, the Group must continuously consult with staff representatives in order to ensure the success of its current and future projects, which may delay the completion of certain projects. Furthermore, the Group has entered into various collective bargaining agreements and will periodically negotiate with representatives of labour organizations. While the Group has recently entered into such agreements with various labour organizations, it cannot be excluded that the Group will have difficulties in finalizing such collective bargaining agreements in the future.

In addition, planned decisions or projects may not be well received by employees and may lead to a deterioration in labour relations, causing decreases in productivity and potential social conflicts (work interruptions, disruptions, etc.). Such situations could have a material adverse effect on the business, financial situation and operational results of the Group.

The Group depends on the continued contributions of its senior management and other key personnel. There can be no assurance that the Group will be successful in retaining their services or that it would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of any of these key executives and employees could cause disruptions in its business operations, which could materially adversely affect its results of operations. Any failure to apply the necessary managerial and operational resources to the Group's growing business and any weaknesses in its operational and financial systems or managerial controls and procedures may impact its ability to produce reliable financial statements and may adversely affect its business, financial condition and results of operations.

The Group maintains and develops collaborative relationships with employees, staff representative bodies and unions, in order to ensure the success of its current and future projects. In addition, the Group promotes talent retention programs in order to identify and proactively retain key employees and competencies. As such, all the HR departments are working to identify the key employees based on the same methodology and to ensure the Group is offering them an opportunity to grow adequately and to remain on board. The retention of the talents is certainly an axis on which the Group needs to continue to invest by applying new processes but also by improving internal mobility and career planning.

Reliability of network and IT systems (R12)

The Group's success depends, in part, on the continued and uninterrupted performance of its information technology and network systems as well as its customer service centers. Despite the precautions the Group has taken, unanticipated problems affecting its systems could cause failures in its information technology systems or disruption in the transmission of signals over its networks. Sustained or repeated system failures that interrupt the Group's ability to provide service to its customers or otherwise meet its business obligations in a timely manner would adversely affect its reputation and result in a loss of customers and revenues.

If any part of the Group's fixed or mobile networks, including its information technology systems, is subject to terrorism, acts of war, a computer virus, a power loss, flooding, fires, other catastrophe or unauthorized access, its operations and customer relations could be materially adversely affected. The occurrence of any such event could cause interruptions in service or reduce capacity for customers, either of which could reduce its revenue or cause the Group to incur additional expenses. In addition, the occurrence of any such event may subject the Group to penalties and other sanctions imposed by regulators.

The Group develops risk mitigation actions such as: (i) securing the telecommunications core network; (ii) preparing risk maps for the various technological platforms, identifying dependencies and single failure points; (iii) defining and implementing disaster recovery plans; (iv) implementing systems and procedures aimed at ensuring determined QoS (Quality of Service) and QoE (Quality of End user Experience) levels; (v) investing in

new generation networks and preventive maintenance actions; and (vi) investing in information systems to support the activity of technical teams.

Growth strategy (R13)

Historically, the Group's business has grown, in part, through a significant number of selective acquisitions that enabled it to take advantage of existing networks, service offerings and management expertise. The Group's future growth, profitability and results of operations depend upon its ability to successfully implement its business strategy, which, in turn, is dependent upon a number of factors, including its ability to continue to:

- simplify and optimize its organization;
- reinvest in infrastructure and content;
- invest in sales, marketing and innovation;
- enhance the customer experience;
- drive revenue and cash flow growth; and
- opportunistically grow through value-accretive acquisitions

There can be no assurance that the Group can successfully achieve any or all of the above initiatives in the manner or time period that it expects. Furthermore, achieving these objectives will require investments which may result in short term costs without generating any current revenues and therefore may be dilutive to its earnings. The Group cannot provide any assurance that it will realize, in full or in part, the anticipated benefits it expects its strategy will achieve. The failure to realize those benefits could have a material adverse effect on the Group's business, financial condition and results of operation. In addition, if the Group is unable to continue improving its operational performance and customer experience, it may face a decrease in new subscribers and an increase in subscriber churn, which could also have a material adverse impact on its business and financial condition (please see section 2.2 "*Strategy of the Company*" for additional details regarding key elements of the Company's growth strategy).

Supply chain performance (R14)

The Group has important relationships with several suppliers of hardware, software and related services that it uses to operate its pay-TV, broadband Internet, fixed line telephony, mobile and B2B businesses and to broadcast its content offerings. In certain cases, the Group has made substantial investments in the equipment or software of a particular supplier, making it difficult for it to quickly change supply and maintenance relationships in the event that its initial supplier refuses to offer the Group favorable prices or ceases to produce equipment or provide the support that the Group requires. Further, in the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce recourse claims against suppliers, especially if warranties included in contracts with suppliers have expired or are exceeded by those in its contracts with its subscribers, in individual cases, or if the suppliers are insolvent, in whole or in part. In addition, there can be no assurances that the Group will be able to obtain the hardware, software and services it needs for the operation of its business, in a timely manner, at competitive terms and in adequate amounts. In particular, in the case of an industry wide cyclical upturn or in the case of high demand for a particular product, the Group's suppliers of software, hardware and other services may receive customer orders beyond the capacity of their operations, which could result in late delivery to the Group, should these suppliers elect to fulfill the accounts of other customers first. The Group has, from time to time, experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors, as well as quality control problems with service providers. The Group may also not be able to recover monies paid to such suppliers or obtain contractual damages to which the Group may be entitled (if any) in the event its suppliers fail to comply with their obligations in a timely manner.

The Group also outsources some of its support services, including parts of its subscriber services, information technology support, technical services and maintenance operations. In addition, in France, the Group does not own its own broadcast network and relies on a third party to broadcast its content offerings. Should any of these arrangements be terminated by either contract party, this could result in delays or disruptions to the Group's operations and could result in the Group incurring additional costs, including if the outsourcing counterparty increases pricing or if the Group is required to locate alternative service providers or in source previously outsourced services.

The Group's ability to renew its existing contracts with suppliers of products or services, or enter into new contractual relationships, with these or other suppliers, upon the expiration of such contracts, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events,

which may be beyond its control. The occurrence of any of these risks or a significant disruption in its supply of equipment and services from key sourcing partners could create technical problems, damage its reputation, result in the loss of customer relationships and have a material adverse effect on its business, financial condition and results of operations.

In addition, the Group develops strategic partnerships with some suppliers that could breach or not comply with relevant legislation, including human rights and/or environmental laws, which could have a negative impact on the Group's reputation.

In order to mitigate these risks, the Group established a centralized procurement that defines policies, procedures and standards to be applied across the Group, and also monitors compliance of suppliers with terms of contracts. In addition, the Group insourced two of its main historical suppliers in the area of customer care and network deployment in order to better control its supply chain in these two fields.

Legal and administrative proceedings (R15)

The Group is involved in a number of legal and administrative proceedings arising in the ordinary course of its business. The legal proceedings initiated against the Group include, amongst others, the following categories of claims: claims by or on behalf of customers on various grounds such as alleged misrepresentation or breach of service or licence terms or breach of telecommunication, broadcasting, consumer or health and safety regulations, intellectual property claims primarily relating to alleged copyright infringement brought by copyright collection societies, claims by suppliers and other telecommunications providers, claims by employees and claims by the regulatory bodies whose jurisdiction the Group is subject to in the countries in which it operates.

In addition, some of the jurisdictions in which the Group operates allow for certification of certain suits as class action suits. Given its B2C activities, the Group could be confronted, like any operator in the sector, with potential class action lawsuits that could be joined by clients seeking to obtain reparations for potential damages. In such cases, and assuming there are actual or even only alleged practices and damages, the Group could face significant claim amounts and its reputation could be harmed.

The Group proactively manages its litigation risks by assessing disputes where it believes the claimant may have merit, and by attempting to settle such disputes on favorable terms, including in the case of suits seeking certification as class action suits at a stage prior to such certification, and by contesting others where it believes the claim does not have merit, e.g. the fine imposed by the European Commission for gun jumping in connection with the Company's acquisition of PT Portugal in June 2015 (please see section 2.4.1 "*Significant events affecting historical results – Appeal against the European Commission's Decision*") or the claims filed in the latter half of 2018 against the Company in the United States in connection with the Altice USA IPO. The Group records a provision when there is a sufficient probability that a dispute will result in a loss for the Group and the amount of such a loss can be reasonably estimated.

Please see Note 32 to the Consolidated Financial Statements for a summary of material administrative, judicial or arbitral proceedings (including any pending or threatened proceedings) that are likely to have, or have had, a material adverse effect on the Group's business, financial position, operations or liquidity.

Cybersecurity (R16)

The Group's reputation and business could be materially harmed as a result of, and the Group could be held liable, including criminally liable, for, data loss, data theft, unauthorized access, or successful hacking. If third parties manage to gain access to any of the Group's information technology systems, or if such systems are brought down, third parties may be able to misappropriate confidential information, cause interruptions in the Group's operations, access the Group's services without paying, damage its computers, or otherwise damage the Group's reputation and business. Both unsuccessful and successful "cyber-attacks" on companies have continued to increase in frequency, scope, and potential harm in recent years. While the Group continues to invest in measures to protect its networks, any such unauthorized access to the Group's cable television service could result in a loss of revenue, and any failure to respond to security breaches could result in consequences under the Group's agreements with content providers, all of which could have a material adverse effect on the Group's business, results of operations and financial condition. Furthermore, as an electronic communications services provider, the Group may be held liable for the loss, release, or inappropriate modification or storage conditions of customer data or the wider public, which are carried by its network or stored on its infrastructures. In such circumstances, the Group could be held

liable or be subject to litigation, penalties, including the payment of damages and interest, and adverse publicity that could adversely affect its business, financial condition and results of operations.

The Group mitigates these risks through a series of measures, including control procedures, backup systems, and protection systems, such as firewalls, antivirus and building security. In addition, the Group is continuously assessing the security policies, standards, procedures and adjusting them so they incorporate new profile threats, and their effectiveness by regular audits. Since 2016, the Group has launched a cyber-watch program in order to assess potential vulnerabilities and to monitor effectiveness of the controls in place.

Content strategy (R17)

The success of the Group's basic and premium pay-TV services depends on access to an attractive selection of television programming from content providers. The ability to provide movies, sports and other popular programming, including VoD content, is a major factor that attracts subscribers to pay-TV services, especially premium services. The inability to obtain high-quality content may also limit the Group's ability to migrate customers from lower tier programming to higher tier programming, thereby inhibiting its ability to execute its business strategy, which could result in reduced demand for, and lower revenue and profitability from, the Group's digital cable television services.

The Group relies on digital programming suppliers for a significant portion of its programming content and VoD services. In addition, program providers and broadcasters may elect to distribute their programming through other distribution platforms, such as satellite platforms, digital terrestrial broadcasting or IPTV, or may enter into exclusive arrangements with other distributors, which can have an adverse impact on the Group's ability to differentiate itself from its competitors.

The Group monitors closely this risk by surveying the best content offerings, according to customer demands and trends, and by seeking to establish strategic partnerships with content providers, in order to be able to offer the best content to its customers.

Debt and liquidity management (R18)

The Group has significant outstanding debt and debt service requirements and may incur additional debt in the future. As of December 31, 2018, the Group had total third party debt (excluding other long term and short term liabilities, other than finance leases) of €33,809 million, compared to €50,968 million as of December 31, 2017.

Until the Separation was effected on June 8, 2018, the Group's financing structure consisted of five distinct financing groups which financed the Group's business, acquisitions and operations: the Altice International group, the Altice France Group, the Altice Luxembourg group (which includes the Altice International group and the Altice France Group and certain additional holding companies), the Suddenlink group and the Cablevision group. Following the implementation of the Separation on June 8, 2018, the Group's financing structure consists of three distinct financing groups which finance the Group's business, acquisitions and operations: the Altice International group, the Altice France Group and the Altice Luxembourg group (which includes the Altice International group and the Altice France Group and certain additional holding companies). Each of these financing groups is subject to covenants that restrict the use of their cash flows outside their respective restricted group. Consequently, cash flows from operations of any of the restricted groups may not always be available to meet the obligations of any other restricted group. In addition, the Group carries out certain financing activities at holding companies (mainly Altice Corporate Financing) that are not a part of the three financing groups.

The Group's significant level of debt could have important consequences, including, but not limited to, the following:

- making it more difficult for the Group to satisfy its debt obligations;
- requiring that a substantial portion of the Group's cash flows from operations be dedicated to servicing debt, thereby reducing the funds available to the Group to finance its operations, capital expenditures, research and development and other business activities, including upgrading and maintaining the quality of the Group's networks;
- impeding the Group's ability to obtain additional debt or equity financing, including financing for capital expenditures and refinancing of existing debt, and increasing the cost of any such funding, particularly due to the financial and other restrictive covenants contained in the agreements governing the Group's debt;

- impeding the Group’s ability to compete with other providers of pay television, broadband Internet services, fixed line telephony services, mobile services and B2B services in the regions in which the Group operates;
- restricting the Group from exploiting business opportunities or making acquisitions or investments;
- increasing the Group’s vulnerability to, and reducing its flexibility to respond to, adverse general economic or industry conditions;
- limiting the Group’s flexibility in planning for, or reacting to, changes in its business and the competitive and economic environment in which the Group operates; and
- adversely affecting the public perception of the Group and its brands.

Moreover, the terms of the agreements and instruments governing the Group’s debt contain a number of significant covenants or other provisions that, among other things, restrict the applicable financing group’s ability to incur additional indebtedness and grant guarantees, refinance existing indebtedness, pay dividends, make certain investments or acquisitions, make capital expenditures, engage in transactions with affiliates and other related parties, dispose of assets other than in the ordinary course of business, merge with other companies, grant liens and pledge assets, change its business plan, and repurchase or redeem equity interests and subordinated debt or issue shares of subsidiaries (each a “**Non-ordinary Course Transaction**”). However, with the exception of certain revolving credit indebtedness, the covenants applicable to substantially all indebtedness of the Group owed to third parties are tested only at the time the applicable financing group consummates a Non-ordinary Course Transaction and do not otherwise impede such financing group’s ability to carry on its business in the ordinary course. Each financing group’s applicable Revolving Credit Facility Agreements also contain a maintenance covenant, which is linked to a specified consolidated net senior secured leverage ratio, tested quarterly. Borrowings under certain of the Group’s debt agreements or instruments also contain cross default or cross acceleration provisions and as a result may become payable on demand. In that event, the Group may not have sufficient funds to repay all of its debt as they become due. In addition, the Group has €11 billion of floating rate debt outstanding as of December 31, 2018. An increase in the interest rates on the Group’s debt will reduce the funds available to repay its debt and to finance its operations, capital expenditures and future business opportunities. For a description of the risks related to changes in foreign exchange, please see Note 19.3.2 to the Consolidated Financial Statements.

The Group is currently implementing a deleveraging strategy, based on 3 layers: non-core assets disposals and crystallization of infrastructure value, EBITDA growth and cash flow generation, to reduce its current net leverage from 5.6x EBITDA as of December 31, 2018 to 4.0x EBITDA in the medium term.

To help manage the risks relating to changes in interest rates and foreign exchange, the Group enters into various derivative transactions to manage exposure of each financing silo to such changes. As of December 31, 2018, the Group had a total of cross currency and FX forward derivative transactions in an aggregate notional principal amount of €24.6 billion and a total of interest rate derivative transactions in an aggregate notional principal amount of €12.6 billion. As a result of its derivative transactions, the Group is exposed to the risk of default by the counterparties to its derivative instruments. Although the Group regularly reviews its credit exposures under its derivative transactions, defaults may arise from events or circumstances that are difficult to detect or foresee. At December 31, 2018, the Group’s exposure to counterparty credit risk included derivative assets with an aggregate fair value of €1,234.0 million. While the Group currently has no specific concerns about the creditworthiness of any counterparty for which it has material credit risk exposures, it cannot rule out the possibility that one or more of its counterparties could fail or otherwise be unable to meet its obligations to it. Any such instance could have an adverse effect on its cash flows, results of operations, financial condition and/or liquidity. The Group manages such counterparty credit risk by diversifying the credit exposure of its derivative transactions among several financial institutions it believes to be credit-worthy at the time of entering into such derivative transaction.

Fraud (R19)

Given the size and geographic spread of the Group, the Group is likely to be exposed to instances of employee fraud, including, but not limited to, payroll fraud, falsification of expense claims, thefts of cash, assets or intellectual property, false accounting and other misconduct. Individual employees may also act against the Group’s instructions and either inadvertently or deliberately violate applicable law, including competition laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients, or its internal policies. In addition, because the Group delegates a number of operational responsibilities to its subsidiaries and its local managers retain autonomy regarding the management of its operations in their markets, the Group may face an increased likelihood of the risks described above occurring. It also subcontracts some of its maintenance, customer service, installation and other activities to third party

suppliers acting on its behalf and instances of fraud perpetuated by employees of these suppliers might also expose the Group to claims and/or may have a detrimental impact on its brand and reputation.

The Group has internal control policies and procedures designed to mitigate fraud risks and to ensure compliance with regulations such as anti-corruption laws and economic sanctions. Regular internal audits are performed in key areas to monitor the effectiveness of internal control framework.

Macroeconomic and political risks (R20)

The Group's operations are subject to macroeconomic and political risks that are outside of its control. For example, high levels of sovereign debt in France and certain European countries, combined with weak growth and high unemployment, could lead to low consumer demand, fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact the Group's financial condition.

With regard to currency instability issues, concerns exist in the Eurozone with respect to individual macro fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual Eurozone countries. Further, on June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as "Brexit". Although the vote was non-binding, the referendum was passed into law on March 16, 2017 and the British government is currently in negotiations to determine the terms of the U.K.'s withdrawal from the E.U. It is possible that members of the European monetary union could hold a similar referendum regarding their membership within the Eurozone in the future. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries, or, in more extreme circumstances, the possible dissolution of the euro entirely, which could result in the redenomination of a portion, or in the extreme case, all of the Group's euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of the Group's assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on the Group's liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the Eurozone countries, which in turn could have an adverse impact on the demand for the Group's products, and accordingly, on its revenue and cash flows. Moreover, any changes from euro to non-euro currencies in countries in which the Group operates would require the Group to modify its billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow the Group to timely bill its customers or prepare and file required financial reports. In light of the significant exposure that the Group has to the euro through its euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on the Group's business.

Furthermore, continued hostilities in the Middle East and North Africa could adversely affect the Israeli economy. Additionally, the Dominican Republic economy depends to a significant degree on global tourism and the health of the US economy and remains vulnerable to external shocks (e.g., economic declines in other emerging market countries). These conditions could also adversely affect access to capital and increase the cost of capital. Changes in interest rates and exchange rates may also adversely affect the fair value of the Group's assets and liabilities. Moreover, the Group's transactional currency is euros although a large part of the Group's financing activity is conducted in currencies other than such primary transactional currency, including the U.S. dollar. In Israel, HOT's primary transactional currency is the New Israeli Shekel and in the Dominican Republic, the primary transactional currency of Altice Dominicana is the Dominican Peso. The exchange rate between the euro and the U.S. dollar, the euro and the New Israeli Shekel, and the euro and the Dominican Peso have fluctuated significantly in recent years and may continue to fluctuate significantly in the future. Furthermore, in the past, the Dominican Republic government has imposed exchange controls and currency restrictions and they may do so in the future. This is beyond the Group's control and may result in the Dominican Peso ceasing to be freely convertible or transferable abroad to service the Group's then outstanding indebtedness or the Dominican Peso being significantly depreciated relative to other currencies, including the U.S. dollar. The exchange rate has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. The Group seeks to manage such transactional foreign currency exposures through its hedging policy in accordance with its specific business needs. There can be no assurance that the Group's hedging strategies will adequately protect the Group's operating results from the effects of exchange rate fluctuation, or that these hedges will not limit any benefit that the Group might

otherwise receive from favorable movements in exchange rates. If there is a negative impact on the fair values of its assets and liabilities, the Group could be required to record impairment charges.

Negative macroeconomic developments in the markets in which the Group operates, in particular increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers, both in terms of the products they subscribe for and usage levels. Because a substantial portion of the Group's revenue is derived from residential subscribers who may be impacted by these conditions, it may be (i) more difficult to attract new subscribers, (ii) more likely that certain of its subscribers will downgrade or disconnect their services and (iii) more difficult to maintain ARPUs at existing levels. In addition, the Group can provide no assurances that a deterioration of any of these economies will not lead to a higher number of non-paying customers or generally result in service disconnections. Similarly, a deterioration in economic conditions would be likely to adversely affect the demand for and pricing of the Group's B2B and wholesale services as a result of businesses and governments reducing spending, as well as adversely affect revenues from the Group's media and content offerings as a result of reduced spending in advertising. Therefore, a weak economy and negative economic development in the markets in which the Group operates may jeopardize its growth targets and may have a material adverse effect on its business, financial condition and results of operations.

Climate change (R21)

Climate change has a direct effect on the Group and its stakeholders, e.g. customers, suppliers and employees. The risk that affect the Group derives from the expected rise in frequency and severity of extreme climate events (like floods, tornados, forest fires, etc.) which may significantly disrupt the Group's network, information technology systems, supply chain and workforce leading to service failures or outages. These events could increase cost, reduce revenue and negatively impact the Group's reputation, degrading its business and financial condition. Changes in the average climate conditions in the geographies where the Group operates, (for example increased medium temperatures due to global warming) may also lead to increase energies costs due to greater cooling requirements for network and information systems. Also, if the Group is unable to meet its stakeholders' expectations regarding the energy emissions and sustainability objectives, this may lead to reputational damage and loss of customers.

To control these risks the Group has implemented: (i) business continuity plans and operational procedures that aim to increase the resilience of its network and information systems, improving the Group's capability to respond to extreme weather events; (ii) energy efficiency and monitoring programs to reduce the Group's carbon footprint (please see section 2.3.2.2 "*Energy*" for additional details); and (iii) services that help customers minimize their energy needs, including the deployment of more efficient user equipment or the development of IoT services which use network intelligence to optimize performance and minimize energy consumption (please see section 2.6.2 "*Research and development*" for additional details regarding IoT).

The Group Companies also participate in various working group (e.g. organized by the Portuguese National Communication Authority) in order to identify, analyse and evaluate the main impacts and vulnerabilities in relation to climate change, as well as options and measures allowing telecommunications companies to adapt to climate change. The implementation of infrastructure protection and network resilience measures will improve the ability of the Group to adapt to climate change as well as reduce the impact of climate change on the Group's activity.

Human rights (R22)

Compliance with human rights is essential for the Group, both within the Group and with its business partners. However, there may be significant reputation impact if the Group is unable to conform to stakeholders' expectations regarding major human rights issues, such as work conditions and children rights (internally and in the supply chain) or freedom of opinion and expression.

To address this risk, the Group has put in place:

- codes of conduct and other policies in order to ensure that its corporate responsibility is reflected in its conduct and to guarantee absolute respect for human rights (please see section 3.8.3 "*Culture and values of the Group*" for more details on the Group's corporate culture and commitment to ethical standards); and

- procurement practices that incorporate principles aimed at the protection of ethical, social, environmental and human rights requirements by the suppliers of the Group (please see section 2.3.5 "*Contractual implementation of the corporate sustainability principles*").

The Group also acknowledges that its networks, products and services play an important role in helping to strengthen individual human rights by enabling customers around the world to freely share information, which extends their ability to express themselves. However, this powerful tool can also lead to violations of individual human rights, especially among the most vulnerable societal groups (please see section 2.3.3 "*Social performance*" regarding actions taken to minimize these risks).

2.7.2 Risk control

The Board is ultimately responsible for maintaining effective risk management, which includes the Group's risk governance structure, the Group's system of internal controls and the Group's internal audit approach. Management's responsibility is to manage risk across the Group on behalf of the Board. To facilitate the process, the Group shares the same roadmap across the Group, thereby ensuring the control frameworks implemented by the operating Group Companies align with the Group's approach.

The Company's internal audit function assists the Board in maintaining effective controls by independently and objectively evaluating the adequacy and effectiveness of the Group's internal control and risk management systems. Criteria established under 'Internal Control – Integrated Framework' issued by the Treadway Commission's Committee of Sponsoring Organizations (COSO, 2013 framework), are used by the Company's internal audit function to analyse and make recommendations to the Board on the effectiveness of the Group's internal control framework.

The Company's internal audit function conducts its activities in a risk-based manner, developing an audit plan, based on the results of the Group's risk assessment of various business units and strategic priorities that are approved by the Audit Committee and the Board. The internal audit function conducts systematic and ad hoc financial, IT and operational audits and special investigations.

Quarterly reports are submitted and discussed with the Audit Committee and the Board, in order to inform them of the most relevant observations and recommendations regarding the effectiveness of the risk management procedures related to the various risks to which the Group is subject.

Based on the risk assessments performed, the Board, under the supervision of the Audit Committee, is responsible for determining the overall internal audit work and for monitoring the integrity of the financial statements of the Company.

No matter how comprehensive a risk management and control system may be, it cannot be assumed to be exhaustive, nor can it provide certainty that it will prevent negative developments from occurring in the Group's business and business environment or that response to risk will be fully effective. The Group's risk management framework is designed to avoid or mitigate rather than to eliminate the risks associated with the accomplishment of the Group's strategic objectives. It provides reasonable assurance but not absolute assurance against material misstatement or loss.

During this financial year and in the previous years, the Group has not identified any major failings in its internal risk management and controls system.

3 GOVERNANCE

This chapter summarizes certain information concerning the Board and the Company's corporate governance. It is based on relevant provisions of Dutch law, including the Code (as defined below), as in effect on the date of this Management Report, the Articles of Association and the Board Rules (both as defined below).

This chapter does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of Dutch law as in force on the date of this Management Report, the Articles of Association and the Board Rules.

3.1 Introduction

The Company is incorporated under Dutch law and adheres to the Corporate Governance Code as adopted by the Corporate Governance Monitoring Committee (the "**Committee**") on December 8, 2016 (the "**Code**"). The Code contains best practice provisions that apply to the Company's corporate governance structure. The Company provides a substantive and transparent explanation in its Management Report if it does not comply with any of the principles and best practice provisions of the Code. The "comply or explain" report of the Company is in accordance with the Code and is also made available on the Company's website. On September 7, 2017, the Dutch legislator designated the revised Code by decree as the new corporate governance code as set out in Section 2:391 of the Dutch Civil Code (the "**DCC**"), which became effective per the financial year beginning on or after January 1, 2017.

The Company maintains a one-tier board (the "**Board**") consisting of four executive board members (the "**Executive Board Members**") and four non-executive board members (the "**Non-Executive Board Members**", and together with the Executive Board Members, the "**Board Members**"). As of the date of this Management Report, the provisions in the DCC that are commonly referred to as the "large company regime" (*structuurregime*) do not apply to the Company.

The Board is responsible for the management of the Company, the Company's operations and general affairs as well as the operations and general affairs of the Group. The Board is furthermore responsible for the Company's and the Group's continuity with a focus on long-term value creation. The Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited by law or by the Articles of Association (as defined below). In performing their duties, the Board Members are required to be guided by the interests of the Company and its business, taking into consideration all relevant interests of the Company's stakeholders (which include but are not limited to its customers, its suppliers, its employees and the Shareholders).

The Board as a whole is authorized to represent the Company. In addition, the president of the Board (the "**President**") acting solely is also authorized to represent the Company. Pursuant to the Articles of Association, the Company may be represented by one or more Board Members or others on the basis of a specific power of attorney. Such attorneys are authorized to represent the Company within the limits of the specific delegated powers.

The Board has adopted rules regarding its functioning and internal organization with effect on August 9, 2015. These rules were last amended by the Board on October 1, 2018 and entered into force on November 20, 2018 (the "**Board Rules**"). The applicable Board Rules in the governing English language (only) can be downloaded from the Company's website (www.altice.net).

The articles of association of the Company dated November 20, 2018 (the "**Articles of Association**"), in the governing Dutch language and in an unofficial English translation thereof, are available on the Company's website (www.altice.net).

3.2 The Board

The Articles of Association of the Company provide that the Board consists of at least three and not more than ten Board Members. As of the date of this Management Report, the Board consists of four Executive Board Members and four Non-Executive Board Members.

The Executive Board Members and the Non-Executive Board Members are appointed by the General Meeting. The Executive Board Members are appointed by the General Meeting at the binding nomination of Next Alt. The General Meeting may at all times overrule such binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than 50% of the issued capital. If the General Meeting overrules the binding nomination, Next Alt shall make a new binding nomination. The nomination must be included in the notice convening the General Meeting at which the appointment will be considered. The Board will request Next Alt to make its nomination at least ten days before publication of the notice convening the General Meeting at which the appointment will be considered. If a nomination has not been made by Next Alt or has not been made by Next Alt within seven days following the request of the Board, this must be stated in the notice and the General Meeting will be free to appoint a Board Member at its discretion.

The General Meeting may at any time dismiss or suspend a Board Member. An Executive Board Member may also be suspended by the Board. If Next Alt has not made a proposal for the dismissal of a Board Member, the General Meeting can only resolve upon the dismissal of that Board Member with a majority of at least two-thirds of the votes cast representing more than 50% of the issued capital.

Next Alt's rights mentioned above may not be amended or withdrawn without Next Alt's prior written consent. Next Alt will only be entitled to these rights as long as it holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and is controlled by (i) Mr. Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) his heirs jointly.

Board Members may be appointed for a term to be determined by the General Meeting. A Board Member is appointed for a maximum period of four years, provided that, unless a Board Member resigns earlier, his appointment period shall end immediately after the annual General Meeting that will be held in the fourth calendar year after the date of his appointment. An Executive Board Member may be reappointed for a term of not more than four years at a time.

A Non-Executive Board Member may be reappointed once for a term of four years and subsequently for a term of two years, which term may be extended for a maximum of another two years.

Please see section 3.7.7 "*Appointment and replacement of Board Members / amendment to the Articles of Association*" for a more detailed description of the procedure of the binding nomination and appointment of Board Members.

3.2.1 Duties of the Board

The Company is headed by the Board acting as a collegial body. Board Members are collectively responsible for the Company's management, the Company's operations and general affairs and the operations and general affairs of the Group Companies. Pursuant to the Articles of Association and the Board Rules, the Board Members divide their tasks by mutual consultation, provided that the day-to-day management of the Company is entrusted to the Executive Board Members and the supervision of the Board Members' performance of their duties is entrusted to, and cannot be taken away from, the Non-Executive Board Members.

In addition to the responsibilities of the Board referred to above, the Board's responsibilities include, among other things:

- the achievement of the Company's operational and financial objectives;
- determining the Company's strategy and policy to achieve these objectives;
- corporate social responsibility issues that are relevant to the Company's business;
- the general state of affairs in and the results of the Company;
- identifying and managing the risks connected to the business activities;
- ensuring that effective internal risk management and control systems are in place and reporting on this in the Management Report;
- maintaining and preparing the financial reporting process;
- compliance with legislation and regulations;
- compliance with and maintaining the corporate governance structure of the Company;
- publishing the corporate structure of the Company and any other information required under the Code, through the Company's website, publication in the Management Report and otherwise;

- preparing the Annual Accounts and drawing up the annual budget and important capital investments of the Company;
- rendering advice with respect to the nomination of the external auditor of the Company (the "**External Auditor**") for appointment by the General Meeting;
- ensuring that internal procedures are established and maintained which safeguard that all relevant information is known to the Board in a timely fashion;
- ensuring that the External Auditor receives all necessary information to perform his work in a timely fashion;
- ensuring that the draft audit plan is discussed with the External Auditor before the External Auditor presents the plan of the Audit Committee;
- identifying and analysing the risks associated with the strategy and activities of the Company and its business;
- establishing the risk appetite and the measures that are put in place to counter the aforementioned risks being taken;
- designing, implementing and maintaining adequate internal risk management and control systems; and
- monitoring the operation of the internal risk management and control systems and carrying out a systematic assessment of their design and effectiveness once per year.

Notwithstanding the responsibilities of the Board, referred to above, the responsibilities of the Non-Executive Board Members include:

- selecting and recommending the External Auditor for appointment by the General Meeting;
- together with the Remuneration Committee (as defined below), proposing the remuneration policy for the Executive Board Members for adoption by the General Meeting, and fixing the remuneration and the contractual terms and conditions of employment of the Executive Board Members;
- selecting and recommending individuals for appointment by the General Meeting as Non-Executive Board Members and proposing the remuneration of the Non-Executive Board Members for adoption by the General Meeting;
- reviewing the performance of the Board and the individual Board Members and discussing the conclusions that must be drawn on the basis of this review at least on an annual basis; and
- drawing up the Company's diversity policy for the composition of the Board.

3.2.2 Composition of the Board

As of the date of this Management Report, the Board is composed of eight Board Members.[9] Mr. van Breukelen was elected Chairman in 2015. The appointment of Mr. Drahi as executive director of the Board was effective on June 8, 2018. Mr. Goei and Mr. Okhuijsen stepped down as Executive Board Members as from October 31, 2018. Mr. Matlock and Mr. Allavena stepped down as Non-Executive Board Members as from July 10, 2018.

Composition of the Board

	Patrick Drahi	***Alain Weill***	***A4 S.A., represented by Dennis Okhuijsen***	***Natacha Marty***	***Jurgen van Breukelen***	***Thierry Sauvaire***	***Nicolas Paulmier***	***Philippe Besnier***
Position	President	CEO	Vice-President	General Counsel	Chairman	Non-Executive Board Member	Non-Executive Board Member	Non-Executive Board Member
Role	Executive	Executive	Executive	Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Age[(1)]	55	57	N/A	44	49	55	54	67
Gender	Male	Male	N/A	Female	Male	Male	Male	Male
Nationality	Israeli	French	N/A	French	Dutch	Swiss	French	French
Appointment date	June 8, 2018	July 10, 2018	August 6, 2015	July 10, 2018	August 6, 2015	July 10, 2018	November 20, 2018	November 20, 2018

[9] In the Board meeting of August 1, 2018, the Board resolved to temporarily deviate from article 3.1.1 of the Board Rules, which stipulated that the Board should comprise of in principle four Executive Board Members and three Non-Executive Board Members. At the time of the temporary deviation, the Board comprised of six Executive Board Members and two Non-Executive Board Members. The Board intended to appoint new Non-Executive Board Members and resolved to temporarily deviate from the Board Rules in order to facilitate an appropriate search for suitable candidates for the position of Non-Executive Board Member and to follow the required corporate process for appointment. On November 20, 2018, Mr. Paulmier and Mr. Besnier were appointed as Non-Executive Board Members. After this appointment, the Board comprised of four Executive Board Members and four Non-Executive Board Members.

	Patrick Drahi	*Alain Weill*	*A4 S.A., represented by Dennis Okhuijsen*	*Natacha Marty*	*Jurgen van Breukelen*	*Thierry Sauvaire*	*Nicolas Paulmier*	*Philippe Besnier*
Current term	2018-2022	2018-2022	2015-2019	2018-2022	2015-2019	2018-2022	2018-2022	2018-2022
Independence	N/A	N/A	N/A	N/A	Yes	Yes	No[(2)]	Yes
Committee memberships	N/A	N/A	N/A	N/A	Audit and Remuneration	Audit and Remuneration	Audit and Remuneration	Audit and Remuneration
International experience	Yes	No	N/A	Yes	Yes	Yes	Yes	No
Specific experience	Telecom	Radio, TV	N/A	Legal	Financial	Legal, tax	Private equity	Telecom

[(1)] As of December 31, 2018.
[(2)] Because Mr. Paulmier was a board member of Numericable, a listed associated company of the Company, until July 24, 2014, Mr. Paulmier will only qualify as independent as stated in best practice provision 2.1.8 of the Code as from July 25, 2019.

Board Members' CV

Patrick Drahi, President

Mr. Drahi began his professional career with the Philips Group in 1988 where he was in charge of international marketing (UK, Ireland, Scandinavia, Asia) in satellite and cable TV (DTH, CATV, MMDS). In 1991, Mr. Drahi joined the US/Scandinavian group Kinnevik-Millisat, where he was in charge of the development of private cable networks in Spain and France and was involved in the launch of commercial TV stations in Eastern Europe. In 1993, Mr. Drahi founded CMA, a consulting firm specialised in telecommunications and media, which was awarded a mandate from BCTV for the implementation of Beijing's full service cable network. In addition, Mr. Drahi founded two cable companies, Sud Câble Services (1994) and Médiaréseaux (1995), where he was involved in several buy-outs. When Médiaréseaux was taken over by UPC at the end of 1999, he advised UPC on its M&A activities until mid-2000. Mr. Drahi founded Altice in 2002 and was President from August 9, 2015 until September 6, 2016. He is the chairman of the board of directors of Altice USA.

Mr. Drahi is a graduate from the Ecole Polytechnique and Ecole Nationale Supérieure de Télécommunications de Paris (post graduate degree in Optics and Electronics).

Alain Weill, CEO

Mr. Weill has been the Chairman of the board and Chief Executive Officer of Altice France S.A. (formerly known as SFR Group S.A.) and the Chief Executive Officer of SFR SA since November 9, 2017. He began his career in 1985 as Director of the radio network NRJ. In 1992, he became the CEO of NRJ Group (made of 4 radio channels). In 2000, Mr. Weill acquired RMC radio and created the NextRadio group. He defined a new positioning for RMC made-up of 3 pillars: news, talk-shows and sports, which made the success of the radio station. In 2002, Mr. Weill purchased BFM and turned it into a radio station dedicated to business and finance coverage. In 2005, he launched BFMTV, which became the leading news TV channel in France. The NextRadio group became NextRadioTV in 2005, with close to 1,000 employees. The NextRadioTV group operates several TV channels (BFMTV, BFM Business TV, RMC Découverte, BFM Paris, BFM Sport, RMC Story, RMC Sport 1), two radio stations (RMC, BFM Business Radio) and also includes high-tech and digital activities.

Mr. Weill holds a Bachelor's degree in Economics and an MBA from HEC Business School.

A4 S.A., Vice-President

A4 S.A. is a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg, with its registered office at 5 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Company register under number B 199.163. A4 S.A. is controlled by the family of Mr. Drahi. The purpose of A4 S.A. is to acquire participating interests in other entities, both local and international, as well as the administration, management, control and development of such participating interests. A4 S.A. is not a Shareholder of the Company. The permanent representative of A4 S.A. on the Board until October 31, 2018 was Mr. Jérémie Bonnin and as of that date is Mr. Dennis Okhuijsen.

Mr. Okhuijsen joined the Group in September 2012 as the CFO and resigned as Executive Board Member and CFO on October 31, 2018. Since then, he has been a senior advisor to the Group and the permanent representative

of A4 S.A. on the Board. Before joining the Group, he was the Treasurer for Liberty Global since 2005. From 1993 until 1996 he was a senior accountant at Arthur Andersen. Mr. Okhuijsen joined UPC in 1996 where he was responsible for accounting, treasury and investor relations up to 2005. His experience includes raising and maintaining non-investment grade capital across both the loan markets as well as the bond/equity capital market. In his previous capacities, he was also responsible for financial risk management, treasury and operational financing.

Mr. Okhuijsen holds a Master of Business Economics of the Erasmus University Rotterdam.

Natacha Marty, General Counsel

Ms. Marty has been the Company's Company Secretary since July 2015 and has become Altice Europe General Counsel after the Separation. Prior to joining Altice, she was Counsel in the Corporate Department of the law firm Davis Polk & Wardwell LLP, where she developed significant expertise in corporate governance, equity and debt capital markets and credit transactions. She also has extensive experience in cross-border merger and acquisition transactions. Ms. Marty started her career as an associate with Freshfields Bruckhaus Deringer in 1999. She joined Davis Polk & Wardwell LLP in 2005, where she contributed to founding Davis Polk & Wardwell's French law practice, and was named Counsel in 2009. Ms. Marty has a strong international background, having worked in Paris, London, Geneva and New York over the past 20 years.

Ms. Marty holds a Master in Law and is a graduate from the Université Panthéon Assas - Paris II.

Jurgen van Breukelen, Chairman

Mr. van Breukelen is a Managing Partner of Gilde Equity Management. Having spent his military service as a lieutenant in the Royal Dutch Army, he joined KPMG in 1994. In 2000, at the age of 31, he became partner at KPMG, and from 2003 to 2007 he was Head of Corporate Finance in the Netherlands. In 2007 he joined the Board of Management of KPMG, being responsible for Advisory as well as for Clients & Markets. From 2012 to 2014 he acted as CEO and Country Senior Partner of KPMG in the Netherlands. During his professional career Mr. van Breukelen has held a number of senior executive roles at KPMG International, including serving on the boards of KPMG Europe, Middle East & Africa and then, until 2014, as a member of the Global Executive Team and Global Board of KPMG International. At the Global Board he chaired KPMG's Global Quality & Risk Committee. He is a member of the supervisory board of Stichting Alzheimer Nederland and Urus Group LLC and a Director of VGG Holdco B.V. In addition, he is an Advisory Board Member of the Rotterdam School of Management, Erasmus University Rotterdam, and of Ponooc B.V. Until 2014 Mr. van Breukelen held a position as a supervisory board member of the Princess Maxima Centre for Pediatric Oncology in the Netherlands. From 2015 to early 2017, he was chairman of the supervisory Board of Van Gansewinkel Groep B.V. and from 2017 to 2018, he was chairman of the board of Bosal Nederland B.V. Until 2018, he was also a Senior Adviser at the private equity fund Permira Advisers LLP and a Senior Adviser to the investment bank of Barclays Bank PLC.

Mr. van Breukelen holds a Master Degree in Business Economics at the Erasmus University in Rotterdam.

Thierry Sauvaire

Mr. Sauvaire has been a Director and the Chief Executive Officer of EUROCEMENT Holding AG since April 2008. In 1989, Mr. Sauvaire started his career within the tax and legal department of KPMG S.A., where he gained the management of the Geneva tax and legal department in 1995. Mr. Sauvaire was appointed in the partnership in 1997. In addition, he was elected at the board of directors of this company in 2002, and was a member of the remuneration committee, until its resignation in March 2008, after more than 18 years of service.

Mr. Sauvaire was involved in acquisition and financing of large stakes in listed companies. During his career, he was advising and structuring various investments and divestments in Switzerland and abroad, mainly on the tax side, and was participating to many due diligences and merger process.

Mr. Sauvaire is a graduate from the Geneva law school, a Swiss attorney-at-law and a Swiss certified tax advisor.

Nicolas Paulmier

Mr. Paulmier is a senior partner, member of the executive committee and investment committee at Cinven, a European private equity firm with offices in London, Guernsey, New York, Paris, Frankfurt, Milan, Luxembourg,

Madrid and Hong Kong. In 1999, Mr. Paulmier joined Cinven and has since then been involved in a large number of major transactions. As head of the Paris office, Mr. Paulmier is responsible for the French regional team and he is a member of the Business Services, Healthcare and Technology, Media and Telecom Sector team. From 1990 to 1999, Mr. Paulmier was an investment director at Pallas Finance, a private equity firm based in Paris which became Electra Partners in 1995. Prior to that, Mr. Paulmier worked as a research and development engineer with Roussel-Uclaf, now part of Sanofi, a French pharmaceutical company.

Mr. Paulmier has an MBA from INSEAD Business School. He also holds a BSc in Biology and Chemistry from the École Normale Supérieure and a MSc in Molecular Biology from the Institut Pasteur in Paris. Besides that, he was a Tower Fellow at Harvard University.

Phillippe Besnier

Mr. Besnier has dedicated most of his professional career to the industry of telecommunications. He has begun his career in 1981 as regional commercial director of Poitou-Charentes at France Telecom (Orange). From 1985 onwards, he started performing commercial functions for France Telecom at a national level. From 1989 to 1992, he was in charge of setting up and managing a subsidiary of France Telecom in the South-West of France, Atlantic Telecâble. From 1992 to 2000, he was the CEO of France Telecom Câble. From 2000 to 2004, Mr. Besnier managed the French subsidiary of UPC, first as managing director and then as CEO. In 2005, he became the CEO of Numericable and performed his duties in this function until 2008. Mr. Besnier has also been engaged in the defence of the cable networks industry in professional organisations.

Mr. Besnier holds a bachelor degree in Economics from the University of Nantes and is a graduate from the Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC) and from the Ecole Nationale des Postes et Télécommunications.

Independent Board Members

In considering the independence of a Non-Executive Board Member, the Board takes the following criteria, which are based on the Code (save for the deviations indicated in section 3.6 "*Comply or explain*"), into account. A Non-Executive Board Member shall not be considered independent if the Non-Executive Board Member concerned or his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree, as defined under Dutch law:

- has been an employee or an Executive Board Member of the Company (including associated companies as referred to in article 5:48 of the Dutch Financial Markets Supervision Act ("**Wft**")) in the five years prior to his/her appointment;
- receives significant personal financial compensation from the Company or a Group Company, other than the compensation received for the work performed as a Non-Executive Board Member and in so far as this is not in keeping with the normal course of business;
- has had an important business relationship with the Company or a Group Company in the year prior to his/her appointment. This includes the case where the Non-Executive Board Member, or the firm of which he/she is a shareholder, partner, associate, or adviser, has acted as an adviser to the Group (consultant, external auditor, civil law notary or lawyer), and the case where the Non-Executive Board Member is a member of the management board or an employee of a bank with which the Group has a lasting and significant relationship;
- is a member of the management board of a company in which an Executive Board Member is a member of the supervisory board or a non-executive board member;
- has temporarily performed management duties during the previous twelve months in the absence or incapacity of Board Members;
- has a shareholding in the Company of at least ten percent, taking into account the shareholding of natural persons or legal entities cooperating with him/her on the basis of an express or tacit, oral or written agreement; and
- is a member of the management board or supervisory board - or is a representative in some way - of a legal entity which holds at least ten percent of the Shares in the Company, unless that entity is a Group Company.

An independent Board Member who no longer meets the criteria for independency must immediately inform the Board accordingly.

Independent functioning

The composition of the Board shall be such that the Non-Executive Board Members are able to operate independently and critically vis-à-vis one another, the Executive Board Members and any particular interests involved. In particular, the following criteria apply to the Non-Executive Board Members:

- at most one Non-Executive Board Member is not independent pursuant to best practice provision 2.1.8 sections (i) to (v) inclusive of the Code;
- less than half of the total number of Non-Executive Board Members is not independent pursuant to best practice provision 2.1.8 of the Code; and
- for each shareholder or group of affiliated shareholders who directly or indirectly hold more than 10% of the shares in the Company, there is at most one Non-Executive Board Member who can be considered to be affiliated with or representing them as stipulated to in best practice provision 2.1.8 sections (vi) and (vii) of the Code.

3.2.3 Board Meetings and Board resolutions

The Chairman chairs the meetings of the Board. If the Chairman is absent or unwilling to take the chair, the meeting shall appoint one of the Non-Executive Board Members or, in the event all Non-Executive Board Members in office are absent, one of the Executive Board Members to chair the meeting of the Board.

Unless the law, the Board Rules or the Articles of Association provide otherwise, resolutions of the Board shall be adopted by an absolute majority of the votes cast, including a vote in favor of the proposal from the vice-president of the Board (the "**Vice-President**"). The vote in favor from the Vice-President shall not be required when the Vice-President cannot participate in the deliberations and decision-making in respect of a proposal due to a direct or indirect personal conflict of interest.

Each Board Member, other than the President, and if no President is in function, other than the Vice-President, shall be entitled to one vote. The President is entitled to cast a number of votes that equals the number of Board Members entitled to vote, excluding the President, that is present or represented at that meeting, with the exception of resolutions concerning the suspension or dismissal of the Vice-President, in respect of which the President is entitled to one vote. If no President is in function or if the President has a direct or indirect personal conflict of interest, the Vice-President shall be entitled to cast a number of votes that equals the number of Board Members entitled to vote, excluding the Vice-President, that is present or represented at that meeting of the Board.

3.2.4 Board Committees

The Board has an audit committee (the "**Audit Committee**") and a remuneration committee (the "**Remuneration Committee**"). Each of the committees has a preparatory and/or advisory role to the Board. In accordance with the Board Rules, the Board has drawn up regulations on each committee's role, responsibilities and functioning. The committees consist of Non-Executive Board Members. They report their findings and recommendations to the Board, which is ultimately responsible for all decision-making.

Audit Committee

The Audit Committee prepares the Board's decision making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

The Audit Committee focuses on monitoring the Board in matters including:

- relations with the internal auditor and External Auditor, and compliance with and follow-up on their recommendations and comments;
- the Company's funding;
- the application of information and communication technology by the Company, including risks relating to cybersecurity; and
- the Company's tax policy.

In addition, the Audit Committee carries out the following duties:

- recommending persons for appointment as senior internal auditor;
- forming a position on how the internal audit function fulfils its responsibility;
- monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;
- monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;
- monitoring the statutory audit of the Annual Accounts and the consolidated annual accounts;
- assessing and monitoring the independence of the External Auditor, specifically taking into account the extension of ancillary services to the Company; and
- determining the selection process for the External Auditor and the nomination to give the assignment to carry out the statutory audit to the External Auditor.

The Audit Committee shall at least annually report on its deliberations and findings to the Board for consideration. In particular, the Audit Committee reports on the results of the annual statutory audit to the Board.

At least every four years, the Executive Board Members, together with the Audit Committee, must thoroughly assess the functioning of the External Auditor in the various entities and capacities in which the External Auditor operates. The main conclusions of the assessment shall be notified to the General Meeting for the purpose of considering the recommendation for the appointment of the External Auditor.

The Audit Committee must hold at least four meetings per year and whenever one or more of its members have requested a meeting. At the date of this Management Report, the Audit Committee consists of four Non-Executive Board Members: Mr. van Breukelen, Mr. Sauvaire, Mr. Besnier and Mr. Paulmier. Mr. van Breukelen is the chairman of the Audit Committee. It is intended that Mr. Sauvaire will replace Mr. van Breukelen as chairman of the Audit Committee in the course of 2019.

The regulations of the Audit Committee are an annex to the Board Rules. They are also separately published on and can be downloaded from the Company's website (www.altice.net).

Remuneration Committee

The Remuneration Committee advises the Board in relation to its responsibilities and prepares the decision-making regarding the determination of the remuneration of Board Members.

The Remuneration Committee has the following duties:

- making proposals to the Board for the remuneration policy to be pursued;
- making proposals for the remuneration of the individual Board Members, for adoption by the General Meeting, which proposals must be drawn up in accordance with the Remuneration Policy and, in any event, cover:
  - the remuneration structure;
  - the amount of the fixed remuneration and variable remuneration components;
  - the scenario analyses that are carried out, if any; and
  - the pay ratios within the Company and its business;
- preparing the remuneration report.

In exercising its duties, the Remuneration Committee may request the services of a remuneration consultant. If the Remuneration Committee makes use of the services of a remuneration consultant, it must verify that the consultant concerned does not provide advice to the Executive Board Members.

The Remuneration Committee shall at least annually report on its deliberations and findings to the Board.

The Remuneration Committee must hold at least one meeting per year and whenever one or more of its members have requested a meeting. At the date of this Management Report, the Remuneration Committee consists of four

Non-Executive Board Members: Mr. van Breukelen, Mr. Sauvaire, Mr. Besnier and Mr. Paulmier. Mr. Paulmier is the chairman of the Remuneration Committee since November 20, 2018. [10]

The regulations of the Remuneration Committee are an Annex to the Board Rules. They are also separately published on and can be downloaded from the Company's website (www.altice.net).

3.2.5 Nomination committee

The Board has decided not to set up a nomination committee as referred to in the Code, since the Board as a whole will perform the duties of such nomination committee. Furthermore, the Board deems it not necessary to set up a nomination committee because of the nomination right attributed to Next Alt in the Articles of Association.

3.2.6 Board meetings held in 2018

The Board met 14 times in 2018, and focused among other things, on the following matters:

- the approval of the annual budget for the financial year 2018;
- the approval of the corporate financial statements and the consolidated financial statements of the Company as at and for the year ended December 31, 2017;
- the approval of the 2017 Management Report and the 2017 comply or explain list;
- the approval of the quarterly earnings releases and condensed interim consolidated financial statements of the Company;
- the approval of the internal audit plan for 2018;
- the review of the quarterly internal audit findings;
- the proposal to the General Meeting regarding the amendment of the articles of association;
- the amendment of the Board Rules, the Audit Committee regulations and the Remuneration Committee regulations;
- the proposal to the General Meeting regarding the appointment of Board Members;
- the proposal to the General Meeting regarding the remuneration of Board Members, including:
  - the determination or the amendment of the remuneration of certain Executive Board Members;
  - the determination of the remuneration of the Non-Executive Board Members;
  - the determination of the annual cash bonus for Executive Board Members for the financial year 2017;
  - the amendment of the 2017 SOP and the 2017 LTIP;
- the appointment of a new head of internal audit;
- the appointment of new members of the Audit Committee and the Remuneration Committee;
- the approval of the Separation;
- the treatment of stock options in relation to the Separation;
- the approval of the proposed tower transactions in France, Portugal and the Dominican Republic;
- the approval of the proposed fibre deal in France;
- the review of the strategy of the Company.

3.2.7 Board evaluation

The Board regularly discusses its functioning and performance, including the functioning of the Non-Executive Board Members, the committees as well as individual Non-Executive Board Members. The Non-Executive Board Members have performed a self-evaluation on the functioning of their own performance, the performance of the entire Board, as well as the performance of the External Auditor. Overall, the Non-Executive Board Members are of the opinion that during 2018 significant steps have been taken not only in executing the strategy of the Company, but also in improving the governance and functioning of the Non-Executive Board Members as well as the Board as a whole. The Non-Executive Board Members are committed to continue to make further improvements in that respect in the financial year 2019.

[10] Because Mr. Paulmier was a board member of Numericable, a listed associated company of the Company, until July 24, 2014, Mr. Paulmier will be a non-independent Non-Executive Board Member until July 25, 2019. This constitutes a deviation from article 4.4 of the Remuneration Committee regulations, which stipulates that the chairperson of the Remuneration Committee shall be independent within the meaning of article 4.2.1 of the Board Rules.

3.3 The Group Advisory Council

The Company has a group advisory council (the "**Group Advisory Council**") which advises the Company, the Board, its individual Board Members and the Group Companies on all matters that are material to the Company and the Group as a whole, including the operational, technological and general strategy of the Group. The Group Advisory Council is entitled to review any financial commitment of the Company or its subsidiaries above €10 million or not provided for in the annual budget of the Company (as approved by the Board). The President of the Group Advisory Council is Mr. Drahi.

The President or the Vice-President shall for all Board meetings invite one member of the Group Advisory Council, which member may be designated by the Group Advisory Council for the purpose of attending such meetings.

3.4 Maximum number of supervisory positions of Board Members

Restrictions apply with respect to the overall number of supervisory positions that a managing director or supervisory director (including a one-tier board) of "large Dutch companies" may hold. The restrictions only apply with regard to executive and supervisory positions in Dutch public limited liability companies, Dutch private limited liability companies and Dutch foundations that, on two successive balance sheet dates without subsequent interruption, meet at least two of the three criteria referred to in Section 2:397(1) DCC, which criteria are:

(i) the value of the company's/foundation's assets according to its balance sheet, on the basis of the purchase price or manufacturing costs, exceeds €20 million;

(ii) its net turnover in the applicable year exceeds €40 million; and

(iii) its average number of employees in the applicable year is 250 or more (such company or foundation, a "**Large Company**").

Pursuant to the DCC, a person cannot be appointed as a member of the management board if (a) he or she holds more than two supervisory positions with other Large Companies, or (b) if he or she acts as chairman of the supervisory board or, in the case of a one-tier board, serves as chairman of the board of a Large Company. The term "supervisory position" refers to the position of supervisory board member, non-executive board member in the case of a one-tier board, or member of a supervisory body established by the articles of association. A person may not be appointed as member of the supervisory board if he or she holds more than four supervisory positions with Large Companies. Acting as a chairman of a supervisory board or a supervisory body established by the articles of association or, in the case of a one-tier board, chairman of the management board, of a Large Company counts twice.

As of December 31, 2018, the Company meets the criteria of a Large Company for three successive balance sheet dates. The above-mentioned restrictions therefore apply to the Company.

3.5 Deviation from the Dutch gender diversity requirement and diversity policy

3.5.1 Gender diversity rule

Dutch law requires Large Companies to pursue a policy of having at least 30% of the seats on both the management board and supervisory board held by men and at least 30% of the seats on the management board and supervisory board held by women, each to the extent these seats are held by natural persons. Under Dutch law, this is referred to as a well-balanced allocation of seats. This allocation of seats must be taken into account in connection with: (i) the appointment, or nomination for the appointment, of members of the management board; (ii) drafting the criteria for the size and composition of the management board and supervisory board, as well as the designation, appointment, recommendation and nomination for appointment of supervisory board members; and (iii) drafting the criteria for the non-executive directors, as well as the nomination, appointment and recommendation of non-executive directors.

If a Large Company does not comply with the gender diversity rule, it is required to explain in its management report (i) why the seats were not allocated in a well-balanced manner, (ii) how it had attempted to achieve a well-balanced allocation and (iii) how it aimed to achieve a well-balanced allocation in the future.

The nature and the activities of the Company and the desired expertise and background of the Board Members are decisive when Board Members are appointed or reappointed. The present composition of the Board deviates from the Dutch law rule regarding gender diversity. Although the Company pays close attention to gender diversity in the profiles of new Board Members and its diversity policy, the Company has not yet reached the 30% target. However, subject to the availability of suitable candidates at the time of Board appointments, the Company aims to reach a well-balanced mix of men and women among its Board Members in the future.

3.5.2 Diversity policy

The Non-Executive Board Members have drawn up a diversity policy which is included in the Board Rules. The aim of this policy is to ensure that the Board has a diverse composition that contributes to a robust decision-making and proper functioning of the Board. The diversity targets of the Company with respect to the composition of its Board are:

- increasing the (work) experience diversity within the Board such that by 2022 the Board will at least have one member with relevant expertise and knowledge of the advertising market;
- increasing the (work) experience diversity within the Board such that by 2022 the Board will at least have one member with other business experience; and
- increasing the gender diversity within the Board such that by 2027 at least 20% of the Board will consist of women.

In 2018, the Company took an important initial step towards meeting the gender diversity target within the Board with the appointment of Ms. Marty as Executive Board Member. In addition, Mr. Sauvaire, Mr. Paulmier and Mr. Besnier, the Company's new Non-Executive Board Members, contribute with their experiences and profiles to further diversify the Board. The Company does not yet meet the diversity targets but aims for a more diverse Board in the future and will take the diversity targets into account if vacancies in the Board must be filled.

The Non-Executive Board Members recognize that diversity should not be limited to the Board but should extend to all areas of the Company's business, including but not limited to other key leadership positions. The diversity policy is pursued in the Group by taking the diversity targets into account in recruitment, talent development, appointment to roles, retention of employees, mentoring and coaching programs, succession planning, training and development (please see section 2.3.3.4 "*Diversity, equal opportunity and non-discrimination*" for additional information). By way of example, the CEOs of the Group's activities in Israel and the Dominican Republic are women.

3.6 Comply or explain

3.6.1 Introduction

The Code applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere. The Code therefore applies to the Company. The Code contains a number of principles and best practice provisions in respect of management boards, supervisory boards, shareholders and the general meeting of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

The Company is required to disclose in its Management Report whether or not it applies the provisions of the Code and, if it does not apply those provisions, to explain the reasons why in a substantive and transparent manner. Furthermore, if the departure from a principle or provision is of a temporary nature and continues for more than one financial year, the explanation should include an indication of when the Company intends to comply with that principle or provision. Where applicable, the Management Report should include a description of the alternative measure that was taken in the event of a deviation and either an explanation of how that measure attains the purpose of the principle or the provision or a clarification of how the measure contributes to good corporate governance of the Company.

In accordance with the "comply or explain" principle, the Company has outlined below departures from the Code. The entire "comply or explain" list is also published on the Company's website (www.altice.net).

The principles are based on a company with a two-tier board structure, whereby a supervisory board supervises the management board. The one-tier board structure, with non-executive directors who supervise the executive directors, is only explicitly mentioned in the best practice principle 5.1. The Committee advised that in principle all provisions for the supervisory board *mutatis mutandis* apply to non-executive directors and that all provisions

for the management board *mutatis mutandis* apply to executive directors and in some instances also apply to the non-executive directors. The text of the (best practice) provisions below should be read bearing this in mind.

3.6.2 Compliance with the Code

The Company endorses the underlying principles of the Code and is committed to adhering to the best practices of the Code as much as possible. The Company fully complies with the Code, with the exception of the below best practice provisions or principles. Best practice provisions or principles with which the Company does not comply solely by virtue of its one-tier board structure and other non-compliance are mentioned separately below.

3.6.2.1 Non-compliance by virtue of the Company's one-tier board structure

Best practice provision 1.3.1: The Company does not entirely comply with this best practice provision. Since the Company has a one-tier board, the Board as a whole, thus including the Non-Executive Board Members, appoints and dismisses the senior internal auditor. Therefore, separate approval from the Non-Executive Board Members is not deemed necessary.

Best practice provision 1.3.3: The Company does not entirely comply with this best practice provision. Since the Company has a one-tier board, the internal audit plan is submitted to the Board as a whole, thus including the Non-Executive Board Members. Therefore, separate approval from the Non-Executive Board Members is not deemed necessary.

Best practice provision 1.6.3: Since the Company has a one-tier board, the engagement proposal is submitted by the Audit Committee to, and resolved upon by, the Board as a whole.

Best practice provision 2.3.10: The Company does not entirely comply with this best practice provision. Since the Company has a one-tier board, the Board as a whole, thus including the Non-Executive Board Members, appoints the company secretary. Therefore, separate approval from the Non-Executive Board Members is not deemed necessary.

Best practice provision 2.7.2: The Company complies with this best practice provision, albeit that the Board Rules do not stipulate which transactions require the approval of the Non-Executive Board Members since, due to the Company's one-tier board structure, the Board as a whole, thus including the Non-Executive Board Members, decides upon such transactions. Therefore, no separate approval from the Non-Executive Board Members is requested.

Best practice provision 2.7.4: The Company does not fully comply with this best practice provision since the decision to enter into a transaction that involves a conflicted Board Member is adopted by the Board as a whole. Since the Company has a one-tier board, no separate approval from the Non-Executive Board Members is requested.

Best practice provision 2.7.5: The Company does not comply with this best practice provision. Since the Company has a one-tier Board, the Board as a whole, thus including the Non-Executive Board Members, decides upon the transactions referred to in this best practice provision. Therefore no separate approval from the Non-Executive Board Members is sought in such instance.

Principle 3.1: The Company has a one-tier board, and therefore, the Board as a whole proposes the Remuneration Policy to the General Meeting for adoption, based on a recommendation of the Remuneration Committee, which consists of all Non-Executive Board Members. The Remuneration Policy is implemented by the General Meeting upon the proposal of the Board based on a recommendation of the Remuneration Committee. The Remuneration Policy is in line with the elements enumerated in this principle.

Best practice provision 3.1.1: The Company has a one-tier Board, and consequently, the Remuneration Policy is proposed to the General Meeting for adoption by the Board as a whole, based on a recommendation of the Remuneration Committee, of which all Non-Executive Board Members are members.

Best practice provision 3.2.1: Due to the Company's one-tier board structure, the Remuneration Committee submits the proposal concerning the remuneration of individual Board Members to the Board as a whole. The proposal covers the elements enumerated in this best practice provision.

Principle 3.3: The Company has a one-tier board. Therefore, the Board as a whole proposes the remuneration for its Non-Executive Board Members to the General Meeting.

3.6.2.2 Other non-compliance

Best practice provision 2.1.8: With a view to greater flexibility, the Company applies a slightly different criterion for independence referred to under subsection (ii). According to the Board Rules, a Board Member shall not be considered independent if the Board Member concerned receives significant personal financial compensation from the Company or a Group Company, other than the compensation received for the work performed as a Non-Executive Board Member and in so far as this is not in keeping with the normal course of business.

Best practice provision 2.2.3: The Company did not comply with this best practice provision, since the press releases of July 10, 2018 and October 31, 2018 did inadvertently not mention the reasons for the departure of Messrs. Matlock and Allavena and Messrs. Goei and Okhuijsen, respectively.

Best practice provision 2.3.4: The Company does not fully comply with this best practice provision with regard to the Audit Committee, as Mr. van Breukelen chairs both the Board and the Audit Committee. However, since Mr. van Breukelen is considered to be a financial expert and experienced in supervising the integrity and quality of financial reporting and is also experienced in Dutch corporate governance matters, the Board regards the combination of his roles of Chairman of the Board and chairman of the Audit Committee of significant added value to the Company. It is currently anticipated that in the course of 2019, Mr. Sauvaire will replace Mr. van Breukelen as chairman of the Audit Committee, therefore ending non-compliance with this best practice provision at that time.

Best practice provision 2.3.6: The Company complies with this best practice provision, with the exception that the responsibility to ensure that a vice-chairman is elected is not attributed to the Chairman. From a flexibility perspective, any Non-Executive Board Member (other than the Chairman) will carry out the duties of the Chairman on a case-by-case basis should the Chairman be absent or unable to chair.

Best practice provision 2.3.7: The Company does not comply with this best practice provision since no vice-chairman has been appointed. The Board Rules do, however, state that if appointed, the vice-chairman shall deputise for the Chairman when the occasion arises. The Board Rules do provide that if the Chairman or the vice-chairman are absent or unwilling to take the chair, the meeting shall appoint one of the Non-Executive Board Members or, in the event all Non-Executive Board Members in office are absent, one of the Executive Board Members as chairman of the meeting.

Best practice provision 2.3.9: In case an Executive Board Member is absent, his duties and powers will be carried out by another Executive Board Member that is designated for such purpose by the Executive Board Members. In case of long-term absence, the Non-Executive Board Members will be notified of such designation.

Best practice provision 2.4.2: The Company complies with this best practice provision, albeit that the acceptance of the membership of a supervisory board by an Executive Board Member requires the approval of the Board as a whole instead of the Non-Executive Board Members.

Best practice provision 2.4.3: The Company does not entirely comply with this best practice provision, since no vice-chairman has been appointed. The Board Rules provide that, if no vice-chairman is appointed, any Non-Executive Board Member (other than the Chairman) shall act as contact for individual Non-Executive Board Members regarding the functioning of the Chairman.

Best practice provision 2.6.2: The Company does not fully comply with this best practice provision, since the whistleblower policy does not provide for a specific reporting procedure in case a suspected misconduct or irregularity pertains to the functioning of a Board Member. The whistleblower policy does, however, provide for general reporting possibilities to the Company's general counsel, compliance officer, head of the internal audit team, Chairman, and in certain circumstances, the chairman of the Audit Committee. This reporting structure provides reporting employees with sufficient possibilities, also in respect of suspected misconduct or irregularities that pertain to the functioning of a Board Member.

Best practice provision 2.7.3: The Company complies with this best practice provision, provided that the Chairman will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest. Where the Chairman has a (potential) conflict of interest, the vice-chairman or, if no vice-chairman is appointed, another

Non-Executive Board Member, will determine whether the reported (potential) conflict of interest of the Chairman qualifies as a conflict of interest.

Best practice provision 3.1.2: The Remuneration Policy takes into consideration the aspects mentioned in this best practice provision, except that (i) 50% of the Weill 2016 FPPSs vested on the second anniversary of the date of grant, 25% of the Weill 2016 FPPSs vested on December 31, 2018, and 25% of the Weill 2016 FPPSs will vest on December 31, 2019, (ii) the Weill 2018 FPPSs will vest on the earlier of the fourth anniversary of the date of grant or the annual General Meeting to be held in 2022, subject to the achievement of a performance criteria, and (iii) stock options granted under the SOP and the 2017 SOP are exercisable in various tranches, the first of which is two years after the grant of the options.

Principle 3.2: The Company does not comply with this principle since the General Meeting determines the remuneration of individual Board Members (as opposed to the Non-Executive Board Members as stipulated in this principle), upon the proposal of the Board which in turn is based on a recommendation of the Remuneration Committee, which consists of all Non-Executive Board Members.

Best practice provision 3.2.1: In July 2018, the Remuneration Committee did not recommend the grant of the Weill 2018 FPPSs to Mr. Weill, but instead indicated that it is up to the General Meeting to resolve on the grant of the Weill 2018 FPPSs. The Board thereupon resolved[11] to propose to the General Meeting to grant the Weill 2018 FPPSs to Mr. Weill without the Remuneration Committee's recommendation[12] and explained such in the explanatory notes to the agenda of the extraordinary General Meeting held on July 10, 2018. On July 10, 2018 the General Meeting resolved to grant the Weill 2018 FPPSs to Mr. Weill.

Best practice provision 4.1.8: The Company did not comply with this best practice provision in 2018, since Mr. Drahi was not present at the 2018 AGM in which votes were cast on his nomination for appointment as Executive Board Member.

Best practice provision 4.3.3: The Company does not comply with this best practice provision. According to the Articles of Association, Executive Board Members are appointed by the General Meeting on the binding nomination of the Nominating Shareholder. The General Meeting may at all times overrule the binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the issued share capital. In addition, according to the Articles of Association, the General Meeting may at any time dismiss or suspend any Board Member. If the Nominating Shareholder has not made a proposal for the dismissal of a Board Member, the General Meeting can only resolve upon the dismissal of such Board Member by resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the issued capital. The majority and quorum requirements included in the Articles of Association do not comply with this best practice provision, but do comply with the statutory provisions included in section 2:133(2) DCC.

Best practice provision 5.1.1: The Company does not comply with this best practice provision because (i) Mr. Paulmier will not be an independent Non-Executive Board Member until July 25, 2019 and (ii) the Board consisted, as per the end of the financial year 2018, of an even number of Executive Board Members and Non-Executive Board Members. However, the composition of the Board as a whole ensures that its duties are carried out properly, supervision of the Executive Board Members is performed sufficiently and independently, and that all the necessary expertise and experience is available.

Best practice provision 5.1.4: The Company does not fully comply with this best practice provision with regard to the Audit Committee, as Mr. van Breukelen chairs both the Board and the Audit Committee. However, since Mr. van Breukelen is considered to be a financial expert and experienced in supervising the integrity and quality of financial reporting and is also experienced in Dutch corporate governance matters, the Board regards the combination of his roles of Chairman of the Board and chairman of the Audit Committee of significant added value to the Company. It is currently anticipated that in the course of 2019, Mr. Sauvaire will replace Mr. van Breukelen as chairman of the Audit Committee, therefore ending non-compliance with this best practice provision at that time.

[11] The Non-Executive present at the Board meeting voted against this resolution.

[12] This constitutes a deviation from article 8.2.1 of the Board Rules, which stipulates that the remuneration of the Executive Board Members is determined by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee. This also constitutes a deviation from the Remuneration Policy, which stipulates that a recommendation of the Remuneration Committee is required for a remuneration proposal by the Board. The Remuneration Policy was amended on a one-time basis for the grant of the Weill 2018 FPPSs and was subsequently returned to its form before the amendment.

3.7 Capital, Shares and voting rights

3.7.1 Share capital

As of December 31, 2018, the Company's authorized capital is €304,500,000.00, divided into the following Shares:

- 5,928,144,600 Common Shares A, each with a nominal value of €0.01;
- 222,874,216 Common Shares B, each with a nominal value of €0.25;
- 4,700,000,000 Preference Shares A, each with a nominal value of €0.04; and
- 150,000,000 Preference Shares B, each with a nominal value of €0.01.

Common Shares A and Common Shares B

One Common Share A has one vote and one Common Share B has 25 votes. Common Shares A and Common Shares B must be paid up in full upon issuance and are equally entitled to dividends.

Preference Shares A

Each Preference A Share has four votes on all matters on which all voting shares have voting rights and, other than matters that require a class vote, form a single class with other voting shares in the capital of the Company for such purposes.

Pursuant to the Articles of Association, Preference Shares A may be issued against payment in cash of at least one quarter of their nominal value.

Preference Shares B

Each Preference Share B has one vote on all matters on which all voting shares have voting rights and, other than with respect to matters that require a class vote, form a single class with the other voting shares in the capital of the Company for such purposes.

Preference Shares B must be paid up in full upon issuance. Pursuant to the Articles of Association, the Board may at all times convert one or more Preference Shares B into one or more Common Shares A in accordance with the conversion ratio and other conditions as determined by the Board.

Issued capital

As of December 31, 2018, the Company's issued capital is €68,304,858.82.

Issued share capital of the Company as at December 31, 2018

Shares	Nominal value	Number	Percentage of issued share capital
Common Shares A	€0.01	1,596,608,025 (of which 615,998,253 are held by the Company)	23.37%
Common Shares B	€0.25	209,318,001 (none of which are held by the Company)	76.61%
Preference Shares A	€0.04	0	0%
Preference Shares B	€0.01	927,832	0.001%
Total		1,806,853,858	100%

The Common Shares are listed on Euronext Amsterdam. All issued Shares are fully paid-up and are subject to, and have been created under, the laws of the Netherlands.

Conversion

A holder of Common Shares B may at all times provide the Board with a written notice in the form as determined by the Board ("**Conversion Notice**") requesting to convert one or more of its Common Shares B into Common Shares A in the ratio of 25 Common Shares A for one Common Share B. The Conversion Notice must at least include an irrevocable and unconditional power of attorney to the Company, with full power of substitution, to

transfer 24 of the converted Common Shares A unencumbered and without any attachments for no consideration (*om niet*) to the Company, which transfer shall be effected by the Company simultaneously with the conversion of the (relevant) Common Share(s) B into Common Shares A referred to in the Conversion Notice.

A form of Conversion Notice is available on the Company's website (www.altice.net) and can be downloaded and submitted to the Company in accordance with the instructions set forth in the Conversion Notice.

The Articles of Association provide that as per the moment of conversion of Common Shares B and/or Preference Shares B into Common Shares A, the authorized capital of the Company shall decrease with the number of Common Shares B and/or Preference Shares B included in such conversion, as applicable, and the authorized capital of the Company shall increase with the number of Common Shares A resulting from such conversion.

In addition, the Articles of Association provide for a transitory provision with respect to the authorized capital, pursuant to which the authorized capital will automatically be increased to €400,000,000 if and as soon as a resolution adopted by the General Meeting or the Board has been filed with the Trade Register of the Chamber of Commerce, pertaining to an issuance of such number of Shares pursuant to which the issued share capital of the Company will be at least €80,000,000. At the time of this Management Report, no such resolution has been filed with the Trade Register of the Chamber of Commerce. Therefore, this transitory provision did not yet take effect.

3.7.2 Restrictions on the transfer of Shares

Shares are freely transferable, unless agreements between the Shareholders provide otherwise. For a description of such agreements, please refer to section 3.7.6 "*Agreements between Shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights*".

3.7.3 Significant direct and indirect Shareholders

Pursuant to the register kept by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*), through December 31, 2018, the below table specifies the persons having notified a substantial holding in the share capital of the Company (the relevant thresholds being 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%) [(1)]:

Shareholders	Capital	Voting rights	Date of notification (most recent notification only)
The Goldman Sachs Group Inc.	2.98%	2.98%	December 24, 2018
M. Combes	0.02%	0.02%	October 16, 2018
A. Weill	0.91%	72.25%[(2)]	July 20, 2018
Altice Europe N.V.	5.36%	0.00%	June 1, 2018
P. Drahi (directly and through Next Alt)	60.85%	63.89%	October 13, 2017
Carmignac Gestion S.A.	0.61%	0.61%	June 2, 2017
FMR LLC	2.91%	2.75%	January 5, 2017
EuroPacific Growth Fund	5.17%	0.00%	February 9, 2016
D.L. Okhuijsen	0.85%	62.56%[(2)]	January 28, 2016
D. Goei	1.66%	62.56%[(2)]	January 28, 2016
J. Bonnin	0.72%	62.56%[(2)]	January 28, 2016
P. Giami	0.38%	62.56%[(2)]	January 28, 2016
N. Rotkoff	0.07%	62.56%[(2)]	January 28, 2016
J.M. Hegesippe[(3)]	0.71%	62.56%[(2)]	January 28, 2016
J.L. Berrebi	0.34%	62.56%[(2)]	January 28, 2016
Capital Research and Management Company	0%	7.05%	August 10, 2015

[(1)] The percentages are based on the information registered in the register kept by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) as at December 31, 2018. These percentages may not reflect the actual shareholdings and/or voting rights as per December 31, 2018 since not all changes in shareholdings and/or voting rights require a notification. Only if a relevant threshold is exceeded or one falls below a certain threshold this must be notified. For further information on share trades by Board Members, persons discharging managerial responsibilities or closely associated persons, please see https://www.afm.nl/en/professionals/registers/meldingenregisters/bestuurders-commissarissen and https://www.afm.nl/en/professionals/registers/meldingenregisters/transacties-leidinggevenden-mar19.

[(2)] Next Alt has entered into shareholders' agreements with these Shareholders (directly or through their respective personal holding companies) in which a voting agreement is included, pursuant to which such Shareholders have to vote in favor of all items in the General Meeting proposed by Next Alt for a period of thirty years. For a description of such agreements, please refer to section 3.7.6 "*Agreements between Shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights*".

[(3)] Mr. Hegesippe deceased in June 2018. He held his Shares through OTR S.à r.l. and subsequently JMH Gestion & Participations Limited.

3.7.4 Voting rights and restrictions on voting rights

Voting rights

Each issued and outstanding Common Share A confers the right to cast one vote, each issued and outstanding Common Share B confers the right to cast 25 votes, each Preference Share B confers the right to cast one vote and each Preference Share A (if it were to be issued and outstanding) confers the right to cast four votes in the General Meeting and in meetings of holders of a separate class of shares.

Each Shareholder who meets the requirements below may attend the General Meeting, address the General Meeting and, to the extent applicable, exercise voting rights pro rata to its shareholding, either in person or by proxy. Shareholders may exercise these rights if:

- they are the holders of issued shares on the record date as required by Dutch law, which is currently the 28th day before the day of the General Meeting;
- they or their proxy have notified the Company of their intention to attend the General Meeting in writing by the date specified in the notice of the General Meeting; and
- they are registered as such in (a) the records that are kept by the banks and agents that are defined as intermediaries pursuant to the Securities Giro Transfer Act (*Wet Giraal effectenverkeer*) or (b) the Company's shareholders' register.

The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights. The Board may determine that the voting rights may be exercised by means of electronic communication.

To the extent the law or the Articles of Association do not require a qualified majority, all resolutions of the General Meeting shall be adopted by an absolute majority of the votes cast, in a meeting in which a quorum of at least 50% of the issued and outstanding capital is present or represented.

Restrictions on voting rights

Pursuant to Dutch law, no voting rights may be exercised for any issued Shares held by the Company or a subsidiary (as defined in the Articles of Association) nor for any issued Shares for which the Company or a subsidiary holds the depositary receipts. However, pledgees and usufructuaries (*recht van vruchtgebruik*) of issued Shares held by the Company or a subsidiary are not excluded from exercising the voting rights, if the right of pledge or the usufruct was created before the issued Share was owned by the Company or such subsidiary. The Company or a subsidiary may not exercise voting rights for an issued Share in respect of which it holds a right of pledge or usufruct. When determining how many votes are cast by Shareholders, how many Shareholders are present or represented, or which part of the Company's issued capital is represented, no account is taken of issued Shares for which, pursuant to the law or the Articles of Association, no vote can be cast.

3.7.5 System of control of employee share scheme

The Company has not implemented any employee share scheme granting rights to employees to acquire shares in the Company or a subsidiary where the control rights are not exercised directly by the employees.

3.7.6 Agreements between Shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights

Next Alt has entered into shareholders' agreements with Dexter Goei (through More ATC LLC), Dennis Okhuijsen, Jérémie Bonnin (through a personal holding company), Patrice Giami, OTR S.à r.l. and JMH Gestion & Participations Limited[13], Jean-Luc Berrebi (through Lynor's S.à r.l.), Nicolas Rotkoff (through Belem Capital S.à r.l.) and Alain Weill (collectively the "**AENV Shareholders**") in which procedures for transfers of Shares by the relevant AENV Shareholder and a voting agreement have been laid down.

[13] OTR S.à r.l. and JMH Gestion & Participations Limited are the personal holding companies through which Mr. Hegesippe held his Shares.

Subject to certain exceptions, the shareholders' agreements limit the rights of AENV Shareholders to enter into collar arrangements over Shares or grant options, rights or warrants to purchase Shares. In addition, Next Alt has a pre-emption right in the event any AENV Shareholder intends to transfer Shares to third parties. Prior to effecting any such transfer, the AENV Shareholder must notify Next Alt about the contemplated transfer. Following such notification, Next Alt may exercise its pre-emption right and acquire all, or some, of the Shares. In the event Next Alt does not exercise its pre-emption right timely and in accordance with the terms of the relevant shareholders' agreements, Next Alt will be deemed to have waived its pre-emption right with respect to the specific Shares and the relevant AENV Shareholder may freely transfer such Shares.

Pursuant to the voting arrangements laid down in the shareholders' agreements, in order to ensure the smooth continuation of the Company's business, the AENV Shareholders undertook to cast their votes in good faith during all General Meetings and to vote in favor of all items proposed by Next Alt in the General Meeting for a period of 30 years. Each AENV Shareholder must also give a proxy to Next Alt to represent it and to vote on its behalf in the General Meeting.

Certain other managers of the Group are also bound by similar shareholders' agreements with Next Alt, except that the relevant voting arrangement will only come into effect in case Next Alt no longer holds at least 50% of the voting rights in the Company.

On November 23, 2015, Next Alt entered into a funded collar transaction for over 81.2 million Common Shares A with Goldman Sachs International and, to facilitate the collar transaction, lent the Shares underlying the collar to Goldman Sachs International, which in turn sold approximately 61 million Common Shares A to institutional investors to establish its initial hedge for the collar. Next Alt entered into a 150-day lock-up in connection with this transaction.

3.7.7 Appointment and replacement of Board Members / amendment to the Articles of Association

Appointment and replacement of Board Members

The Executive Board Members and Non-Executive Board Members are appointed by the General Meeting. Only natural persons can be appointed Non-Executive Board Members. The Executive Board Members are appointed by the General Meeting at the binding nomination of Next Alt, provided that (i) Next Alt (a) holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and (b) is Controlled by the Controller (both defined below), or (ii) when Next Alt does not hold a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and/or is no longer Controlled by the Controller, any other legal entity which (x) holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and (y) is Controlled by the Controller (the "**Nominating Shareholder**"). In this context, "**Controlled**" means, with respect to a legal entity, (i) the ownership of legal and/or beneficial title to voting securities that represent more than 50% of the votes in the general meeting of such legal entity; and/or (ii) being empowered to appoint, suspend or dismiss or cause the appointment, suspension or dismissal of at least a majority of the board members, supervisory board or any similar governing body of such legal entity, whether through the exercise of voting rights, by contract or otherwise; and/or (iii) the power to direct or cause the direction of the management and policies of such entity, whether through the exercise of voting rights, by contract or otherwise, and "**Controller**" means (i) Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) Patrick Drahi's heirs jointly.

Pursuant to the Articles of Association, the General Meeting may at all times overrule such binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than 50% of the issued capital. If the General Meeting overrules the binding nomination, the Nominating Shareholder may make a new binding nomination. The nomination must be included in the notice of the General Meeting at which the appointment will be considered. The Board will request the Nominating Shareholder to make its nomination at least ten days before publication of the notice of the General Meeting at which the appointment will be considered. If a nomination has not been made by the Nominating Shareholder or has not been made by the Nominating Shareholder within seven days following the request of the Board, this must be stated in the notice and the General Meeting will be free to appoint a Board Member at its discretion.

The General Meeting may at any time dismiss or suspend a Board Member. If the Nominating Shareholder proposes the dismissal of a Board Member to the General Meeting, the General Meeting can resolve upon that dismissal with an absolute majority of the votes cast. If the Nominating Shareholder has not made a proposal for

the dismissal of a Board Member, the General Meeting can only resolve upon the dismissal of that Board Member with a majority of at least two-thirds of the votes cast representing more than 50% of the issued capital. An Executive Board Member may also be suspended by the Board; any resolution of the Board concerning the suspension or dismissal of the Vice-President must be adopted by unanimous votes in a meeting where all Board Members, other than the Vice-President, are present or represented. A General Meeting must be held within three months after a suspension of a Board Member has taken effect, in which General Meeting a resolution must be adopted either to dismiss such Board Member or to terminate or extend the suspension for a maximum period of three months. If neither such resolution is adopted, nor the General Meeting has resolved to dismiss the Board Member, the suspension will lapse.

The Nominating Shareholders' rights mentioned above may not be amended or withdrawn without the Nominating Shareholders' prior written consent. The Nominating Shareholder will only be entitled to these rights as long as it holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and is Controlled by the Controller.

Amendment of the Articles of Association

The General Meeting may, at the proposal of the Board, resolve to amend the Articles of Association with an absolute majority of the votes cast, provided that at least 50% of the issued and outstanding capital is present or represented. A proposal to amend the Articles of Association must be included in the agenda of the relevant General Meeting. When a proposal to amend the Articles of Association is made, a copy of the proposal, containing the verbatim text of the proposed amendment, must be lodged with the Company for the inspection of every Shareholder from the date on which notice of the meeting is given until the end of the General Meeting.

3.7.8 Power to issue and repurchase Shares

Issuance of Shares

Shares are issued pursuant to a resolution of the General Meeting or pursuant to a resolution of the Board, to the extent so authorized by the General Meeting for a specific period not exceeding five years. The General Meeting will, for as long as any such designation of the Board for this purpose is in force, remain authorized to resolve upon the issuance of Shares. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn.

The Board is irrevocably authorized in the Articles of Association to issue Shares and to grant rights to subscribe for Shares up to the amount of the Company's authorized capital for a period of five years from August 8, 2015. This authorization of the Board will expire on August 8, 2020. After that period, Shares may be issued pursuant to (i) a resolution of the General Meeting, or (ii) a resolution of the Board, if so authorized by the General Meeting.

Pre-emptive rights

In accordance with Dutch law and the Articles of Association, holders of issued Common Shares have pre-emptive rights to subscribe on a pro rata parte basis for any issue of new Common Shares or upon a grant of rights to subscribe for Common Shares. Such pre-emptive rights do not apply, however, in respect of Common Shares issued against contribution in kind, Common Shares issued to employees of the Group and Common Shares issued to persons exercising a previously granted right to subscribe for Common Shares.

Pre-emptive rights may be limited or excluded by a resolution of the General Meeting. The General Meeting may designate this authority to the Board for a period not exceeding five years, provided that the Board is at that time also authorized to issue Shares. If less than one half of the issued capital of the Company is represented at a General Meeting, a majority of at least two-thirds of the votes cast is required for a resolution of the General Meeting to limit or exclude such pre-emptive rights or to make such designation. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn.

Pursuant to the Articles of Association, the Board is irrevocably authorized to limit or exclude pre-emptive rights on any issue of Shares or the granting of rights to subscribe for Shares for a period of five years from August 8, 2015. After such period, the Articles of Association stipulate that pre-emptive rights may be limited or excluded by a resolution of the General Meeting, which may again designate this authority to the Board, for a period not exceeding five years, provided that the Board at that time is also authorized to issue Shares.

In accordance with Section 2:96a DCC, Shareholders do not have pre-emptive rights on any issue of Preference Shares A or Preference Shares B. Holders of Preference Shares A or Preference Shares B do not have a pre-emptive right in respect of Common Shares.

Repurchase of Shares

The Company may not subscribe for Shares upon issue. The Company may acquire fully paid-up issued Shares at any time for no consideration, or subject to Dutch law and the Articles of Association, if (i) its equity exceeds the Distributable Equity, (ii) the number of issued Shares which the Company or a or a subsidiary (as defined in the Articles of Association) acquires, holds or holds as pledgee, is not more than as permitted by Dutch law and (iii) the Board has been authorized by the General Meeting to repurchase issued Shares.

The General Meeting's authorization as referred to above may be valid for a specific period not exceeding 18 months. As part of the authorization, the General Meeting must specify the number of issued Shares that may be acquired, the manner in which the issued Shares may be acquired and the price range within which the issued Shares may be acquired.

On May 18, 2018, the General Meeting authorized the Board for a period of 18 months, commencing on May 18, 2018, to acquire issued Shares in its own capital, subject to the following conditions: (i) the maximum number of issued Shares which may be acquired is 10% of the issued share capital of the Company at any time during the period of authorization; (ii) transactions must be executed at a price between the nominal value of the issued Shares and 110% of the opening price at Euronext Amsterdam at the date of the acquisition; and (iii) transactions may be executed on the stock exchange or otherwise.

No authorization from the General Meeting is required for the acquisition of fully paid up issued Shares for the purpose of transferring the same to employees of the Company or of a Group Company under a scheme applicable to such employees (such as the Stock Option Plans), provided that such issued Shares are listed on a stock exchange.

Capital Reduction

With due observance of the statutory requirements, the General Meeting may resolve to reduce the issued share capital by (i) reducing the nominal value of issued Shares by amending the Articles of Association or (ii) cancelling issued Shares. Pursuant to the Articles of Association, a resolution to cancel issued Shares may only relate to (a) issued Shares or depositary receipts for such issued Shares held by the Company or (b) all (issued) Preference Shares A with repayment. A reduction of the nominal value of issued Shares, with or without repayment, must be made pro rata on all issued Shares concerned. This pro rata requirement may be waived if all Shareholders concerned so agree.

Pursuant to Dutch law, a resolution of the General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued and outstanding share capital is present or represented at the General Meeting. In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital will not take effect as long as creditors have legal recourse against the resolution.

On May 18, 2018, the General Meeting resolved to authorize the cancellation of any Shares in the share capital of the Company held by the Company. This cancellation may be executed in one or more tranches. The Board has full discretionary power to resolve not to cancel Shares. If the Board resolves to cancel Shares, it determines the number of issued Shares that will be cancelled (whether or not in a tranche). Pursuant to the relevant statutory provisions, cancellation may not be effected earlier than two months after a resolution to cancel issued Shares is adopted and publicly announced. This will apply for each tranche. On January 26, 2018, the Board resolved to cancel 370,000,000 Common Shares A (effective on May 18, 2018) held by the Company, in addition to the 416,000,000 Common Shares A and 1,307,716 Common Shares B that it resolved to cancel on December 4, 2017 (effective on February 10, 2018).

3.7.9 Significant agreements which alter or terminate upon change of control

Change of control event triggers under the Group's debt documents

Under the terms of certain of the Group's Indentures, Term Loans, Revolving Credit Facility Agreements and Guarantee Facility Agreements, at any time following a Change of Control (or with respect to the Indentures and Term Loans that contain "portability" features, at any time following a Change of Control Triggering Event) (each as defined in the relevant Indentures, Term Loans, Revolving Credit Facility Agreements and Guarantee Facility Agreements, as applicable), the issuer or borrower, as applicable, will be required to offer to repurchase the notes or prepay the facilities, as applicable. Change of Control is generally defined under the relevant Indentures, Term Loans, Revolving Credit Facility Agreements and Guarantee Facility Agreements as: (i) a direct or indirect change in ownership of more than 50% of the issued and outstanding voting stock in the parent of the issuer or borrower, as applicable, measured by voting power rather than number of shares, (ii) a direct or indirect change to the composition of the majority of the board (including the Board and as further described in the relevant documents), (iii) a direct or indirect sale or other disposition of all or substantially all assets of the parent, or (iv) in the case of the Altice International group, a direct or indirect change of ownership whereby the respective controlling entities cease to hold 100% of the capital stock of Altice Financing, or Altice Finco, as applicable. Under the Indentures, at any time following a Change of Control (or with respect to the Indentures that contain "portability" features, at any time following a Change of Control Triggering Event), the applicable issuer under the Indentures will be required to offer to repurchase the notes issued thereunder at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any. Holders of the notes are not required to tender their notes to the offer. Under the Term Loans, at any time following a Change of Control (or with respect to the Term Loans that contain "portability" features, at any time following a Change of Control Triggering Event), the applicable borrower will be required to prepay the loans plus accrued and unpaid interest, if any, and additional amounts, including unpaid accrued fees, if any. Certain of the Indentures and Term Loans contain "portability" features, under which the Change of Control Triggering Event would not be triggered as long as there is no Rating Decline (as defined in the relevant Indentures and Term Loans) following a Change of Control. Under the Revolving Credit Facility Agreements, upon the occurrence of a Change of Control, the facilities are cancelled and all outstanding loans, together with accrued interest and all other amounts accrued under the finance documents become immediately due and payable. Certain of the Revolving Credit Facility Agreements, in addition to designating all outstanding loans as immediately payable, also require the borrower, immediately following a Change of Control, to cash collateralize its outstanding obligations.

Change of control event triggers under other agreements

Certain employment agreements may contain specific clauses in case a change of control occurs, but this is an exceptional situation and would not have a significant impact in case of a change of control.

The SOP, the LTIP, the 2017 SOP and the 2017 LTIP provide that all options will automatically vest in case a change of control occurs. A change of control means, for this purpose, Next Alt, together with related parties, owning, directly or indirectly, less than 30% of the aggregate nominal value of the issued and outstanding Common Shares in the capital of the Company.

Furthermore, certain of the Group's customer contracts may include certain terminations rights upon the occurrence of a change of control. However, the Group deems the impact of these to be non-material should this provision be triggered, in light of the volume of contracts that the Group services.

Also, the Group is subject to various rules and regulations in the jurisdictions in which the Group operates and will be required to seek regulatory approval from the applicable governing bodies upon the occurrence of certain change of control events.

Certain of the Group Companies' agreements with their telecom suppliers may contain a change of control clause which, in certain cases, only applies if the relevant Group Company is acquired by a competitor of its co-contracting party under the agreement.

Under the terms of certain agreements entered into by the Group Companies for the acquisition of content rights, the content provider may terminate the agreement upon a change of control of the relevant Group Company. A change of control is generally defined as (i) a change in the (direct or indirect) ownership of more than 50% of the share capital or voting rights of the relevant Group Company or (ii) a change in the (direct or indirect) power to direct or cause the direction of the management and policies of the relevant Group Company. In certain cases,

the content provider may terminate the agreement and request the relevant Group Company to pay a portion of the amounts remaining due under the agreement if, in its reasonable opinion, the change of control is detrimental to its interests or adversely affects the ability of the Group Company to perform its obligations under the agreement.

The service agreements of the members of the Board do not provide for any benefit upon termination of employment as a result of a change of control. The employment agreement of Mr. Combes with Altice Management International S.A. provided the following benefits upon termination: if Mr. Combes leaves the Group other than by reason of (i) voluntary resignation, (ii) dismissal for gross negligence, or (iii) dismissal for willful misconduct, he shall be paid a severance fee equal to six months of his base annual salary. The employment agreement of Mr. Combes was terminated on November 9, 2017. His severance package included a cash severance payment of a gross amount of €6,000,000 (i.e. exceeding the severance fee he was entitled to in his employment agreement). This severance package was recommended by the Remuneration Committee after obtaining advice of both a legal and remuneration counsel and after careful consideration of several elements (including the fixed and variable remuneration to which Mr. Combes would have been entitled during his notice period, the scope of his non-compete provision and the litigation and reputational risk which could have arisen from this resignation), and was approved by the General Meeting on May 18, 2018.

3.8 Other corporate governance practices

3.8.1 Conflict of interest and transactions with Board Members and major Shareholders

Dutch law provides that a managing director of a Dutch public limited liability company, such as the Company, may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the Company and the enterprise connected therewith. Such a conflict of interest only exists if in the situation at hand the managing director is deemed to be unable to serve the interests of the company and the business connected with it with the required level of integrity and objectivity.

Pursuant to the Board Rules, each Board Member (excluding the Chairman) must immediately report any (potential) personal conflict of interest to the Chairman and to the other Board Members. A Board Member with such (potential) conflict must provide the Chairman and the other Board Members with all information relevant to the conflict, including the information relevant to the situation concerning his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.

The Chairman will determine, in the absence of the (potentially) conflicted Board Member, whether a reported (potential) conflict of interest qualifies as (i) a conflict of interest within the meaning of Section 2:129 DCC or (ii) any other situation which causes reasonable doubt about whether the Board Member concerned is primarily guided in the decision-taking process by the interests of the Company and its business, in which case the Board Member cannot participate in the deliberations and the decision-making involving a subject or transaction in relation to which there is a direct or indirect personal conflict of interest.

The Chairman must immediately report any (potential) personal conflict of interest to the Vice-Chairman, or if no Vice-Chairman is appointed, any other Non-Executive Board Member (other than the Chairman) in office. The Chairman with such (potential) conflict must provide all information relevant to the conflict, including the information relevant to the situation concerning his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Vice-Chairman, or if no Vice-Chairman is appointed, any other Non-Executive Board Member (other than the Chairman) decides whether the Chairman has a conflict of interest.

If there is a conflict of interest in respect of all Board Members, the decision will nevertheless be taken by the Board. All transactions involving personal conflicts of interest with members of the Board must be concluded on terms customary in the industry concerned.

The existence of a (potential) conflict of interest does not affect the authority to represent the Company.

The only transactions involving a conflict of interest with a Board Member that were approved in 2018 and that were of material significance to the Company and/or the relevant Board Member were the following:

- the Distribution, in respect of which an Executive Board Member, A4 S.A., had a perceived conflict of interest, in view of Mr. Drahi and his family's perceived involvement in A4 S.A.;

- the assignment of the Company's rights and obligations under the brand license and services agreement with Next Alt to a wholly-owned subsidiary of the Company, Altice Group Lux S.à r.l., and the entry into a sublicense agreement with Altice Group Lux S.à r.l. in connection with the use of the 'Altice' brand by the Company, in respect of which an Executive Board Member, A4 S.A., had a perceived conflict of interest, in view of Mr. Drahi and his family's perceived involvement in A4 S.A.; and

- the sale by Altice France, PT Portugal and Altice Dominicana of equity stakes in their respective telecommunication tower businesses in France, Portugal and the Dominican Republic, in respect of which a Non-Executive Board Member, Mr. Matlock, had a conflict of interest, in his capacity as partner at an independent investment bank, PJT Partners (please refer to section 2.4.1 *"Significant events affecting historical results"* for more details on these transactions).

The Company complied with best practice provisions 2.7.3 and 2.7.4 of the Code, save for the deviations indicated in section 3.6 "*Comply or explain*".

No transactions between the Company and holders of at least 10% of the total issued share capital that could have been of material significance to the Company and/or the relevant shareholder were entered into in 2018.

3.8.2 Anti-takeover measures

On August 9, 2015, the Company issued a warrant (the "**Warrant**") to Next Alt pursuant to which, under specific circumstances, Next Alt would be entitled to subscribe for Preference A Shares in the capital of the Company to be issued upon exercise of the Warrant (the "**Warrant Shares**"). The Warrant may be exercised at any time upon and following each date of occurrence of the following event as long as the event continues to exist (the "**Exercise Event**"):

- if the shareholding of any holder of Common Shares, other than Next Alt (or the shareholding of any holder of Common Shares, other than Next Alt, when aggregated with the shareholding(s) of any Shareholder(s) with whom such Shareholder is acting in concert), is at least equal to 20% of the aggregate nominal value of the Common Shares.

Upon exercise of the Warrant (in full or partially), Next Alt has the right (but not the obligation) to subscribe for Warrant Shares. The consideration to be paid consists of payment in cash of at least one quarter of the nominal value of each Warrant Share in euro (the "**Exercise Price**"). Next Alt has the right to subscribe for such number of Warrant Shares in order for Next Alt to reach a maximum of 66.67% of the aggregate nominal value of all issued Shares in the capital of the Company from time to time, taking into account the Shares already held by Next Alt.

The right of Next Alt to exercise the Warrant is not extinguished upon exercise of the Warrant. The Warrant is a revolving instrument entitling Next Alt to exercise the Warrant when an Exercise Event occurs, notwithstanding any previous exercise of the Warrant.

The Company shall cancel all outstanding Warrant Shares against repayment of the aggregate Exercise Price following the exercise of the Warrant:

- if Next Alt transfers any Warrant Shares to any person other than the Company, except in case of a transfer to any person or entity which holds a direct interest of at least 30% of the aggregate nominal value of the Common Shares and is controlled by (i) Mr. Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) his heirs jointly; or
- if Next Alt holds less than 30% of the aggregate nominal value of the Common Shares; or
- following the occurrence of the Exercise Event, if no single holder of Common Shares (other than Next Alt) and no holder of Common Shares (other than Next Alt) acting in concert continues to hold 20% or more of the aggregate nominal value of the Common Shares.

3.8.3 Culture and values of the Group

3.8.3.1 Core values and mindsets

The Group's core values are the following: together; dedicated; brave; disruptive; quick; to deliver excellence to customers. These values translate in 10 Altice Mindsets, which originate from the Group's family anchoring and are the foundation of its success:

- Everything is possible **-** We reinvent the future for our customers by challenging ourselves to deliver products that unlock the limitless potential of our assets, our people and our world. We never say "it is not possible" – we act to make everything possible.

- We make our dreams a reality - Our dreams energize all of our people and guide our decisions. We recruit and retain team members who share our dreams and we never give up until we make our dreams reality. We are never fully satisfied by our accomplishments and set further limits to our dreams.

- Simplicity means success - We think simple ideas, direct our ideas into quick actions, simplify our processes, and fine-tune our organization to achieve our goals. Complexity is the enemy of growth and bureaucracy the enemy of fun – for us, simplicity and fun will lead to success.

- People are our best asset - We own and build the strongest organizations, but our best asset is our people who form the Altice Family. We recruit, develop and retain the best talents: diversity is our culture. Our people become our partners: entrepreneurial, fearless, self-motivated, committed, always optimistic and share our dreams.

- Customers are our boss - Our attitude and our decisions benefit our customers. We work hard at providing better experiences to our customers in everything we do. We listen to our customers as we listen to our friends, and we want them to be proud of us and what we enable for them.

- We lead by example - Our leaders do not tell us what to do, they show us how to act. They listen more than they talk, and everyone has direct and informal access to them.

- Smart investment implies cost control - As we own our Group, engaging Group money is investing our own money. Our cost control makes us grow faster than others and enables investment and innovation. In the end, our growth provides for a better experience to our customers and leads to a successful workplace.

- Optimism brings solutions - We are problem solvers: we do not see problems in every idea, we bring solutions to any problem. In every situation, there is an opportunity: this is our optimism.

- Informal management favors collaboration - We favor close dialogue between all of our people with a collective spirit, fairness and transparency. There is no hierarchy; challenging ideas is more important than compromise, decisions are thoughtful and rapid; action is spontaneous; reward is fair.

- Innovation is everywhere - We invented our model not long ago, we invent our products every day and we shall reinvent ourselves all the time. Innovation is everywhere all the time.

The 10 Altice Mindsets apply throughout the Group regardless of the level of responsibility so that the Group can maintain the same entrepreneurial spirit and camaraderie that has gotten it to where it is today.

3.8.3.2 Business integrity

Company's Code of Conduct and Anti-Corruption Policy

From a business perspective, the Group has developed a culture focused on compliance and integrity and adopts a zero-tolerance approach to illegal or unethical behaviour, bribery and corruption. Conducting business in accordance with the law and maintaining the highest level of professional and ethical standards in the conduct of business affairs are essential components of the Group's corporate culture. This is outlined in and implemented

through the Company's code of business conduct (the "**Code of Conduct**") and the anti-corruption policy (the "**Anti-Corruption Policy**") last adopted by the Company on April 10, 2019, which are available on the Company's website.

The Code of Conduct, which applies to all directors, officers and employees of the Group, is designed to outline the applicable ethical and legal obligations in handling the Group's business, regarding, in particular, the following areas: compliance with laws, conflicts of interest, fair dealing, protection and proper use of the Group's assets and respecting the Group's community.

The Anti-Corruption Policy, which applies to the Company, the Group Companies and their respective directors, officers and employees, describes rules and procedures for conducting business in accordance with applicable anti-corruption laws, including, but not limited to, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act (2010), the French Sapin II Act and the Dutch Penal Code, and establishes guidelines for handling corruption concerns. It is the Group's policy to: (i) conduct the Group's business in a manner designed to maintain a culture of honesty and opposition to fraud and corruption; (ii) maintain the highest moral, ethical and social standards in the Group's business and activities; (iii) maintain proper business relationships with all individuals, including government officials, regardless of whether such relationships are direct or indirect; (iv) require the Group's agents, consultants, and business partners to comply with the Anti-Corruption Policy; and (v) enforce the Anti-Corruption Policy with appropriate disciplinary measures, up to and including termination of association with the Group.

It is important for the Group that all employees act with integrity and in compliance with the values, rules of conduct and applicable laws at all times and in accordance with the Code of Conduct, the Anti-Corruption Policy and the code of ethics of each Group Company. Each employee is responsible for adhering to the values of the Group and for making every effort to ensure that the Code of Conduct and the Anti-Corruption Policy are respected by all. Employees shall at all times report irregularities regarding the implementation of the Code of Conduct or the Anti-Corruption Policy in accordance with the Group's whistleblower policy.

The effectiveness of, and compliance with, the Code of Conduct and the Anti-Corruption Policy are assessed through internal controls and procedures put in place by the Group, as well as through systematic and ad hoc financial and operational audits and special investigations carried out by the internal audit function, with a view to actively detecting and investigating any alleged misconduct and taking any disciplinary action if misconduct is substantiated.

The Group is also committed to ensure compliance with principles of business ethics through the agreements with its main telecom suppliers (please see section 2.3.5 "*Contractual implementation of the corporate sustainability principles*").

Group Companies' codes of ethics

Group Companies also have their own code of ethics, which provide a set of rules and procedures to be followed by all their employees. The code of ethics reinforces a culture based on the values that each Group Company considers essential, e.g. the value creation for customers, the respect for the individual, the value of diversity or preserving a sustainable legacy for future generations.

By way of example, Altice France adopted a code of ethics, dated January 2016, which is available on its website and applies to all its subsidiaries. The following principles are set out in the code of ethics:

- to comply with the relevant national and international laws and regulations;
- to respect employees, customers, industrial and commercial partners and shareholders' rights and dignity, including human rights and property rights as stipulated in the relevant national and international laws and regulations;
- to preserve the environment;
- to avoid personal conflicts of interest which would or could be contrary to the interest of Altice France;
- to protect information pertaining to Altice France, its customers, projects, offers and products and to manage confidentiality of information in accordance with Altice France's internal procedures;
- to protect the property and resources of Altice France; and
- to encourage any internal or external initiatives that contribute to the improvement of Altice France's social, societal and environmental responsibilities and promote sustainable development.

This code of ethics is based on several international standards, the principles of which are shared by Altice France. These standards are:

- the Universal Declaration of Human Rights;
- the European Convention on Human Rights;
- the various Conventions of the International Labour Organization, specifically Contentions 29, 105, 138 and 182 (child labour and forced labour), 87 and 98 (freedom of association, right to organize and collective bargaining);
- the OECD Guidelines for Multinational Enterprises;
- the United Nations Convention on the Rights of the Child; and
- the United Nations Global Compact.

In 2018, Altice France began updating its code of ethics in order to reflect the new requirements of the French Sapin II Act, which addresses transparency, anti-corruption and economic modernization. In accordance with this Act, Altice France is currently updating and strengthening its mapping of corruption and influence peddling risks, as well as strengthening its assessment procedures for clients and its existing prevention and control measures. As part of this process, Altice France pays particular attention to the awareness and commitment of its management team and employees and has provided them with practical guides and trainings in order to help them identifying and preventing these risks. It is also in the process of adopting an anti-corruption code of conduct and has appointed a compliance officer to oversee the implementation of its program to prevent corruption and influence peddling risks in the Altice France Group. Lastly, Altice France has set up a whistleblowing system under the responsibility of the compliance officer in order to enhance the reporting of suspected misconduct.

4 BOARD STATEMENTS

4.1 Corporate governance statement

The information required to be included in this corporate governance statement as described in sections 3, 3a and 3b of the Decree laying down additional requirements for management reports (“*Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag*”) (the “**Decree**”), can be found in the following sections of this Management Report:

- the information concerning compliance with the Code, as required by article 3 of the Decree, can be found in section 3.6 “*Comply or explain*”;
- the information concerning the Company’s internal risk management and control systems relating to the financial reporting process of the Company and the Group Companies of which the financials are included in the Consolidated Financial Statements, as required by section 3a(a) of the Decree, can be found in section 2.7 “*Risk management and control*”;
- the information regarding the functioning of the General Meeting, and the authority and rights of the Company’s Shareholders, as required by article 3a(b) of the Decree, can be found in section 3.7.7 “*Appointment and replacement of Board Members / amendment to the Articles of Association*”, section 3.7.4 “*Voting rights and restrictions on voting rights*” and in section 3.7.8 “*Power to issue and repurchase Shares*”;
- the information regarding the composition and functioning of the Board and its committees, as required by article 3a(c) of the Decree, can be found in section 3.2 “*The Board*”;
- the information regarding the diversity policy of the Board including the goals of that policy, the way the policy is implemented and the results of the policy in the last financial year, as required by article 3a(d) of the Decree, can be found in section 3.5.2 “*Diversity policy*”; and
- the information required by Article 10 of the European Takeover Directive (“*Besluit artikel 10 overnamerichtlijn*”), as required by article 3b of the Decree, can be found in section 3.7 “*Capital, Shares and voting rights*”.

4.2 In control statement

In accordance with best practice provision 1.4.3 of the Code, the Board believes that, to the best of its knowledge:

- the Management Report provides sufficient insights into any failings in the effectiveness of the Company’s internal risk management and control systems;
- the Company’s internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs of the Company, it is justified that the financial reporting is prepared on a going concern basis (please see also section 2.5.7 “*Going concern assumption*”); and
- the Management Report states those material risks and uncertainties that are relevant to the expectation regarding the Company’s continuity for the period of twelve months after the preparation of the Management Report.

4.3 Responsibility statement

With reference to section 5.25c paragraph 2 subparagraph c of the Wft, the Board declares that, to the best of its knowledge:

- the annual financial statements for the year ended December 31, 2018 provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated subsidiaries in accordance with IFRS as adopted by the European Union; and
- the Management Report provides a true and fair view of the position of the Company and its consolidated subsidiaries as at December 31, 2018 and the development of the business during the financial year 2018, accompanied by a description of the principal risks the Company faces.

4.4 Non-financial statement

The information required to be included in the Management Report as described in the Decree on disclosure of non-financial information ("*Besluit bekendmaking niet-financiële informatie*") (the "**Decree Non-Financial Information**"), can be found in the following sections of this Management Report:

- a brief description of the business model of the Company, as required by article 3(1)(a) of the Decree Non-Financial Information, can be found in sections 1 "*Principal Activities of the Group*" and 2.2 "*Strategy of the Company*";

- a description of the Company's policy, including the applied security measures, regarding:
  - environmental, social and employee matters;
  - respect for human rights;
  - anti-corruption and anti-bribery policies,

  as required by article 3(1)(b) of the Decree Non-Financial Information, can be found in sections 2.3.1 "*Sustainability strategy*", 2.3.2 "*Environmental performance*", 2.3.3 "*Social performance*", 2.3.4 "*Altice foundations and community involvement*", 2.3.5 "*Contractual implementation of the corporate sustainability principles*", 3.5.2 "*Diversity policy*" and 3.8.3 "*Culture and values of the Group*";

- a description of the main risks relating to the matters referred to in article 3(1)(b) of the Decree Non-Financial Information relating to the Company's activities, including to the extent relevant and proportional, a description of:
  - the Company's business relationships and products or services of the Company that likely have an adverse effect on these matters; and
  - how the Company manages the aforementioned risks,

  as required by article 3(1)(c) of the Decree Non-Financial Information, can be found in sections 2.7.1 "*Key risks*" and 3.8.3 "*Culture and values of the Group*"; and

- a description of the Company's non-financial key performance indicators relevant to the Company's activities (such as number of homes passed, fibre/cable unique customers and number of prepaid and postpaid mobile subscribers), as required by article 3(1)(d) of the Decree Non-Financial Information, can be found in section 2.5.8 "*Key operating measures*".

5 NON-EXECUTIVE REPORT

5.1 Introduction

The Company's Non-Executive Board Members are entrusted with supervising the performance by the Board Members of their respective duties. The Board acts as a collegial body and as such the Board discussed the plans and budget for the coming financial year. Also, at least once a year, the Executive Board Members and Non-Executive Board Members formally review and discuss strategy, strategic, operational, compliance and financial risks, as well as the adequacy of the internal risk management and control systems. In addition, the Executive Board Members and Non-Executive Board Members regularly discuss the operation of the Company and its businesses. With the exception of Mr. Paulmier until July 25, 2019, each Non-Executive Board Member is "independent" within the meaning of the Code. Information regarding the activities of the Board committees, which are comprised of Non-Executive Board Members, is included below. Ms. Marty acts as Company Secretary.

5.1.1 Non-Executive Board Members

The following table provides information on the Non-Executive Board Members of the Company as of December 31, 2018.

	Jurgen van Breukelen	**Thierry Sauvaire**	**Philippe Besnier**	**Nicolas Paulmier**
Gender	Male	Male	Male	Male
Age[1]	49	55	67	54
Profession	Managing Partner of Gilde Equity Management	Director and CEO of EUROCEMENT Holding AG	None	Senior Partner and member of the executive and investment committees at Cinven
Principal position	Chairman	Non-executive director	Non-executive director	Non-executive director
Nationality	Dutch	Swiss	French	French
Other positions[2]	Advisory board member of the Rotterdam School of Management, Erasmus University Rotterdam and of Ponooc B.V.; member of the supervisory boards of Stichting Alzheimer Nederland and Urus Group LLC; director of VGG Holdco B.V.	Director at EUROCEMENT-Ukraina	None	Board member of Chryso, an investment of Cinven Fund 6
Date of initial appointment	August 6, 2015	July 10, 2018	November 20, 2018	November 20, 2018
Current term of office	First term of office	First term of office	First term of office	First term of office

[1] Ages as of December 31, 2018.
[2] Other positions, in so far as they are relevant to the performance of the duties of the Non-Executive Board Member.

5.1.2 Meetings

The following table shows the attendance at Board meetings of the Non-Executive Board Members.

Date	**Jurgen van Breukelen**	**Scott Matlock[1]**	**Jean-Luc Allavena[2]**	**Thierry Sauvaire[3]**	**Philippe Besnier[4]**	**Nicolas Paulmier[5]**
January 3, 2018	Present	Present	Present	N/A	N/A	N/A
January 8, 2018	Present	Present	Present	N/A	N/A	N/A
January 31, 2018	Present	Present	Present	N/A	N/A	N/A

Date	Jurgen van Breukelen	Scott Matlock[(1)]	Jean-Luc Allavena[(2)]	Thierry Sauvaire[(3)]	Philippe Besnier[(4)]	Nicolas Paulmier[(5)]
March 15, 2018	Present	Present	Present	N/A	N/A	N/A
April 6, 2018	Present	Present	Present	N/A	N/A	N/A
April 30, 2018	Present	Present	Absent	N/A	N/A	N/A
May 16, 2018	Present	Present	Absent	N/A	N/A	N/A
May 29, 2018	Present	Present	Absent	N/A	N/A	N/A
June 18, 2018	Present	Absent	Absent	N/A	N/A	N/A
June 19, 2018	Present	Absent	Absent	N/A	N/A	N/A
August 1, 2018	Present	N/A	N/A	Present	N/A	N/A
October 1, 2018	Present	N/A	N/A	Present	N/A	N/A
November 21, 2018	Present	N/A	N/A	Present	Present	Present
November 29, 2018	Present	N/A	N/A	Present	Present	Present

(1) Mr. Matlock resigned as Non-Executive Board Member as of July 10, 2018. As such his attendance is shown as "N/A" after that date.
(2) Mr. Allavena resigned as Non-Executive Board Member as of July 10, 2018. As such his attendance is shown as "N/A" after that date.
(3) Mr. Sauvaire was appointed as Non-Executive Board Member on July 10, 2018. As such his attendance is shown as "N/A" prior to that date.
(4) Mr. Besnier was appointed as Non-Executive Board Member on November 20, 2018. As such his attendance is shown as "N/A" prior to that date.
(5) Mr. Paulmier was appointed as Non-Executive Board Member on November 20, 2018. As such his attendance is shown as "N/A" prior to that date.

In addition, the Non-Executive Board Members held some preparatory meetings to discuss the important topics on the agenda of the Board meetings.

5.1.3 Other relevant activities of the Non-Executive Board Members

The new Non-Executive Board Members followed an induction course upon joining the Board, covering, *inter alia*, the following topics:

- the history of the Group, including the Separation;
- the Company's shareholder structure;
- the Group's key financial indicators;
- the Group's strategy;
- a focus on the main geographies in which the Group operates; and
- the Group's capital structure, capital structure strategy, main covenants, debt profile and deb trading levels.

5.1.4 Independence

Mr. Paulmier is not considered to be an independent Non-Executive Board Member until July 25, 2019. All other Non-Executive Board Members of the Company are considered independent within the meaning of best practice provision 2.1.8 of the Code and, in the opinion of the Non-Executive Board Members, as only one Non-Executive Board Member is not considered independent within the meaning of best practice provision 2.1.8 of the Code, the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 have been fulfilled.

5.1.5 Board Profile

The size and composition of the Board, including the number and the selection of Non-Executive Board Members, are established in conformity with the Board Profile, which is made available on the Company's website. The Non-Executive Board Members aim to ensure a diverse composition that contributes to a robust decision-making and proper functioning of the Board. In order to meet the Board's diversity targets, as laid down in its diversity policy, diversity aspects such as nationality, age, education, work experience and listed company experience, shall be considered and be taken into account for recruitment, talent development, appointment to roles, retention of employees, mentoring and coaching programs, succession planning, training and development.

5.2 Evaluation

The Non-Executive Board Members held one meeting independent from the Executive Board Members, in March 2019, to:

- conduct a self-assessment regarding their own performance in 2018, including their interaction with the Executive Board Members and the Board;
- evaluate the functioning of the Audit Committee and the Remuneration Committee (including an evaluation of their respective chairmen), the functioning and performance of the entire Board (including an evaluation of the Chairman and the individual Board Members) and the performance of the External Auditor; and
- set objectives for improving the governance and functioning of the Non-Executive Board Members as well as the Board as a whole during the financial year 2019.

These evaluations have been carried out through detailed discussions between the Non-Executive Board Members, and with respect to the self-assessment of the Audit Committee, by filling in an extensive questionnaire and reviewing the results thereof. The conclusions from these self-assessments and evaluations of the Board, the individual Board Members and the committees performed in 2018 will be used for setting up a continuous and constructive dialogue between the Executive Board Members and the Non-Executive Board Members on the way to improve the functioning of the Board and the committees in 2019, regarding in particular the scheduling and the preparation of the meetings, the information flow between the management team, the Board and the committees and the follow up of the decisions taken by the Board.

5.3 Committees

The Board has two committees: the Remuneration Committee and the Audit Committee (please see section 3.2.4 "*Board Committees*" for an overview of the duties of the Remuneration Committee and the Audit Committee).

Remuneration Committee

The Remuneration Committee consists of at least two and not more than four Non-Executive Board Members. The members of the Remuneration Committee have the requisite expertise in the area of remuneration policy required to fulfil their role effectively on the Remuneration Committee. At meetings, the Remuneration Committee is chaired by an independent Non-Executive Board Member designated by the Board. Currently, the Remuneration Committee consists of four Non-Executive Board Members: Mr. van Breukelen, Mr. Sauvaire, Mr. Paulmier and Mr. Besnier. Mr. Paulmier is the chairman of the Remuneration Committee since November 20, 2018.[14]

Audit Committee

- *Duties*

The Board has appointed an Audit Committee to advise it in relation to the financial reporting process and its other responsibilities and to prepare the Board's decision making in relation thereto.

The Audit Committee presents recommendations and reports upon which the Board may base its decisions and actions. However, all Board Members remain responsible for their decisions, irrespective of whether the issue in question was reviewed by the Audit Committee.

The responsibilities of the Audit Committee are defined in the Audit Committee regulations which have been approved by the Board.

The Audit Committee regularly evaluates its own effectiveness as a collective body and makes recommendations to the Board for the necessary adjustments in its internal regulations. The Audit Committee and the Board review

[14] Because Mr. Paulmier was a board member of Numericable, a listed associated company of the Company, until July 24, 2014, Mr. Paulmier will be a non-independent Non-Executive Board Member until July 25, 2019. This constitutes a deviation from article 4.4 of the Remuneration Committee regulations, which stipulates that the chairperson of the Remuneration Committee shall be independent within the meaning of article 4.2.1 of the Board Rules.

the functioning of the External Auditor annually, and the Audit Committee closely monitors the External Auditor's independence.

- *Composition, number of meetings and main items discussed*

The Audit Committee consists of at least two and not more than four Non-Executive Board Members. At meetings, the Audit Committee is at all times chaired by an independent Non-Executive Board Member designated by the Board. The Audit Committee meets as often as necessary to ensure effectiveness and is required to meet at least four times per year.

On December 31, 2018, the Audit Committee consisted of four Board Members: Mr. van Breukelen, Mr. Sauvaire, Mr. Besnier and Mr. Paulmier, with Mr. van Breukelen acting as the chairman. The chairman of the Audit Committee was in regular contact with the CFO in 2018. Ms. Marty acts as the Audit Committee's secretary since July 2015.

The Audit Committee held five meetings in 2018 and reviewed matters including:

- legal compliance and Dutch corporate governance;
- assessment of the Company's operational and financial performance and the results achieved;
- review of the (debt) (re)financing and capital market activities;
- review of outstanding litigations;
- review of impairment indicators and accounting topics;
- assessment of the effectiveness of financial reporting, internal control, and risk management systems;
- review and approval of quarterly results and earnings releases;
- review and approval of the corporate financial statements and the consolidated financial statements of the Company as at and for the year ended December 31, 2017;
- review and approval of the 2017 Management Report and the 2017 comply or explain list;
- review of the quarterly internal audit findings; and
- reports from the External Auditor.

The following table shows the attendance at meetings of the Audit Committee.

Date	**Jurgen van Breukelen**	**Scott Matlock(1)**	**Jean-Luc Allavena(2)**	**Thierry Sauvaire(3)**	**Philippe Besnier(4)**	**Nicolas Paulmier(5)**
March 8, 2018	Present	Present	Absent	N/A	N/A	N/A
March 14, 2018	Present	Present	Present	N/A	N/A	N/A
May 14, 2018	Present	Present	Present	N/A	N/A	N/A
July 31, 2018	Present	N/A	N/A	Present	N/A	N/A
November 20, 2018	Present	N/A	N/A	Present	Present	Present

(1) Mr. Matlock stepped down as member of the Audit Committee as of July 10, 2018. As such his attendance is shown as "N/A" after that date.
(2) Mr. Allavena stepped down as member of the Audit Committee as of July 10, 2018. As such his attendance is shown as "N/A" after that date.
(3) Mr. Sauvaire was appointed as member of the Audit Committee on July 10, 2018. As such his attendance is shown as "N/A" prior to that date.
(4) Mr. Besnier was appointed as a member of the Audit Committee on November 20, 2018. As such his attendance is shown as "N/A" prior to that date.
(5) Mr. Paulmier was appointed as a member of the Audit Committee on November 20, 2018. As such his attendance is shown as "N/A" prior to that date.

The External Auditor was present at each Audit Committee meeting and reported to the Audit Committee each quarter by way of its Audit Committee report, which discussed accounting topics, audit findings, treatment of acquisitions, internal controls and other matters deemed relevant by the External Auditor. The Chairman of the Audit Committee also met separately with the External Auditor on several occasions.

5.4 Strategy

In 2018, the Non-Executive Board Members periodically reviewed matters concerning the Company's strategy, which was based on the following pillars:

- separation of the Group's European and American activities and the execution of the Group's strategic plan in Europe with the development of the European businesses, the disposal of non-core assets and the crystallisation of infrastructure value;
- intensified operational focus on improving customer experience and providing the best service across the customer life cycle from point of sale to installation to customer care, already seeing significant benefits from these changes, reflected in the record subscriber momentum. Key aspects of this initiative are (i) to integrate operations and centralize functions in order to optimize processes and (ii) to link sales remuneration schemes to churn, NPS and ARPU as opposed to more traditional criteria of new sales, in order to refocus the organization away from churn retention to churn prevention and on profitable organic growth;
- focus on the convergence of fixed and mobile services, as well as the convergence of telecoms, media, content and advertising, to offer more value to its customers and to decrease churn; to that effect, the Group selectively invested in content and media in the core markets in which it operates;
- investment in proprietary best-in-class infrastructure, both in fibre and mobile, commensurate with the Group's position as a number one or number two operator in each market. In particular, the Group has done a transformational transaction in fibre with renowned infrastructure investors becoming partners and committing large resources to build leading FTTH wholesaler platforms in Europe (please refer to section 2.4.1 *"Significant events affecting historical results – Closing of the sale of an equity stake in SFR FTTH"* for more details);
- acceleration of the monetization of content investments through various pay-TV models, including wholesale deals and distribution through OTT, while growing TV, radio and digital advertising revenue further; and
- deleveraging of the balance sheet to achieve leverage in line with or below its stated targets over time (4x net debt to EBITDA); the operational and financial turnaround in France and the return to revenue, profitability and cash flow growth, as well as the crystallisation of infrastructure value within the Group, are central to the Group's deleveraging plan.

5.5 Remuneration Report

This report gives an overview of the remuneration of the Board and explains how the remuneration policy was applied in 2018. Such report is also made available on the Company's website.

The Remuneration Committee was appointed to advise the Board and to prepare the decision-making regarding the determination of the remuneration of Board Members. The Remuneration Committee has the following duties:

- making proposals to the Board for the remuneration policy to be pursued;
- making proposals for the remuneration of the individual Board Members, for adoption by the General Meeting, which proposals must be drawn up in accordance with the Remuneration Policy and, in any event, cover:
  - the remuneration structure;
  - the amount of the fixed remuneration and variable remuneration components;
  - the scenario analyses that are carried out, if any; and
  - the pay ratios within the Company and its business; and
- preparing the remuneration report.

In exercising its duties, the Remuneration Committee may request the services of a remuneration consultant.

5.5.1 Composition, number of meetings and main items discussed

The Remuneration Committee consists of at least two and no more than four Non-Executive Board Members. The Remuneration Committee is chaired by an independent Non-Executive Board Member designated by the Board. The members of the Remuneration Committee have the requisite remuneration policy expertise to effectively fulfil the Remuneration Committee's role. The Board appoints and may at any time dismiss members of the Remuneration Committee.

On December 31, 2018, the Remuneration Committee consisted of four Board Members: Mr. van Breukelen, Mr. Sauvaire, Mr. Paulmier and Mr. Besnier, with Mr. Paulmier acting as the Chairman.

The Remuneration Committee meets as often as is deemed necessary, but is required to meet at least once a year or at the request of one or more of its members. The Remuneration Committee held seven meetings in 2018 and reviewed, among others, the following matters:

- the amendment of the Remuneration Policy;
- the determination or the amendment of the remuneration of certain Executive Board Members;
- the determination of the remuneration of the Non-Executive Board Members;
- the determination of the annual cash bonus for Executive Board Members for the financial year 2017;
- the amendment of the 2017 SOP and the 2017 LTIP;
- the grant of stock options under the 2017 SOP;
- the ratification of the grant of stock options under the Stock Option Plans;
- the amendment of the terms and conditions of stock options granted under the Stock Option Plans;
- the treatment of stock options in relation to the Separation; and
- the grant of the Weill 2018 FPPSs and the adjustment of the Weill 2016 FPPSs in connection with the Separation.

The following table shows the attendance at meetings of the Remuneration Committee.

Date	Jurgen van Breukelen	Scott Matlock(1)	Jean-Luc Allavena(2)	Thierry Sauvaire(3)	Nicolas Paulmier(4)	Philippe Besnier(5)
March 30, 2018	Present	Present	Absent	N/A	N/A	N/A
April 3, 2018	Present	Present	Absent	N/A	N/A	N/A
April 5, 2018	Present	Present	Absent	N/A	N/A	N/A
April 27, 2018	Present	Present	Absent	N/A	N/A	N/A
April 30, 2018	Present	Present	Absent	N/A	N/A	N/A
May 14, 2018	Present	Present	Absent	N/A	N/A	N/A
May 28, 2018	Present	Present	Absent	N/A	N/A	N/A

(1) Mr. Matlock stepped down as member of the Remuneration Committee as of July 10, 2018.
(2) Mr. Allavena stepped down as member of the Remuneration Committee as of July 10, 2018.
(3) Mr. Sauvaire was appointed as member of the Remuneration Committee on July 10, 2018. As such his attendance is shown as "N/A" prior to that date.
(4) Mr. Besnier was appointed as a member of the Remuneration Committee on November 20, 2018. As such his attendance is shown as "N/A" prior to that date.
(5) Mr. Paulmier was appointed as member and chairman of the Remuneration Committee on November 20, 2018. As such his attendance is shown as "N/A" prior to that date.

5.5.2 Remuneration policy

The remuneration policy was adopted by a resolution of the General Meeting on June 28, 2017 and is made available on the Company's website (the "**Remuneration Policy**"). Pursuant to the Articles of Association, the remuneration of the Executive and Non-Executive Board Members is determined by the General Meeting in accordance with the Remuneration Policy.

Remuneration philosophy

The Company's remuneration philosophy and framework apply to Executive Board Members, including in their capacity as employee or service provider to Group Companies and also apply, with certain limitations, to a wider

group of employees. The Company's remuneration philosophy for Executive Board Members (and other senior managers) is based on the following principles:

- provide total remuneration that attracts, motivates and retains candidates with the knowledge, expertise and experience required for each specific role;
- provide remuneration firmly geared towards pay-for-performance, with an appropriate proportion of the overall package being delivered through variable remuneration elements linked to performance over the short and long term;
- encourage and reward performance that will lead to long-term value creation; and
- take into account remuneration practices in the markets in which the Company operates and competes for talent and pay-ratios within the Group.

The compensation package for the Executive Board Members consists of the following fixed and variable components which are discussed in more detail below:

- fixed remuneration: fixed annual compensation and benefits;
- short-term incentive: annual cash bonus; and
- long-term incentives: cash and equity-based incentives.

Remuneration for Non-Executive Board Members

The compensation of Non-Executive Board Members is currently set at €65,000 per annum per Non-Executive Board Member with further fixed compensation payable to reflect additional responsibilities and time commitment, such as chairmanship of Board committees. The members of the Audit Committee and the Remuneration Committee currently receive additional compensation of €20,000 and €5,000 per annum respectively. The chairmen of the Audit Committee and the Remuneration Committee currently receive additional compensation of €30,000 and €20,000 per annum respectively. The chairman of the Board currently receives additional compensation of €25,000 per annum.

Remuneration for Executive Board Members

Fixed remuneration

Elements of fixed remuneration, comprising annual fixed compensation and benefits (including retirement benefits), are set at appropriate levels taking into account various factors such as the nature of the role, the experience and performance of the individual, and local and sector market practice amongst peers of a similar size and scope to the Group. Fixed remuneration elements are reviewed by the Remuneration Committee annually to ensure they remain competitive.

- *Annual fixed compensation*

Notwithstanding any additional remuneration payable to the Executive Board Members by certain of the Group Companies under this Remuneration Policy for services rendered to the Group, the following annual fixed compensation are payable by the Company to the Executive Board Members:

Executive Board Member	**Amount (€)**
President	200,000
Vice-President	150,000
CEO	180,000
Other Executive Board Member	150,000

- *Benefits*

In addition, certain benefits may be provided by the Group to Executive Board Members (and, in certain cases, to other employees). These other benefits can include medical insurance, life assurance and retirement benefits.

The Executive Board Members benefit from collective pension plans implemented by the Group Companies with whom they have entered into an employment or service agreement, in line with local practices. Group Companies may contribute to such collective pension plans a maximum of 15% of the total compensation (both as Executive Board Member and as employee or service provider to Group Companies) of each Executive Board Member benefitting from such plans.

The Company may indemnify an Executive Board Member against all expenses, financial effects of judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with an action, suit or proceeding against him in his capacity as Executive Board Member or as board member, officer, employee or service provider of any Group Company.

Variable remuneration

Variable remuneration elements are intended to motivate the Executive Board Members, in their capacity of employee or service provider to Group Companies (and other senior managers) towards the achievement of Group-wide and personal objectives which ultimately promote delivery of the corporate strategy and the creation of long-term value. The form and structure of variable remuneration elements are reviewed at regular intervals to ensure they continue to support the objectives of the Group and the creation of long-term value. Further details regarding each of the variable remuneration elements currently operated are provided below.

- *Annual cash bonuses*

The Group operates an annual performance-related cash bonus plan for the Executive Board Members, in their capacity of employee or service provider to Group Companies (and other senior managers). Performance-related cash bonuses will be a percentage of an Executive Board Member's aggregate annual base salary (both as Executive Board Member and as employee or service provider to Group Companies) and will be determined by the General Meeting. The Board makes a proposal thereto based upon a recommendation of the Remuneration Committee.

Different percentages may apply depending upon the Executive Board Member's (or senior manager's) seniority. The annual performance-related cash bonuses will be determined based upon the achievement of certain pre-determined key performance indicators based on Group, regional, divisional and individual performance, as appropriate. The annual performance-related cash bonus will be paid only if certain minimum performance thresholds are met.

In addition to the annual performance related cash bonus, a discretionary annual cash bonus may be granted to the Executive Board Members. Such discretionary annual cash bonus is granted to the Executive Board Members by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

- *Equity incentives*

The Executive Board Members, as reward for their employment with or provision of services to Group Companies, and other employees of the Group are eligible to participate in any equity incentive plan the Group operates. Equity incentives are granted to the Executive Board Members by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

- *Cash incentives*

The Executive Board Members, as reward for their employment with or provision of services to Group Companies, can earn a cash incentive which vests after a certain period of time if certain pre-determined KPIs are achieved. The cash incentive will be determined by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

Adjustments to variable remuneration

Pursuant to Dutch law, the variable remuneration of Board Members may be reduced or Board Members may be obliged to repay (part of) their variable remuneration to the Company if certain circumstances apply:

- test of reasonableness – pursuant to Dutch law, any variable remuneration payable to an Executive Board Member (in any capacity whatsoever within the Group) may be adjusted by the Board to an appropriate

level if payment of the variable remuneration were to be unacceptable according to the criteria of reasonableness and fairness;

- claw back – the Board will have the authority under Dutch law to recover from an Executive Board Member (in any capacity whatsoever within the Group) any variable remuneration paid on the basis of incorrect financial or other data; or
- deduction of value increase of Shares – in case of a Share price increase due to a public offer on the Shares, Dutch law prescribes to reduce the remuneration of an Executive Board Member (in any capacity whatsoever within the Group) by an amount equal to the value increase of the Shares. Only Shares received by means of remuneration are subject to deduction. Shares that the Executive Board Member has purchased are not. Similar provisions apply in the situation of an intended legal merger or demerger, or in other significant transactions (i.e. transactions that fall within the scope of Section 2:107a DCC).

These rules did not apply to Altice S.A. and the Company will accordingly not apply these rules to any variable remuneration, shares and options which were paid or granted to Executive Board Members (in any capacity whatsoever within the Group) prior to the Merger, or Shares or options which were allotted by the Company in exchange for shares or options of Altice S.A. pursuant to the Merger.

Service agreements

The Board Members have a service agreement with the Company. The service agreements with the Company do not contain severance provisions. The Executive Board Members may have an employment or service agreement with a Group Company. Such employment or service agreement may include a severance provision if the Group Company terminates the contract pursuant to which the Executive Board Member is entitled to a maximum severance payment which is limited to 52 weeks of the fixed annual compensation as employee or service provider to a Group Company.

5.5.3 Implementation

The Remuneration Policy was adopted by the General Meeting on June 28, 2017. The principles described in the Remuneration Policy have been applied in 2018.

To ensure that the remuneration of the Executive Board Members is linked to performance, a significant proportion of their remuneration package is variable and dependent on the short and long-term performance of the individual Board Member and the Group (please see section 5.5.9 "*Performance criteria*" for more details on the performance criteria applied for annual cash bonuses, section 5.5.7 "*Share options*" for a summary of the grants of stock options to the Executive Board Members under the SOP, the LTIP, the 2017 SOP and the PSOP, section 5.5.8 "*Cash incentive*" for a summary of cash incentives granted to Executive Board Members and section 5.5.11 "*FPPS*" for a summary of the grants of Preference Shares B to Mr. Weill). Performance targets must be realistic and sufficiently stretching and – particularly with regard to the variable remuneration components – the Remuneration Committee ensures that the relationship between the chosen performance criteria and the strategic objectives applied, as well as the relationship between remuneration and performance, are properly reviewed and accounted for, both ex-ante and ex-post. The current remuneration package does not encourage Executive Board Members and employees to take unjustified risks and is focused on the Company's long-term development.

The Remuneration Committee regularly reviews whether the Remuneration Policy or the way it is implemented should be adjusted. For example, in 2018, the Remuneration Committee assessed the need for the amendment of the 2017 SOP and the 2017 LTIP in order to extend these stock option plans to Executive Board Members.

In 2019, the Remuneration Committee will continue to assess whether the amount and components of the remuneration package of the Executive Board Members is appropriate and is in the best interests of the Company and its Shareholders on a long-term basis.

Accordingly, the Company has complied with best practice provision 3.4.1 of the Code.

5.5.4 *Remuneration of the Board*

Remuneration of the Board in 2018[15]

The table below provides an overview of the remuneration of each Board Member for the financial year ended December 31, 2018. For every amount specified, the amount includes gross amounts, before the impact of social security or income tax deductions.

Name	Fixed compensation	Additional compensation for services to the Group(1)	Committee membership	Annual cash bonus	Discretionary one-time cash bonus	401(k) Savings Plan / LPP collective plan(2)	Other benefits(3)	Total(4)
P. Drahi(5)	€112,698	-	N/A	-	-	-	-	€112,698
A. Weill(6)	€85,909	€996,829(7)	N/A	€500,000(8)	-	-	-	€1,582,738(7)
A4 S.A.(9)	€150,000	-	N/A	-	-	N/A	N/A	€150,000
N. Marty(10)	€71,591	CHF27,916	N/A	€200,000(11)(12)	€100,000 (12) (13)	CHF102,168 (14)	CHF5,223	€407,499
D. Goei(15)	€146,825	$215,385	N/A	$2,400,000(15)	-	$9,231	$7,468	€2,375,411
D. Okhuijsen(16)	€133,333	€58,333 CHF113,000	N/A	-	€1,000,000(12) (17)	CHF143,299(14)	CHF40,985	€1,334,384
J. van Breukelen	€108,900(18)	N/A	€73,944(18)	N/A	€60,500(18) (19)	N/A	N/A	€243,344 (18)
T. Sauvaire(20)	€31,023	N/A	€10,606	N/A	-	N/A	N/A	€41,629
P. Besnier(21)	€7,403	N/A	€2,847	N/A	-	N/A	N/A	€10,250
N. Paulmier(22)	€7,403	N/A	€5,125	N/A	-	N/A	N/A	€12,528
S. Matlock(23)	€34,247	N/A	€23,710	N/A	€50,000(19)	N/A	N/A	€107,957
J.-L. Allavena(24)	€34,247	N/A	€13,172	N/A	€50,000(19)	N/A	N/A	€97,419

(1) Payable to the Executive Board Members by Group Companies for services rendered to the Group.
(2) Please see section 5.5.12 "*Pension schemes*".
(3) Other benefits include health and welfare benefit plans (medical, dental, vision, life insurance and disability coverage).
(4) For calculation purposes, the average exchange rate of U.S. dollars and Swiss Francs into euros for the year ended December 31, 2018 was used ($1.00 = €0.8467; CHF1 = €0.8657).
(5) The General Meeting appointed Mr. Drahi as Executive Board Member on May 18, 2018. Mr. Drahi's appointment as Executive Board Member and President was effective as of June 8, 2018. Amounts disclosed relate to remuneration received as from the date of appointment.
(6) The General Meeting appointed Mr. Weill as Executive Board Member on July 10, 2018. Mr. Weill's appointment as CEO was effective as of the same date. Amounts disclosed relate to remuneration received as from the date of appointment or to which he is entitled as from the date of appointment and which is expected to be paid in due course in 2019.
(7) Including 20% VAT on fees paid by NextRadioTV to News Participations S.A.S., a company controlled by Mr. Alain Weill.
(8) Mr. Weill was granted a discretionary annual cash bonus of €500,000 for the financial year 2018. Such bonus will be paid in April 2019. Please refer to section 5.5.10 "*Discretionary annual cash bonus*" for more details.
(9) The permanent representative of A4 S.A. on the Board until October 31, 2018 was Mr. Bonnin. As from October 31, 2018, Mr. Okhuijsen has been the permanent representative of A4 S.A. on the Board. Both Mr. Bonnin and Mr. Okhuijsen have entered into services agreements with the Company and A4 S.A. that entitles Mr. Bonnin and Mr. Okhuijsen to the fixed remuneration to which A4 S.A. is entitled as Executive Board Member. In 2018, such remuneration was paid pro rata to Mr. Bonnin and Mr. Okhuijsen.
(10) Ms. Marty was appointed as Executive Board Member on July 10, 2018. Amounts disclosed relate to remuneration received as from the date of appointment.
(11) The Group operates an annual performance-related cash bonus plan for the Executive Board Members, in their capacity as employee or service provider to Group Companies. Ms. Marty's annual cash bonus was paid out in March 2019 as an advance on the annual cash bonus that she was entitled to for the financial year 2018. The final amount of Ms. Marty's annual bonus is to be determined by the 2019 AGM. For more details on the annual performance-related cash bonus plan, please refer to sections 5.5.2 "*Remuneration policy*" and 5.5.9 "*Performance criteria*".
(12) Subject to the deduction of the contributions to be made to the LPP collective plan (please refer to section 5.5.12 "*Pension schemes*" for more details on the LPP collective plan).
(13) This amount was granted to Ms. Marty prior to her appointment to the Board but was paid in December 2018 at the time Ms. Marty was an Executive Board Member.
(14) Including the amount contributed to the LPP collective plan that is deducted from the annual cash bonus or discretionary one-time cash bonus, as the case may be (please refer to section 5.5.12 "*Pension schemes*" for more details on the LPP collective plan).
(15) Mr. Goei stepped down as Executive Board Member on October 31, 2018. Amounts disclosed relate only to the period in which he has served as Executive Board Member and, with respect to amounts paid by Altice USA, to the period from January 1, 2018 to June 8, 2018, which was the date of the Separation (except for the annual cash bonus for 2018 which was determined by the compensation committee of

15 Please refer to section 5.5.7 "*Share options*" for a summary of the grants of stock options to the Executive Board Members under the SOP, the LTIP, the 2017 SOP and the PSOP, section 5.5.8 "*Cash incentive*" for a summary of cash incentives granted to Executive Board Members, section 5.5.11 "*FPPS*" for a summary of the grants of Preference Shares B to Mr. Weill, and to Note 30.1 to the Consolidated Statements for more details on the remuneration of the Board Members in 2018.

Altice USA after the Separation and was paid by Altice USA in March 2019). Please refer to section 5.5.9 "*Performance criteria*" for more details on Mr. Goei's annual cash bonus for 2018.
[16] Mr. Okhuijsen stepped down as Executive Board Member on October 31, 2018. Amounts disclosed relate only to the time he has served as Executive Board Member.
[17] On May 18, 2018, the General Meeting granted this amount to Mr. Okhuijsen as an exceptional variable gross compensation as employee of Altice Management International S.A.
[18] Including 21% VAT.
[19] This amount was paid in 2018 as an additional one-time discretionary cash compensation given the additional work performed in respect of, and his substantive contribution, to the Separation. This amount is subject to the approval of the 2019 AGM.
[20] Mr. Sauvaire was appointed as Non-Executive Board Member on July 10, 2018. Amounts disclosed relate to remuneration received as from the date of appointment.
[21] Mr. Besnier was appointed as Non-Executive Board Member on November 20, 2018. Amounts disclosed relate to the estimated remuneration to which Mr. Besnier is entitled as from the date of appointment and which is expected to be paid in due course in 2019.
[22] Mr. Paulmier was appointed as Non-Executive Board Member on November 20, 2018. Amounts disclosed relate to the estimated remuneration to which Mr. Paulmier is entitled as from the date of appointment and which is expected to be paid in due course in 2019.
[23] Mr. Matlock stepped down as Non-Executive Board Member on July 10, 2018. Amounts disclosed relate only to the time he has served as Non-Executive Board Member.
[24] Mr. Allavena stepped down as Non-Executive Board Member on July 10, 2018. Amounts disclosed relate only to the time he has served as Non-Executive Board Member.

5.5.5 Scenario analyses

The Remuneration Committee regularly reviews the framework of the remuneration of the Executive Board Members and its components to determine if any adjustments are required – for example to adapt such remuneration to market developments or if the mix between fixed remuneration, variable remuneration and long-term incentives would no longer be set at an appropriate level given the evolution of the Group – with a view to making recommendations to the Board in that respect. In that context, the Remuneration Committee may conduct pay scenario analysis modelling on an ad hoc basis, which may, for example, assess the pay-out quantum for Executive Board Members under different performance scenarios. This modelling may be undertaken to ensure that the Remuneration Policy links directly to the Company's performance and is therefore in the interest of Shareholders.

Accordingly, the Company has complied with best practice provision 3.4.1 of the Code.

5.5.6 Pay ratios

Based on best practice provision 3.4.1 of the Code, the Company shall disclose the ratios between the remuneration of the Board Members and that of a representative reference group of employees within the Group and, if applicable, comment on any important variation in the pay ratios in comparison with the previous financial year.

Reference group and average remuneration

The Company has decided to include in the reference group the entire workforce employed by the Group, expressed in the form of full-time-equivalent employees (FTE). The full-time equivalence of each employee is calculated based on the number of hours worked by the employee in each period, compared to the maximum number of hours/period allowed as per the local law prevalent in the country of operation. As at December 31, 2018, there were 35,328 FTEs.

The calculation of the pay ratios was based on the average of the remuneration received by the employees of the reference group and was made in accordance with the following rules:

- in the event that an employee of the reference group received remuneration from different companies within the Group, the calculation was based on the global remuneration received by the relevant employee;
- the remuneration of the employees of the reference group taken into account was the remuneration received during the year concerned (i.e. if a bonus was paid in 2018 relating to activities performed in 2017, the bonus was taken into account when calculating the pay ratios of the financial year 2018);
- if all or part of the remuneration was paid in a foreign currency, the exchange rate which was used was the average exchange rate of the relevant currency into euros for the year ended December 31, 2018.

Type of remuneration

The Company used both fixed and variable remuneration components when determining the pay ratios for a given year.

Period of reference

The pay ratio disclosed by the Company reflects the last financial year.

Calculated pay ratios

Based on the above, the calculated pay ratio is as follows:

- the average President-to-worker pay ratio stands at 46.45 to 1 in 2018, compared to 71.1 to 1 in 2017.

In the course of 2018, both Mr. Goei and Mr. Drahi occupied the position of President and therefore fixed and variable remuneration components for both Mr. Goei and Mr. Drahi were taken into account in calculating the above pay ratio. The pay ratio for 2018 is lower than the pay ratio for 2017 because Mr. Drahi's remuneration is significantly lower than that of Mr. Goei, as Mr. Drahi does not receive any variable remuneration in cash. Please refer to section 5.5.4 *"Remuneration of the Board"* for additional information.

In addition, when Mr. Okhuijsen stepped down as Executive Board Member on October 31, 2018, the position of CFO was also removed from the Board. As such, the Company is not calculating a pay ratio for the position of CFO for 2018.

As the position of CEO within the Board was only occupied by Mr. Weill since July 10, 2018, the Company aims to provide a pay ratio for the position of CEO in the 2019 Management Report.

Accordingly, the Company has complied with best practice provision 3.4.1 of the Code.

5.5.7 Share options

SOP

The Board and the General Meeting approved the establishment of the SOP on August 7, 2015, subject to and with effect as of the effective date of the Merger. The SOP was subsequently amended by the Board on recommendation of the Remuneration Committee on January 11, 2016 and on March 14, 2016, by the General Meeting on June 28, 2016 and by the Board on recommendation of the Remuneration Committee on July 25, 2016, subject to and with effect as from the moment following the 2016 EGM, when the proposed amendments to the articles of association of the Company, resolved upon in the 2016 EGM, took effect. The SOP was last amended by the Board on March 20, 2017. The purpose of the SOP is, amongst others, to provide prospective candidates to join the Group or prospective candidates for promotion within the Group with appropriate incentives and to support their retention. The number of options granted under the SOP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term. The grant of stock options under the SOP may be accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions.

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the SOP. Employees of the Group and, in exceptional cases, individuals who are not employees of the Group are eligible to participate in the SOP. In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the SOP as reward for their employment with or provision of services to Group Companies and in that case determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee. Non-Executive Board Members are not eligible for participation in the SOP.

Options granted under the SOP are subject to vesting conditions, which are time-based. For each participant, the stock options will vest as follows:

- a first tranche of 50% of the stock options a participant holds vests on the 2nd anniversary of the start date of the vesting period;
- a second tranche of 25% of the stock options a participant holds vests on the 3rd anniversary of the start date of the vesting period; and
- a third tranche of 25% of the stock options a participant holds vests on the 4th anniversary of the start date of the vesting period.

Notwithstanding the foregoing, the Board, upon recommendation of the Remuneration Committee, may adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

No consideration is payable for the allocation of the stock options. The exercise price of stock options granted under the SOP is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date of the offer made to and accepted by the employee to join the Group, (ii) the date on which the employee is promoted to a new function within the Group, or (iii) for an existing employee within the Group, the date on which the decision was made to grant him additional or new stock options, as the case may be. The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favorable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

The following table summarizes the stock options granted to Executive Board Members under the SOP[(1)].

Name	Grant date	Tranches	Number of options granted	Current status	Exercise price at the grant date (€)	Adjusted exercise price[(2)] (€)	Gross cash compensation [(2)]	Value at the grant date (€)	Value at vesting (€)	Vesting[(3)]
Next Alt (entity controlled by Mr. Drahi)	January 31, 2014	First (50%)	5,309,734	Vested	7.0625	1.72	$32,884,550[(4)]	0	32,800,882	January 31, 2016
		Second (25%)	2,654,867	Vested	7.0625	1.72		0	35,090,705	January 31, 2017
		Third (25%)	2,654,867	Vested	7.0625	1.72		0	4,230,530	January 31, 2018
D. Goei	January 31, 2014	First (50%)	5,309,734	Vested	7.0625	1.72	$32,884,550	0	32,800,882	January 31, 2016
		Second (25%)	2,654,867	Vested	7.0625	1.72		0	35,090,705	January 31, 2017
		Third (25%)	2,654,867	Vested	7.0625	1.72		0	4,230,530	January 31, 2018
D. Okhuijsen[(5)]	January 31, 2015	First (50%)	733,810	Vested	13.6275	3.32	$2,073,458[(7)]	3,594,201	4,881,671	January 31, 2017
		Second (25%)	366,905	Vested	13.6275	3.32		1,797,100	0	January 31, 2018
		Third (25%)	366,905	Vested[(6)]	13.6275	3.32	$691,153[(7)]	1,797,100	0	January 31, 2019
N. Marty	January 31, 2016	First (50%)	12,660	Vested	17	4.14	$21,598[(7)]	0	0	January 31, 2018
		Second (25%)	6,330	Vested[(6)]	17	4.14	$10,799[(7)]	0	0	January 31, 2019
		Third (25%)	6,330	Unvested	17	4.14	$10,799[(7)]	0	N/A	January 31, 2020
	June 23, 2016	First (50%)	17,975	Vested	13.9081	3.38	$38,835[(7)]	18,638	2,624	June 23, 2018
		Second (25%)	8,987	Unvested	13.9081	3.38	$19,417[(7)]	9,319	N/A	June 23, 2019
		Third (25%)	8,988	Unvested	13.9081	3.38	$19,417[(7)]	9,319	N/A	June 23, 2020

[(1)] The share option plan of Altice S.A. ("**SOP SA**") came into effect on January 31, 2014. The Company, as surviving entity in the Merger, has adopted a stock option plan which replaced the SOP SA as of the effective date of the Merger, under (substantially) the same conditions as applicable to the SOP SA. Each option granted under the SOP SA was exchanged for four options, each entitling to one Common Share A in the share capital of the Company, at 25% of the applicable exercise price under the SOP SA.
[(2)] In connection with the Separation, the exercise price of the stock options granted under the SOP was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163[16] Altice USA share, multiplied by the number of stock options held by the participant under the SOP, was granted to the participants who had unexercised stock options under the SOP, subject to vesting of the relevant stock options.
[(3)] Vested options can be exercised at any time until the 10th anniversary of the grant date.
[(4)] On July 5, 2018, the Board resolved that the payment of the cash compensation may be deferred if so agreed upon by the relevant participant and the Company and that the interest payable by the Company to the relevant participant in connection with the deferred payment would be: (i) if payment is deferred by six months, calculated as from the date on which the cash compensation is payable: EURIBOR plus 200 basis points and (ii) if payment is deferred by twelve months, calculated as from the date on which the cash compensation is payable: EURIBOR plus 300 basis points. The actual payment made to Next Alt in January 2019 was $33,225,284, including interest.
[(5)] On January 30, 2014, the board of directors of Altice S.A. decided to grant to Mr. Okhuijsen €10 million worth of options on the first anniversary, and €10 million worth of options on the second anniversary, of the initial public offering of Altice S.A. In March 2015, the board of directors of Altice S.A., upon recommendation of the remuneration committee, based on a proposal from the management, resolved to grant all €20 million worth of options to Mr. Okhuijsen retroactively on January 31, 2015.
[(6)] As of the date of this Management Report.

[16] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.

[7] Subject to the deduction of the contributions to be made to the LPP collective plan, if any (please refer to section 5.5.12 "*Pension schemes*" for more details on the LPP collective plan).

2017 SOP

On November 2, 2017, the Board, upon recommendation of the Remuneration Committee, adopted a new stock option plan (the "**2017 SOP**"), the terms of which are substantially the same as those of the SOP, except for the good leaver / bad leaver provisions applicable when a participant leaves the Group which have been amended to further support retention of the participants. The 2017 SOP was amended on May 18, 2018 by the General Meeting in order to extend the 2017 SOP to Executive Board Members.

LTIP

The General Meeting approved the establishment of the LTIP on June 28, 2016. The LTIP was subsequently amended by the Board on recommendation of the Remuneration Committee on July 25, 2016, subject to and with effect as from the moment following the 2016 EGM, when the proposed amendments to the Articles of Association, resolved upon in the 2016 EGM, took effect. The LTIP is mainly used by the Company to grant stock options to participants under the SOP whose options have partially vested, in order to support retention of such participants, such grant being accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions. The number of options granted under the LTIP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term.

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the LTIP. Employees of the Group and in exceptional cases individuals who are not employees of the Group are eligible to participate in the LTIP. In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the LTIP as reward for their employment with or provision of services to Group Companies and in that case, determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee. Non-Executive Board Members are not eligible for participation in the LTIP.

Options granted under the LTIP are subject to vesting conditions, which are time-based. For each participant, all the stock options will vest on the 3rd anniversary of the start date of the vesting period. Notwithstanding the foregoing, the Board may, upon recommendation of the Remuneration Committee, adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

No consideration is payable for the allocation of the stock options. The exercise price of stock options granted under the LTIP is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date on which the decision was made to grant the participant additional or new stock options, or (ii) an alternative date determined by the Board. The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

The following table summarizes the stock options granted to Executive Board Members under the LTIP.

Name	Grant date	Number of options granted	Deferred cash bonus (€)	Current status	Exercise price (€)	Adjusted exercise price[1] (€)	Gross cash compensation [1]	Value at the grant date (€)	Value at vesting (€)	Vesting[2]
P. Drahi	January 31, 2016	755,287	-	Vested[3]	13.24	3.22	$1,638,468	0	0	January 31, 2019
D. Goei	January 31, 2016	755,287	-	Vested[3]	13.24	3.22	$1,638,468	0	0	January 31, 2019
	January 31, 2017	516,416	-	Unvested	19.3642	4.71	$877,113	472,934	N/A	January 31, 2020
D. Okhuijsen	January 31, 2017	129,104	2,500,000[4]	Unvested	19.3642	4.71	$219,278[5]	118,233	N/A	January 31, 2020

(1) In connection with the Separation, the exercise price of the stock options granted under the LTIP was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163[17] Altice USA share, multiplied by the number of stock options held by the participant under the LTIP, was granted to the participants who had unexercised stock options under the LTIP, subject to vesting of the relevant stock options.
(2) Vested options can be exercised at any time until the 10th anniversary of the grant date.
(3) As of the date of this Management Report.
(4) Granted to Mr. Okhuijsen by the General Meeting on June 28, 2017 and adjusted in connection with the Separation by the General Meeting on July 10, 2018. Mr. Okhuijsen's deferred cash bonus will vest on January 31, 2020 ranging between 0% and 200% of the granted amount, subject to performance criteria (EBITDA – CAPEX + change in current WC, as indicated in the budget for a given year) to be assessed each year during the vesting period (starting on January 31, 2017), and for 2018 taking into account the new perimeter of the Group after the Separation.
(5) Subject to the deduction of the contributions to be made to the LPP collective plan, if any (please refer to section 5.5.12 "*Pension schemes*" for more details on the LPP collective plan).

2017 LTIP

On November 2, 2017, the Board, upon recommendation of the Remuneration Committee, adopted a new long-term incentive plan (the "**2017 LTIP**"), the terms of which are substantially the same as those of the LTIP, except for the good leaver / bad leaver provisions applicable when a participant leaves the Group which have been amended to further support retention of the participants. The 2017 LTIP was amended on May 18, 2018 by the General Meeting in order to extend the 2017 LTIP to Executive Board Members.

PSOP

On June 28, 2017, the General Meeting adopted a new performance stock option plan (the "**PSOP**"). The PSOP is used to grant stock options to selected employees of the Group, including Executive Board Members, the vesting of which is subject to the achievement of a financial performance target (the "**Target**").

The General Meeting may resolve to grant stock options to Executive Board Members under the PSOP as reward for their employment with or provision of services to Group Companies and in that case, determines the number and the applicable criteria of such stock options, including the Target, based on a recommendation of the Remuneration Committee. The Board, upon recommendation of the Remuneration Committee, may grant stock options to the other participants under the conditions set out by the PSOP. Any employees of the Group (including Executive Board Members) is eligible to participate in the PSOP. In addition, at the discretion of the Board, individuals who are not employees of the Group but who, in view of their activities for the benefit of the Group, made an important contribution to the success of the business of the Group, may also be granted options under the PSOP. Non-Executive Board Members are not eligible for participation in the PSOP.

The number of options granted under the PSOP depends on the position, the importance of the role, the seniority and the anticipated contribution of the participant in the performance of the Group in the mid-term. No consideration is payable for the allocation of the stock options. The exercise price of stock options granted under the PSOP is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date on which the decision was made to grant stock options to the participant, or (ii) an alternative date determined by the Board. The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favorable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

The Target is set at the date of grant and will be achieved if the Adjusted EBITDA – CAPEX of the third full financial year following the date of grant is equal to or superior to the Target. The Board, based on a recommendation of the Remuneration Committee (or the General Meeting, as the case may be), may adjust the Target to reflect recapitalization events, acquisitions, divestitures, or any other corporate events or actions, which require an adjustment to the Target. In 2018, the Target was adjusted to reflect the Separation. All stock options shall lapse if the Group does not achieve the Target.

The participant still needs to be employed or to provide services to the Company or to any Group Company at the moment that it is determined that the Group has achieved the Target. Participants who leave the Group before the vesting date will forfeit their stock options.

[17] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.

The following table summarizes the stock options granted to Executive Board Members under the PSOP.

Name	Grant date	Number of options granted	Current status	Exercise price at the grant date (€)	Adjusted exercise price[(1)] (€)	Value at the grant date (€)	Value at vesting (€)	Vesting[(2)]
D. Okhuijsen	January 31, 2017	516,416	Unvested	19.3642	4.71	0	N/A	2021 (subject to performance conditions)

[(1)] The exercise price of the options granted under the PSOP and the Target were adjusted in connection with the Separation. No cash compensation is due in connection with the Separation with respect to options granted under the PSOP.
[(2)] Vested options can be exercised at any time until the 10th anniversary of the grant date.

Share options pursuant to the brand licence and services agreement

The Group licences the Altice brand from Next Alt as part of a brand licence and services agreement concluded in 2016. As part of this agreement, the Group has the exclusive right to use the Altice brand for corporate identification purposes and commercial purposes in the telecommunication, content and media sectors in the territory defined in the agreement (which, since the Separation, excludes North America). In 2017, the brand licence and services agreement was amended. Instead of a fee, Next Alt was granted 30 million stock options. On June 7, 2018, Next Alt transferred the options to its parent company Next Luxembourg S.C.Sp.

The following table summarizes the stock options granted to Next Alt, and subsequently transferred to Next Luxembourg S.C.Sp, in connection with the brand licence and services agreement.

Name	Grant date	Number of options granted	Current status	Exercise price at the grant date (€)	Adjusted exercise price[(1)] (€)	Gross cash compensation [(1)]	Value at the grant date (€)	Value at vesting (€)	Vesting[(2)]
Next Luxembourg S.C.Sp (entity controlled by Mr. Drahi)	January 31, 2017	10,000,000	50% Vested[(3)]	19.3642	4.71	$8,492,312	4,759,000	0	January 31, 2019
			25% Unvested	19.3642	4.71	$4,246,156	2,339,500	N/A	January 31, 2020
			25% Unvested	19.3642	4.71	$4,246,156	2,339,500	N/A	January 31, 2021
	January 31, 2017	10,000,000	Unvested	19.3642	4.71	$7,684,085	0	N/A	Latest by January 31, 2021[(4)]
	January 31, 2017	10,000,000	Unvested	19.3642	4.71	$4,307,829	0	N/A	Latest by January 31, 2022[(5)]

[(1)] In connection with the Separation, the exercise price of the stock options was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163[18] Altice USA share, multiplied by the number of outstanding stock options, was granted to Next Luxembourg S.C.Sp, subject to vesting of the relevant stock options.
[(2)] Vested options can be exercised at any time until the 10th anniversary of the grant date.
[(3)] As of the date of this Management Report.
[(4)] Subject to performance conditions: the options will vest in the event the share price doubles in value compared to the adjusted exercise price on or before January 31, 2021.
[(5)] Subject to performance conditions: the options will vest in the event the share price triples in value compared to the adjusted exercise price on or before January 31, 2022.

US carried interest plan

In the US, Altice USA has implemented a long-term equity incentive plan for certain members of its management team (the "**US Carried Interest Plan**"). The purpose of the US Carried Interest Plan is to provide participants with an opportunity to participate in the long-term growth and financial success of Altice USA, by being granted "profits interest" in the form of units of ownership in a US limited partnership (the "**Class C Units**").

A profits interest gives the participant the right to share in specified future profits and appreciation in value that the investors of the limited partnership may receive, including profits paid upon a sale of the investors' interests. Economically, a profits interest is generally equivalent to a stock option granted on the stock of a corporation,

[18] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.

insofar as the holder of a profits interest only realizes value if the limited partnership on which it is granted appreciates in value or has profits after the grant date.

The Class C Units will vest as follows:

- time vesting Class C Units:
  - first grant to a participant: 50% of the Class C Units will vest on the second anniversary of the grant date; 25% of the Class C Units will vest on the third anniversary of the grant date; and 25% of the Class C Units will vest on the fourth anniversary of the grant date. For the initial grants under the US Carried Interest Plan, the vesting period started on December 21, 2015, i.e. the date of the Suddenlink's acquisition by the Group;
  - additional grant to a participant: 100% of the Class C Units will vest on 31 January 2020;
- performance vesting Class C Units: 100% of the Class C Units will vest if certain performance targets, which have been set at the level of Altice USA, have been achieved with respect to financial year 2019.

All unvested Class C Units will automatically vest in case of a change of control of Altice USA.

Holders of vested Class C Units receive Class A common stock of Altice USA. The number of Class A common stock received is calculated using the fair market value of the Class C Units and is based on the then trading price of Class A common stock of Altice USA.

The following table summarizes the Class C Units granted to Mr. Drahi and Mr. Goei under the US Carried Interest Plan prior to the Separation.

Name	Grant date	Tranches	Number of Class C Units granted	Current status	Value (€)	Vesting
P. Drahi (through Uppernext S.C.Sp)	July 13, 2016	First (50%)	5,650,000	Redeemed in shares of Altice USA Class A common stock on December 21, 2017	5,000,000	December 21, 2017
		Second (25%)	2,825,000	Redeemed in shares of Altice USA Class A common stock on December 21, 2018	2,500,000	December 21, 2018
		Third (25%)	2,825,000	Unvested	2,500,000	December 21, 2019
D. Goei	July 13, 2016	First (50%)	5,650,000	Redeemed in shares of Altice USA Class A common stock on December 21, 2017	5,000,000	December 21, 2017
		Second (25%)	2,825,000	Redeemed in shares of Altice USA Class A common stock on December 21, 2018	2,500,000	December 21, 2018
		Third (25%)	2,825,000	Unvested	2,500,000	December 21, 2019
	July 13, 2016	N/A	10,000,000	Unvested	9,034,200[1]	2020 (subject to performance conditions)
	February 13, 2017	N/A	10,600,000	Unvested	9,379,516[2]	January 31, 2020

[1] $10 million. For calculation purposes, the average exchange rate of U.S. dollars into euros for the year ended December 31, 2016 was used ($1.00 = €0.90342).
[2] $10.6 million. For calculation purposes, the average exchange rate of U.S. dollars into euros for the year ended December 31, 2017 was used ($1.00 = €0.88486).

Altice USA 2017 Long Term Incentive Plan

Altice USA adopted a long-term incentive plan in 2017 (the "**AUSA LTIP**") in connection with the Altice USA IPO. Under the AUSA LTIP, Altice USA may grant awards of options, restricted shares, restricted share units, stock appreciation rights, performance stock, performance stock units and other awards, to its and its affiliates respective officers, employees and consultants.

On December 30, 2017, certain members of Altice USA's management, including Mr. Goei, were granted stock options under the AUSA LTIP. The stock options were granted to the executive officers who had previously received Class C Units under the US Carried Interest Plan and whose initial 50% vesting of such Class C Units occurred on December 21, 2017.

The following table summarizes the stock options granted to Mr. Drahi and Mr. Goei under the AUSA LTIP prior to the Separation.

Name	Grant date	Number of US options granted	Current status	Exercise price at the grant date ($)	Adjusted exercise price[1] ($)	Value at the grant date ($)	Value at vesting ($)	Vesting[2]
Next Luxembourg S.C.Sp (entity controlled by Mr. Drahi)	December 30, 2017	600,604	Unvested	$19.48	$17.445	11,700,000	N/A	December 21, 2020
D. Goei	December 30, 2017	1,201,208	Unvested	$19.48	$17.445	23,400,000	N/A	December 21, 2020

[1] The exercise price of the stock options was adjusted to take into account the Pre-Distribution Dividend of $2.035 per share.
[2] Vested options can be exercised at any time until the 10th anniversary of the grant date.

5.5.8 Cash incentive

On July 10, 2018, the General Meeting granted a cash performance bonus of €1,000,000 to Ms. Marty in connection with the determination of Ms. Marty's remuneration, with the following characteristics:

- performance criteria: on the financial year ending on December 31, 2021, the Company having generated an annual consolidated EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated EBITDA in the 4-year business plan adopted by the Company;

- vesting period: four years from the date of the General Meeting, subject to the achievement of the performance criteria and subject to certain exceptions;

- amount due: ranging between 0% and 200% of the granted amount, to be assessed at the end of the vesting period, according to a predetermined allocation key linked to performance criteria.

5.5.9 Performance criteria

The performance criteria used to determine the annual cash bonuses of the Executive Board Members depend on the other duties performed by them within the Group and the Group Company of which they are an employee or a service-provider. As Mr. Goei, during his tenure as CEO and Executive Board Member, was also the chairman and chief executive officer of Altice USA, his annual cash bonus with respect to the financial year 2018 was determined in accordance with the rules applicable to the Altice USA executive officers.

Outside the US

Outside of the US, the annual cash bonus of the members of the senior leadership team of the Group, including the Executive Board Members (other than Mr. Goei), is determined for 2/3 based on financial performance criteria and for 1/3 based on personal performance criteria:

- each individual's personal objectives are determined every year and assessed at the end of each year;

- with respect to the financial performance criteria:

  - for those members of the senior leadership team who exercise corporate functions, such as the Executive Board Members (other than Mr. Goei), the financial performance criteria are assessed at the Group level;
  - for the other members of the senior leadership team, the financial performance criteria are assessed at the Group level for 1/3 and at the level of the Group Company employing them for 1/3;
  - the three indicators which were used in 2018 as financial performance criteria were Revenues, Adjusted EBITDA and Adjusted EBITDA – CAPEX + change in Working Capital (for more details on these indicators, please refer to Note 4.2 to the Consolidated Financial Statements). The target level of each such indicator (the "**Performance Target**") was set based on the Group's annual budget for the financial year 2018, as approved by the Board. Depending on the actual

amount of each such indicator, as set forth in the Consolidated Financial Statements, the calculation could either result in the variable remuneration to be nil or exceed the pre-agreed amount:

Amount of each indicator compared to the Performance Target	Result for such indicator
Less than 95% of the Performance Target	0
95% of the Performance Target	50%
100% of the Performance Target	100%
110% of the Performance Target	150%

Between such levels, a linear interpolation is applied. The average of the results of the three indicators constitute the multiplying factor to be applied to the pre-agreed amount of variable remuneration in order to determine the amount of the variable remuneration for the year.

On this basis, the Remuneration Committee compared the amount of the three indicators as set forth in the Consolidated Financial Statements to the Performance Targets and calculated the multiplying factor which, at the Group level, amounts to 26.3% for 2018.

In addition, when determining the amount of the annual cash bonus of Ms. Marty, the Remuneration Committee considered that the personal performance criteria was achieved at 100% and took into account the overall work performed by Ms. Marty in 2018 and in particular her role in the implementation of the Separation and the importance of such project for the Group. As a result, the Remuneration Committee decided to grant Ms. Marty a total bonus of €200,000 for 2018, as follows: €101,700 as performance-related annual cash bonus and €98,300 as discretionary annual cash bonus. Ms. Marty's 2018 bonus is subject to the approval of the 2019 AGM.

In the US

In the US, the 2018 annual bonuses for Altice USA's executive officers (including Mr. Goei) consisted of a formula-based award, which was based on Altice USA's financial and operational results. The 2018 formula-based award target for Mr. Goei was equal to $3,000,000, with a maximum pay-out opportunity of $6,000,000. The Altice USA compensation committee had the discretion to adjust the formula-based award for individual performance and other factors.

The formula-based award performance metrics used to determine the 2018 annual bonuses were as follows:

Performance area	**Weight**	**Performance metrics**[(1)]
Financial	33.3%	Adjusted EBITDA
Operational	66.7%	Corporate Expense
Total	**100%**	

[(1)] Corporate Expense refers to the portion of other Operating Expenses related to certain predefined departments that provide enterprise-wide administrative support to business operations (*e.g.*, executive, legal, human resources, accounting, etc.).

Based upon actual Altice USA's performance, the 2018 formula-based annual incentive awards would have resulted in Mr. Goei receiving 100% of target. Based on individual performance evaluation and reflecting the pay-out scores for other operational business unit bonus plans, the Altice USA compensation committee decided to adjust the performance factor for Mr. Goei from 100% to 80%. Mr. Goei's 2018 bonus was $2,400,000.

5.5.10 Discretionary annual cash bonus

The General Meeting of July 10, 2018 determined the remuneration of Mr. Weill, and in particular approved the grant of a discretionary annual cash bonus of up to €1 million, payable on 31 March of each year, and prorated for time for the first year. The General Meeting decided that the amount of such discretionary annual cash bonus shall be determined by the Board upon a proposal of the Remuneration Committee.

On March 28, 2019, the Board, upon recommendation of the Remuneration Committee, taking into account the results achieved by the senior management team in delivering the Group's strategy - and in particular in

monetizing the Group's non-core assets and crystallizing the Group's infrastructure value - in 2018, and the personal contribution of Mr. Weill to such results and to the constant improvement of the Group's market perception in France, resolved to set the amount of the discretionary annual cash bonus of Mr. Weill at €500,000.

5.5.11 FPPS

On July 10, 2018, the General Meeting determined the remuneration of Mr. Weill to include Weill 2018 FPPSs with the following characteristics:

- granted number of Preference Shares B: 25,000,000;
- vesting period: earliest of four years from the grant date of the Preference Shares B and the annual General Meeting to be held in 2022;
- performance criteria: on the financial year ending on December 31, 2021, the Company having generated an annual consolidated EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated EBITDA in the 4-year business plan adopted by the Company;
- number of Preference Shares B, each convertible into one Common Share A, ranging between 0% and 200% of the number of granted Preference Shares B, to be assessed at the end of the vesting period, according to a predetermined allocation key linked to performance criteria.

In addition, in connection with the Separation, the General Meeting also approved an adjustment of the terms and conditions governing Mr. Weill's existing right to acquire the Weill 2016 FPPSs, as follows:

- Weill 2016 FPPSs Tranche 1: 1,103,096 Weill 2016 FPPSs, each upon vesting convertible into one newly to be issued Common Share A as well as 0.4163 existing shares of Class A common stock in Altice USA;
- Weill 2016 FPPSs Tranche 2: 752,568 Weill 2016 FPPSs, each upon vesting convertible into a number of newly to be issued Common Shares A depending on the share price of the Common Shares A during the 5 trading days preceding the conversion request;
- a gross cash compensation of a maximum aggregate amount of $839,991.15, to be paid after the conversion of the Weill 2016 FPPSs Tranche 2 into Common Shares A.

As of December 31, 2018, 827,322 Weill 2016 FPPSs Tranche 1 and 564,426 Weill 2016 FPPSs Tranche 2 had vested.

5.5.12 Pension schemes

The Company operates no pension or retirement schemes for its Board Members or its members of senior management. It, however, makes contributions to mandatory social security schemes in the countries of employment of its Board Members and its members of senior management.

In addition, in 2018, the Group terminated its subscription to its prior LPP collective plan (*La Prévoyance Professionnelle*), subscribing to a new LPP collective plan at the end of 2018 (with retroactive effect for the financial year 2018) for all its employees, including Board Members, who are based in Switzerland. The Swiss pension system is based on three pillars: a state pension, an occupational pension and a private pension provision, the aim of which is to maintain the accustomed standard of living for the employee and his family during retirement or in the event of disability or death. The LPP collective plan corresponds to the second pillar, i.e. the occupational pension. It is very common in Switzerland and provides for extra benefits compared to the minimum requirements imposed by Swiss law. It is based on contributions from the Group as well as from the employee.

In the US, in 2018, the executive officers of Altice USA (including Mr. Goei) were eligible to participate in Altice USA 401(k) savings plan and could contribute into their plan accounts a percentage of their eligible pay on a before-tax basis and an after tax-basis. Altice USA matched 100% of the first 4% of eligible pay contributed by participating employees.

APPENDIX 1: DEFINED TERMS

The following definitions are used in this Management Report.

2013 Dollar Senior Notes	The $400 million aggregate principal amount of 8.125% Senior Notes due 2024 issued by Altice Finco on December 12, 2013 under the 2013 Dollar Senior Notes Indenture.
2013 Dollar Senior Notes Indenture	The indenture dated as of December 12, 2013, as amended, among, inter *alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2013 Dollar Senior Notes.
2013 Euro Senior Notes	The €250 million aggregate principal amount of 9% Senior Notes due 2023 issued by Altice Finco under the 2013 Euro Senior Notes Indenture.
2013 Euro Senior Notes Indenture	The indenture dated as of June 19, 2013, as amended, among, *inter alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2013 Euro Senior Notes.
2014 Altice Financing Revolving Credit Facility Agreement	The revolving credit facility agreement originally dated December 9, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice Financing as borrower, the lenders from time to time party thereto, Citibank International Limited as facility agent and Citibank, N.A., London Branch as security agent.
2014 Altice France Senior Secured Notes due 2024	Collectively, the $1,375 million aggregate principal amount of 6.250% Senior Secured Notes due 2024 and the €1,250 million aggregate principal amount of 5.625% Senior Secured Notes due 2024, issued by Altice France under the 2014 Altice France Senior Secured Notes due 2024 Indenture.
2014 Altice France Senior Secured Notes due 2024 Indenture	The indenture dated as of May 8, 2014, as amended, among, *inter alios*, Altice France, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2014 Altice France Senior Secured Notes due 2024.
2014 Altice Luxembourg Revolving Credit Facility Agreement	The €200 million revolving credit facility agreement originally dated May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice S.A. (succeeded to by Altice Luxembourg), as borrower, the Mandated Lead Arrangers (as defined therein), Deutsche Bank AG, London Branch, as facility agent, and Deutsche Bank AG, London Branch, as security agent.
2014 Altice Luxembourg Senior Notes	Collectively, the $2,900 million 7.750% Senior Notes due 2022 and the €2,075 million 7.250% Senior Notes due 2022 issued by Altice S.A. (succeeded to by Altice Luxembourg) under the 2014 Altice Luxembourg Senior Notes Indenture.
2014 Altice Luxembourg Senior Notes Indenture	The indenture dated May 8, 2014, among, *inter alios*, Altice S.A. (succeeded to by Altice Luxembourg), and the trustee and the security agent party thereto, governing the 2014 Altice Luxembourg Senior Notes.

2015 Altice Financing Credit Facility Agreement	The credit facility agreement originally dated January 30, 2015, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice Financing as borrower, the lenders from time to time party thereto, Deutsche Bank AG, London Branch as trustee, Deutsche Bank AG, New York Branch as administrative agent and Citibank, N.A., London Branch as security agent.
2015 Altice Financing Revolving Credit Facility Agreement	The revolving credit facility agreement originally dated January 30, 2015, as amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Altice Financing as borrower, the lenders from time to time party thereto, Citibank International Limited as facility agent and Citibank, N.A., London Branch as security agent.
2015 Altice Luxembourg Senior Notes	Collectively, the $1,480 million 7.625% Senior Notes due 2025 and the €750 million 6.250% Senior Notes due 2025 issued by Altice S.A. (succeeded to by Altice Luxembourg) under the 2015 Altice Luxembourg Senior Notes Indenture.
2015 Altice Luxembourg Senior Notes Indenture	The indenture dated February 4, 2015, among, *inter alios*, Altice S.A. (succeeded to by Altice Luxembourg), and the trustee and the security agent party thereto, governing the 2015 Altice Luxembourg Senior Notes.
2015 Senior Notes	The $385 million aggregate principal amount of 7.625% Senior Notes due 2025 issued by Altice Finco pursuant to the 2015 Senior Notes Indenture.
2015 Senior Notes Indenture	The indenture dated February 4, 2015, among, *inter alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2015 Senior Notes.
2015 Senior Secured Notes	Collectively, the $2,060 million aggregate principal amount of 6.625% Senior Secured Notes due 2023 and the €500 million aggregate principal amount of 5.250% Senior Secured Notes due 2023 issued by Altice Financing pursuant to the 2015 Senior Secured Notes Indenture.
2015 Senior Secured Notes Indenture	The indenture dated February 4, 2015, among, *inter alios*, Altice Financing, as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2015 Senior Secured Notes.
2016 Altice France Senior Secured Notes	The $5,190 million aggregate principal amount of 7.375% Senior Secured Notes due 2026 issued by Altice France under the 2016 Altice France Senior Secured Notes Indenture.
2016 Altice France Senior Secured Notes Indenture	The indenture dated as of April 11, 2016, as amended, among, *inter alios*, Altice France, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2016 Altice France Senior Secured Notes.
2016 EGM	The extraordinary general meeting of the Company that was held on September 6, 2016.
2016 Senior Secured Notes	The $2,750 million aggregate principal amount of 7.500% Senior Secured Notes due 2026 issued by Altice Financing pursuant to the 2016 Senior Secured Notes Indenture.
2016 Senior Secured Notes Indenture	The indenture dated May 3, 2016, among, *inter alios*, Altice Financing, as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2016 Senior Secured Notes.

2017 Guarantee Facility Agreement	The €331 million guarantee facility agreement, dated June 23, 2017, as amended, restated, supplemented or otherwise modified from time to time between, *inter alios*, Altice Financing, as borrower and guarantor, the lenders from time to time party thereto, J.P. Morgan Europe Limited, as facility agent, and Citibank, N.A., London Branch, as security agent.
2017 LTIP	The Company's long-term incentive plan dated November 2, 2017, as amended on May 18, 2018.
2017 Senior Notes	The €675 million aggregate principal amount of 4.750% Senior Notes due 2028 issued by Altice Finco pursuant to the 2017 Senior Notes Indenture.
2017 Senior Notes Indenture	The indenture dated October 11, 2017, among, *inter alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2017 Senior Notes.
2017 SOP	The Company's stock option plan dated November 2, 2017, as amended on May 18, 2018.
2018 Altice France Senior Secured Notes	The $1,750 million and €1,000 million aggregate principal amount of 8.125% and 5.875% Senior Secured Notes, respectively, due 2027 issued by Altice France under the 2018 Altice France Senior Secured Notes Indenture.
2018 Altice France Senior Secured Notes Indenture	The indenture dated as of July 31, 2018, as amended, among, *inter alios*, Altice France, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2018 Altice France Senior Secured Notes.
2018 Cablevision Senior Guaranteed Notes	The $1,000 million aggregate principal amount of 5.375% Senior Guaranteed Notes due 2028 issued by CSC Holdings pursuant to the 2018 Cablevision Senior Guaranteed Notes Indenture.
2018 Cablevision Senior Guaranteed Notes Indenture	The indenture dated as of January 29, 2018, as amended, among, *inter alios*, CSC Holdings, as issuer, the guarantors party thereto and the trustee party thereto, governing the 2018 Cablevision Senior Guaranteed Notes.
2018 Cequel Senior Notes	The $1,050 million aggregate principal amount of 7.500% Senior Notes due 2028 issued by Cequel Communications Holdings I, LLC and Cequel Capital Corporation pursuant to the 2018 Cequel Senior Notes Indenture.
2018 Cequel Senior Notes Indenture	The indenture dated as of April 5, 2018, as amended, among, *inter alios*, Cequel Communications Holdings I, LLC and Cequel Capital Corporation, as issuers, and the trustee party thereto, governing the 2018 Cequel Senior Notes.
2018 Guarantee Facilities	The guarantee facilities available under the 2018 Guarantee Facility Agreements, consisting of (i) a €31.125 million guarantee facility with Credit Agricole Corporate and Investment Bank as issuing bank and (ii) a €93.375 million guarantee facility with BNP Paribas SA and Credit Agricole Corporate and Investment Bank as mandated lead arrangers and BNP Paribas SA as facility agent, due to mature on July 26, 2021.

2018 Guarantee Facility Agreements	The €31.125 million guarantee facility agreement, dated July 24, 2018, as amended, restated, supplemented or otherwise modified from time to time, with Credit Agricole Corporate and Investment Bank as issuing bank and the €93.375 million guarantee facility agreement, dated July 25, 2018, as amended, restated, supplemented or otherwise modified from time to time between, *inter alios*, Altice Financing, as borrower and guarantor, the lenders from time to time party thereto, BNP Paribas SA, as facility agent, and Citibank, N.A., London Branch, as security agent.
2019 AGM	The annual general meeting of the Company to be held in 2019.
ACL	Altice Content Luxembourg S.A., a public limited liability company *(société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Adjusted EBITDA	Operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and equity-based compensation expenses.
AENV Shareholders	Dexter Goei (through More ATC LLC), Dennis Okhuijsen, Jérémie Bonnin (through a personal holding company), Alain Weill, Patrice Giami, OTR S.à r.l. and JMH Gestion & Participations Limited, Jean-Luc Berrebi (through Lynor's S.à r.l.) and Nicolas Rotkoff (through Belem Capital S.à r.l.) collectively.
Altice Content	Altice Content S.A., a public limited liability company *(société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Corporate Financing	Altice Corporate Financing S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Dominicana	Altice Dominicana S.A., a public limited company (*sociedade anónima*) incorporated under the laws of the Dominican Republic, formerly known as Altice Hispaniola S.A..
Altice Entertainment	Altice Entertainment News & Sport S.A., a public limited liability company *(société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, which is in charge of (i) acquiring certain content rights, (ii) purchasing channels in particular from premium providers, and creating and distributing, either directly or indirectly, channels dedicated to sport, lifestyle, movies and series and (iii) editing and distributing the SVOD service of the Group (SFR Play).
Altice Financing	Altice Financing S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Finco	Altice Finco S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice France	Altice France S.A., a public limited liability company (*société anonyme*) incorporated under the laws of France, formerly known as SFR Group S.A.

Altice France Credit Facility Agreement	The credit facility agreement originally dated May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, between, among, *inter alios*, Altice France and certain of its subsidiaries, as borrowers, the lenders from time to time party thereto and Deutsche Bank AG, London Branch as facility agent and security agent.
Altice France Group	Altice France and its subsidiaries.
Altice France Revolving Credit Facility Agreement	The revolving credit facility agreement originally dated May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice France and certain of its subsidiaries as borrowers, the lenders from time to time party thereto and the security agent party thereto.
Altice France Term Loan Borrowers	Ypso France S.A.S., Altice France and Numericable U.S. LLC.
Altice Hispaniola	Altice Hispaniola S.A., a public limited company (*sociedade anónima*) incorporated under the laws of the Dominican Republic, which was renamed Altice Dominicana S.A. in November 2017.
Altice International	Altice International S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Labs	The Group's state-of-the-art research and development center that aim to centralize and streamline innovative technological solutions development for the entire Group.
Altice Luxembourg	Altice Luxembourg S.A., a public limited liability company *(société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Picture	Altice Picture S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, which is in charge of acquiring content rights (sport rights, films and series), producing or co-producing films or series, and sublicensing and/or providing these rights to Altice Entertainment.
Altice Portugal Group	The Group Companies and entities in Portugal with the highest environment, social and community impact, i.e. MEO - Serviços Comunicaçoes e Multimedia, S.A., PT ACS, Altice Labs, S.A., PT Contact, Telemarketing e Serviços de Informação, S.A., PT Cloud e Data Centers, S.A., PT Sales, Serviços de Telecomunicações e Sistemas de Informação, S.A., Previsão, Sociedade Gestora de Fundos de Pensões, S.A and Fundação PT.
Altice S.A.	Altice S.A., a public limited liability company (*société anonyme*) which was formerly incorporated under the laws of the Grand Duchy of Luxembourg and which was succeeded to by the Company pursuant to the Merger.
Altice TV	Altice Entertainment and Altice Picture.

Altice USA	Altice USA, Inc. (formerly known as Neptune Holding US Corporation), a corporation incorporated under the laws of Delaware, which is the US parent company of Cablevision and Suddenlink, or, where the context so requires, collectively, Altice USA and its subsidiaries.
Altice USA IPO	The public offering of 71,724,139 shares of its Class A common stock at an initial public offering price of $30.00 per share by Altice USA.
Altice US Finance I	Altice US Finance I Corporation, a corporation incorporated under the laws of Delaware.
Annual Accounts	The annual accounts of the Company.
Anti-Corruption Policy	The anti-corruption policy of the Company last adopted on April 10, 2019.
Articles of Association	The articles of association of the Company.
Audit Committee	The audit committee of the Board.
AUSA LTIP	The long-term incentive plan adopted by Altice USA in 2017 in connection with the Altice USA IPO.
Bank Guarantee Agreement	The Bank Guarantee Agreement, dated as of July 21, 2017, between, among others, Altice Corporate Financing as the Additional Borrower, the Company as Parent Guarantor, Altice Group Lux S.à r.l. as the Additional Guarantor, J.P. Morgan Limited and BNP Paribas as mandated lead arrangers, J.P. Morgan Securities PLC and BNP Paribas as issuing banks, BNP Paribas as security agent and J.P. Morgan Europe Limited as facility agent.
Board	The board of the Company.
Board Member	Any member of the Board of the Company.
Board Profile	The profile of the Board's scope and composition taking into account the nature of the business and activities of the Group, and the desired expertise, experience, diversity and independence of the Board Members.
Board Rules	The rules regarding the Board's functioning and internal organization.
Cablevision	Cablevision Systems Corporation, a corporation incorporated under the laws of Delaware.
Cablevision Credit Facility Agreement	The credit facility agreement originally dated October 9, 2015, as amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Neptune Finco (succeeded to by CSC Holdings) as borrower, the lenders from time to time party thereto and JP Morgan Chase Bank N.A. as security agent.
Cablevision Revolving Credit Facility	The revolving credit facility available pursuant to the Cablevision Credit Facility Agreement.
CEO	The chief executive officer of the Company.

Cequel Credit Facility Agreement	The credit facility agreement dated as of June 12, 2015, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios,* Altice US Finance I, certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent.
CFO	The chief financial officer of the Company.
Chairman	The chairman of the Board.
CHF	The lawful currency of Switzerland.
Class C Units	Units designated as Class C units in the US limited partnership which was set up for the purpose of the implementation of the US Carried Interest Plan.
Code	The Dutch corporate governance code as revised on December 8, 2016, which became effective per the financial year beginning on or after January 1, 2017.
Code of Conduct	The code of business conduct of the Company last adopted on April 10, 2019.
Committee	The Corporate Governance Monitoring Committee.
Common Share	Each Common Share A and each Common Share B.
Common Share A	A common share A in the capital of the Company, with one voting right and with a nominal value of €0.01.
Common Share B	A common share B in the capital of the Company, with twenty-five voting rights and with a nominal value of €0.25.
Company	Altice Europe N.V. (formerly known as Altice N.V.), a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands.
Consolidated Financial Statements	The consolidated financial statements of the Company as of and for the year ended December 31, 2018.
Controlled	With respect to a legal entity: (i) the ownership of legal and/or beneficial title to voting securities that represent more than 50% of the votes in the general meeting of such legal entity; and/or (ii) being empowered to appoint, suspend or dismiss or cause the appointment, suspension or dismissal of at least a majority of the members of the management board, supervisory board or any similar governing body of such legal entity, whether through the exercise of voting rights, by contract or otherwise; and/or (iii) the power to direct or cause the direction of the management and policies of such entity, whether through the exercise of voting rights, by contract or otherwise.
Controller	(i) Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) Patrick Drahi's heirs jointly.

Conversion Notice	A written notice from a holder of Common Shares B requesting the Company to convert one or more of its Common Shares B into Common Shares A in the ratio of twenty-five (25) Common Shares A for one (1) Common Share B.
CSC Holdings	CSC Holdings, LLC, a limited liability company incorporated under the laws of Delaware.
DCC	Dutch Civil Code.
Decree	Decree laying down additional requirements for management reports (*Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag*).
Decree Non-Financial Information	Decree on disclosure of non-financial information (*Besluit bekendmaking niet-financiële informatie*).
Distributable Equity	The part of the Company's equity which exceeds the sum of (i) the paid-in and called-up share capital and (ii) the reserves which are required to be maintained by Dutch law or by the Articles of Association.
Distribution	The distribution in kind by the Company to its Shareholders of its 67.2% interest in Altice USA.
DOP	The Dominican Peso, the lawful currency of the Dominican Republic.
ETNO	European Telecom Network Operators' Association.
euro or **€**	The lawful currency of the European Economic and Monetary Union.
Euronext Amsterdam	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
Executive Board Member	An executive member of the Board.
Exercise Event	An event whereby the shareholding of any holder of Common Shares, other than Next Alt (or the shareholding of any holder of Common Shares, other than Next Alt, when aggregated with the shareholding(s) of any Shareholder(s) with whom such Shareholder is acting in concert) is at least equal to twenty percent (20%) of the aggregate nominal value of the Common Shares.
Exercise Price	The cash consideration of at least one quarter of the nominal value of each Warrant Share in euro, to be paid upon the subscription by Next Alt for Warrant Shares.
External Auditor	The auditor of the Company as referred to in Section 2:393 DCC.
French Overseas Territories	Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte.
French Telecom Group	Collectively, Altice France, SFR, SFR Collectivités S.A., SFR Fibre S.A.S., SFR Distribution S.A.S., SFR Business Distribution S.A.S., Completel S.A.S., Hivory S.A.S., Numergy S.A.S., SRR and SMR S.A.S.
GDPR	General Data Protection Regulation - Regulation (EU) 2016/679 of European Parliament and of the Council of April 27, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

General Meeting	General meeting of Shareholders of the Company, being the corporate body, or where the context so requires, the physical meeting of Shareholders.
GHG	Greenhouse gas emissions.
Group	The Company and its Group Companies.
Group Advisory Council	The group advisory council of the Company.
Group Companies	The Company's subsidiaries within the meaning of Section 2:24b DCC.
Guarantee Facility Agreements	The 2017 Guarantee Facility Agreement and the 2018 Guarantee Facility Agreements.
HOT	HOT Telecommunication Systems Ltd., a corporation incorporated under the laws of Israel, and its subsidiaries.
HOT Mobile	HOT Mobile Ltd., a corporation incorporated under the laws of Israel.
IAS	International Accounting Standards.
IASB	International Accounting Standards Board.
IFRS	The International Financial Reporting Standards as adopted by the European Union.
ILS	The Israeli Shekel, the lawful currency of Israel.
Indentures	The 2013 Dollar Senior Notes Indenture, the 2013 Euro Senior Notes Indenture, the 2015 Senior Notes Indenture, the 2015 Senior Secured Notes Indenture, the 2016 Senior Secured Notes Indenture, the 2017 Senior Notes Indenture, the 2014 Altice Luxembourg Senior Notes Indenture, the 2015 Altice Luxembourg Senior Notes Indenture, the 2014 Altice France Senior Secured Notes due 2024 Indenture, the 2016 Altice France Senior Secured Notes Indenture and the 2018 Altice France Senior Secured Notes Indenture.
Intelcia Group	Intelcia Group S.A., a limited liability company incorporated under the laws of Morocco, and its subsidiaries.
Large Company	Dutch public limited liability companies, Dutch private limited liability companies and Dutch foundations that, on two successive balance sheet dates without subsequent interruption, meet at least two of the three criteria referred to in Section 2:397(1) DCC, which criteria are: (i) the value of the company's/foundation's assets according to its balance sheet, on the basis of the purchase price or manufacturing costs exceeds €20 million, (ii) its net turnover in the applicable year exceeds €40 million, and (iii) its average number of employees in the applicable year is 250 or more.
LTIP	The Company's long-term incentive plan dated June 28, 2016, as amended on September 6, 2016.
Management Report	The management report of the Company, drawn up by the Board, as referred to in Section 2:391 DCC.

MEO	MEO - Servicios de Telecommunicacões SGPS, S.A., a public limited liability company (*sociedade anónima*) organized under the laws of Portugal.
Merger	The cross-border merger between the Company (as the acquiring company) and Altice S.A. (as the disappearing company) which became effective on August 9, 2015.
Neptune Finco	Neptune Finco Corp., a corporation which was formerly incorporated under the laws of Delaware and which was succeeded to by CSC Holdings pursuant to a merger on June 21, 2016.
Neptune Holding US LP	A limited partnership which owned approximately 3.9% of the share capital of Altice USA as at December 31, 2018 and was controlled by the Company until the Separation was effected on June 8, 2018 and by Altice USA thereafter.
Next Alt	Next Alt S.à r.l., a limited liability company (*société à responsabilité limitée*) governed by Luxembourg law, having its official seat in Luxembourg, Grand Duchy of Luxembourg, and its registered office at 5 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under number B 194.978.
NextRadioTV	NextRadioTV S.A.S, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.
Nominating Shareholder	(i) Next Alt, provided that Next Alt (a) holds a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and (b) is Controlled by the Controller, or (ii) when Next Alt does not hold a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and/or is no longer Controlled by the Controller, any other legal entity which (x) holds a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and (y) is Controlled by the Controller.
Non-Executive Board Member	A non-executive member of the Board.
NPS	Net Promoter Score. An index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.
OECD	The Organisation for Economic Co-operation and Development.
Parilis	Parilis S.A., a public limited liability company *(société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, which was renamed Altice Technical Services S.A. in November 2016, and its subsidiaries.
Performance Target	The target level of each of the three following indicators: Revenues, Adjusted EBITDA and Adjusted EBITDA – CAPEX + change in Working Capital, which were used as financial performance criteria in 2018 for the purposes of the determination of the annual cash bonuses of the senior leadership team of the Group, including the Executive Board Members.

PINs	Public initiative networks.
PPE	Property, Plant and Equipment.
Pre-Distribution Dividend	The payment of a $1.5 billion cash dividend to all shareholders of Altice USA immediately prior to completion of the Separation, as approved on January 8, 2018 by the board of directors of Altice USA, acting through its independent directors.
Preference Share A	A preference share A in the capital of the Company, with four voting rights and with a nominal value of €0.04.
Preference Share B	A preference share B in the capital of the Company, with one voting right and with a nominal value of €0.01.
President	The president of the Board.
PSOP	The Company's performance stock option plan dated June 28, 2017.
PT Portugal	PT Portugal S.G.P.S., S.A., a public limited company (*sociedade anónima*) incorporated under the laws of Portugal.
Remuneration Committee	The remuneration committee of the Board.
Remuneration Policy	The remuneration policy adopted by a resolution of the General Meeting on June 28, 2017.
Revolving Credit Facility Agreements	Each of the 2014 Altice Financing Revolving Credit Facility Agreement, the 2015 Altice Financing Revolving Credit Facility Agreement, the 2014 Altice Luxembourg Revolving Credit Facility Agreement and the Altice France Revolving Credit Facility Agreement.
SDG	The 17 Sustainable Development Goals of the 2030 Agenda for Sustainable Development that were adopted at an United Nations Summit in September 2015 and came into force on January 1, 2016.
Separation	The separation of Altice USA from the Company.
SFR	Société Française du Radiotéléphone-SFR S.A., a public limited liability company (*société anonyme*) incorporated under the laws of France.
Share	A share in the capital of the Company; unless the contrary is apparent, this includes each Common Share A, Common Share B, Preference Share A and Preference Share B.
Shareholder	A holder of one or more Shares.
SOP	The Company's share option plan dated August 9, 2015, as amended on January 11, 2016, March 14, 2016, June 28, 2016, September 6, 2016 and March 20, 2017.
SOP SA	The share option plan of Altice S.A.
SRR	SRR S.C.S., a limited partnership (*société en commandite simple*) incorporated under the laws of France and a subsidiary of Altice France.

Stock Option Plans	The SOP, the LTIP, the PSOP, the 2017 SOP and the 2017 LTIP.
Suddenlink	Cequel Communications, LLC, a limited liability company incorporated under the laws of Delaware and an indirect subsidiary of Altice USA, doing business under the brand 'Suddenlink' in the United States.
SXKP	Index that represents approximately 20 telecommunications companies of the European region.
SXXP	Index that represents 600 large, mid and small capitalization companies across 17 countries of the European region.
Target	The financial performance target of which the achievement is a condition for the vesting of stock options granted to certain employees of the Group, including Executive Board Members, under the PSOP.
Teads	Teads S.A., a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg, and its subsidiaries.
Term Loans	The term loan facilities available under the Altice France Credit Facility Agreement and the 2015 Altice Financing Credit Facility Agreement.
The Netherlands	The part of the Kingdom of the Netherlands located in Europe.
Tricom	Tricom S.A., a public limited company (*sociedade anónima*) incorporated under the laws of the Dominican Republic, which was merged into Altice Dominicana on January 1, 2018, and its subsidiary Global Interlink.
US or **United States**	United States of America.
US Carried Interest Plan	The long-term equity incentive plan implemented by Altice USA in the US for certain members of its management team.
U.S. dollar or **$**	The U.S. Dollar, the lawful currency in the US.
VAT	Value added tax.
Vice-President	The vice-president of the Board.
Warrant	The warrant issued by the Company which, under specific circumstances, entitles Next Alt to subscribe for Preference Shares A.
Warrant Shares	The Preference Shares A in the capital of the Company to be issued upon exercise of the Warrant.
Weill 2016 FPPSs	The right of Mr. Weill to acquire in aggregate 1,855,664 Preference Shares B as granted on July 7, 2016, as amended on May 29, 2018, and as approved, in connection with the Separation, by the General Meeting on July 10, 2018.
Weill 2016 FPPSs Tranche 1	1,103,096 Weill 2016 FPPSs, each upon vesting convertible into one newly to be issued Common Share A as well as 0.4163 existing shares of Class A common stock in Altice USA.

Weill 2016 FPPSs Tranche 2	752,568 Weill 2016 FPPSs, each upon vesting convertible into a number of newly to be issued Common Shares A depending on the share price of the Common Shares A during the 5 trading days preceding the conversion request.
Weill 2018 FPPSs	The right of Mr. Weill to acquire in aggregate up to 50,000,000 Preference Shares B as determined by the General Meeting on July 10, 2018.
Wft	The Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht)*.

APPENDIX 2: GLOSSARY

3G The third generation of mobile communications standards, which is based on the UMTS universal standard. 3G is referred to in the industry as IMT-2000, capable of data speeds exceeding the 14.4 Kbps of GSM technology.

4G The fourth generation of mobile communications standards, which is based on the LTE universal standard. 4G is referred to in the industry as IMT-Advanced with a nominal data rate of 100 Mbps/s while the client physically moves at high speeds relative to the station, and 1 Gbps while client and station are in relatively fixed positions. Expected to provide a comprehensive and secure all-IP based mobile broadband solution to laptop computer wireless modems, smartphones, and other mobile devices. Facilities such as ultra-broadband Internet access, IP telephony, gaming services, and streamed multimedia may be provided to users, which allows for higher data speeds than achievable with 3G and additional network features and capabilities.

4K Ultra HD resolution for more real-life picture.

5G The latest generation of mobile communications standards. Compared to 4G, 5G targets higher data throughputs, reduced latency times, and the simultaneous connection of a large number of devices. It is expected that 5G will provide the foundation for new services in transportation, manufacturing, smart cities, IoT, etc. in the next decade.

ADSL Asymmetrical DSL. ADSL is an Internet access technology that allows voice and high-speed data to be sent simultaneously over local copper telephone line.

ARPU Average Revenue Per User. ARPU is an average monthly measure that the Group uses to evaluate how effectively the Group is realizing revenue from subscribers. ARPU is calculated by dividing the revenue for the service provided after certain deductions for non-customer related revenue (such as hosting fees paid by channels) for the respective period by the average number of customer relationships for that period and further by the number of months in the period. The average number of customer relationships is calculated as the number of customer relationships on the first day in the respective period plus the number of customer relationships on the last day of the respective period, divided by two. This definition may be different for other companies, including SFR.

B2B Business-to-business.

B2C Business-to-consumers.

bandwidth The width of a communications channel. In other words, the difference between the highest and lowest frequencies available for network signals. Bandwidth also refers to the capacity to move information.

broadband Any circuit that can transfer data significantly faster than a dial-up phone line. Within broadband circuits, distinction can be made between high-speed and very-high speed lines.

churn	The number of RGUs for a given service that have been disconnected (either at the customer's request or due to termination of the subscription by the Group) during the period divided by the average number of RGUs for such service during such period, excluding transfers between the Group's services (other than a transfer between its cable services and its mobile services).
CPE	Customer premise equipment.
DOCSIS	Data over cable service interface specification, a technology that enables the addition of high-speed data transfer over an existing cable television system. Compared to DOCSIS 2.0, DOCSIS 3.0 has enhanced transmission bandwidth and support for Internet Protocol version 6. The DOCSIS 3.1 standard enables higher spectral efficiency support and is expected to work on existing HFC plant and be compatible with previous DOCSIS standards.
DSL	Digital Subscriber Line. DSL is a technology that provides high-speed Internet access over traditional telephone lines.
DTH	Direct-to-home television.
DTT	Digital terrestrial television.
DVR	Digital video recorder.
FSC	Forest Stewardship Council. An international non-profit organization established in 1993 to promote responsible management of the world's forests.
FTTB	Fibre-to-the-Building network.
FTTH	Fibre-to-the-Home network.
FTTx	Topology of access network where fibre is used to provide connectivity to end users. "X" defines the various types of points where fibre terminates: C – Curb, H – Home (end-to-end fibre network).
Gbps	Gigabit per second.
Ghz	Gigahertz
GPON	Gigabit passive optical networks. A high-bandwidth optical fibre network using point-to-multipoint architecture.
GSM	Global System for Mobile Communications. A standard to describe the protocols for second-generation (2G) digital cellular networks.
HD	High definition.
HFC	Hybrid fibre coaxial.
IaaS	Infrastructure as a Service. A form of cloud computing which provides virtualized computing resources over the Internet.
iDEN	Integrated Digital Enhanced Network, a wireless technology developed by Motorola that combines the capabilities of a digital cellular telephone (mobile phone), two-way radio (RT), alphanumeric pager (pocket pager) and data/fax modem (fax) into a single network. iDEN is designed to give the user quick access to information without having to carry around

several devices that provide only one of the above-listed services/communication methods each.

Industry 4.0 The fourth industry revolution where there is a trend to automation based on sensing, intelligent computing with collected data and continuous improvements of manufacturing process management.

Internet A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks. These networks all use the IP communications protocol.

IoT Internet of Things. A network of physical objects that feature an IP address for Internet connectivity, and the communication that occurs between such objects and other devices and systems.

IP Internet Protocol.

IPTV Internet Protocol television.

ISP Internet Service Provider.

IT Information technology, a general term referring to the use of various software and hardware components when used in a business.

LTE Long-Term-Evolution technology, being a standard in mobile network technology.

M2M Machine-to-machine.

Mbps Megabits per second. Each megabit is one million bits.

MMS Multimedia message service.

multi-play The bundling of different telecommunications services (e.g., digital cable television, broadband Internet and fixed telephony services, by one provider).

MVNO Mobile virtual network operator. Refers to a company that provides mobile services but does not have its own licenced frequency allocation of radio spectrum, nor necessarily all of the infrastructure required to provide mobile telephony services.

network An interconnected collection of components which would, in a telecommunications network, consist of switches connected to each other and to customer equipment by real or virtual links. Transmission links may be based on fibre optic or metallic cable or point to point radio connections.

NFV Network Function Virtualization is the adoption by the telecom industry of IT methods and technologies in order to develop and implement network features. Hardware and software are addressed separately through virtualization, design, delivery and deployment phases, instead of integrated appliances.

NGPON2 Next Generation Passive Optical Network 2 is a telecommunication standard for a passive optical network (PON).

NOSSIS Altice Lab’s Operation Support System suite of products to cover all operational processes from inventory, fulfillment and insurance.

OTT	Over-the-top. OTT refers to high speed broadcasting of video and audio content without the Internet access provider being involved in the control or distribution of the program (its role is limited to transporting IP packages), as opposed to the purchase of video or audio programs from an Internet access provider such as VoD or IPTV.
PacketCable™	A CableLabs-led initiative to develop interoperable interface specifications for delivering advanced, real-time multimedia services over two-way cable plant. PacketCable networks use IP technology to enable a wide range of multimedia services, such as IP telephony, multimedia conferencing, interactive gaming and general multimedia applications.
PEFC	Program for the Endorsement of Forest Certification. An international, non-profit, non-governmental organization which promotes sustainable forest management through independent third party certification.
PMR	Professional Mobile Radio networks are private mobile telecommunication solutions for professionals (public authorities and companies) that have specific needs concerning reliability, security and "business functionalities": group call, geolocation, emergency call, administration of interventions by a dispatcher, etc.
PON	Passive Optical Network. Fibre optical network used in a point to multipoint topology to distribute light signals and where a single fibre can serve many network points.
quad-play	Triple-play with the addition of mobile service.
RGU	Revenue Generating Unit. RGUs relate to sources of revenue, which may not always be the same as customer relationships. For example, one person may subscribe for two different services, thereby accounting for only one subscriber, but two RGUs. RGUs for pay television and broadband Internet infrastructure access are counted on a per source service basis and RGUs for fixed line telephony are counted on a per line basis. Mobile RGUs is equal to the net number of lines or SIM cards that have been activated on the Group's mobile network.
SDN	Software Defined Networking consists in programmatically implementing network configuration in order to improve service design agility, to reduce implementation time and to bring efficiency in operations.
SIM card	Subscriber Identity Modules are smart cards that store data for GSM cellular telephone subscribers.
triple-play	Where a customer has subscribed to a combination of three products, digital cable television, broadband Internet and fixed telephony services.
UMTS	Universal Mobile Telecommunications Service, a 3G mobile networking standard commonly used to upgrade GSM networks to 3G standards.
VDSL or **VDSL2**	Very-high-speed DSL. A high-speed variant of ADSL. VDSL2 is the latest and most advanced technology for DSL broadband Internet wireless communications.
VoD	Video on demand. VoD is a service which provides subscribers with enhanced playback functionality and gives subscribers access to a broad array of on demand programming, including movies, live events, local drama, music videos, children programming and adult programming.

VoIP	Voice-over-Internet-Protocol. VoIP is a telephone service via Internet, or via TCP/IP protocol, which can be accessed using a computer, a sound card, adequate software and a modem.
Wi-Fi	A wireless network technology.
xDSL	xDSL refers collectively to all types of DSL connections, including VDSL and ADSL.
XGSPON	XGSPON is a telecommunication standard for a passive optical network (PON).
Zero touch provisioning	Automated provisioning process with no human intervention.

FINANCIAL STATEMENTS

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I. CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Altice Europe N.V.

(formerly Altice N.V.)

**ALTICE EUROPE N.V.
CONSOLIDATED
FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2018**

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Consolidated Statement of Income (€m)	**Notes**	**Year ended December 31, 2018**	**Year ended December 31, 2017 (revised*)**
Revenues	4	**14,255.2**	**15,151.6**
Purchasing and subcontracting costs	4	(4,480.8)	(4,740.1)
Other operating expenses	4	(3,134.5)	(3,101.9)
Staff costs and employee benefits	4	(1,545.7)	(1,583.8)
Depreciation, amortization and impairment	4	(4,124.5)	(4,370.6)
Other expenses and income	4	457.1	(1,075.9)
Operating profit	4	**1,426.9**	**279.4**
Interest relative to gross financial debt	28	(1,814.3)	(2,328.5)
Other financial expenses	28	(399.4)	(228.6)
Finance income	28	97.3	324.2
Net result on extinguishment of a financial liability	28	(148.6)	(134.7)
Finance costs, net	28	**(2,265.0)**	**(2,367.4)**
Share of earnings of associates		(10.3)	(16.7)
Loss before income tax from continuing operations		**(848.4)**	**(2,104.7)**
Income tax (expense)/benefit	24	(68.0)	423.2
Loss for the period from continuing operations		**(916.4)**	**(1,681.6)**
Discontinued operations			
Profit after tax for the period from discontinued operations[1]	3.5	711.6	1,423.0
Loss for the period		**(204.8)**	**(258.6)**
Attributable to equity holders of the parent		(332.9)	(609.7)
Attributable to non-controlling interests		128.0	351.1
Earnings per share			
From continuing operations (basic and diluted)	15	(0.8)	(1.4)
From continuing and discontinued operations (basic and diluted)	15	(0.3)	(0.5)

1 Following the decision of the Board of Directors of Altice N.V. made on January 8, 2018 to separate Altice USA Inc. ("Altice USA") from Altice N.V., Altice USA was classified as discontinued operations in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. For more details, please refer to notes 3.1.4. and 3.5.

Consolidated Statement of Other Comprehensive Income (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017 (revised*)**
Loss for the period	**(204.8)**	**(258.6)**
Other comprehensive income/(loss)		
Items that are reclassified to profit or loss		
Exchange differences on translating foreign operations	(292.8)	(481.1)
(Loss)/gain on cash flow hedge, net of taxes	62.5	136.3
Item that is not reclassified to profit or loss		
Actuarial gain/(loss), net of taxes	29.5	(23.6)
Fair value of financial assets through OCI, net taxes	0.3	0.7
Total other comprehensive loss	**(200.4)**	**(367.7)**
Total comprehensive loss for the period	**(405.1)**	**(626.3)**
Attributable to equity holders of the parent	(536.6)	(849.3)
Attributable to non-controlling interests	131.5	223.0

(*) Previously published information has been revised to take into account the impact following the classification of Altice USA as discontinued operation and the adoption of IFRS 15 *Revenue from Contracts with Customers*. Please refer to note 36 for the reconciliation to previously published results.

The accompanying notes from page 160 to 270 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position (€m)	**Notes**	**As of December 31, 2018**	**As of December 31, 2017 (revised*)**	**As of January 1, 2017 (revised*)**
Non-current assets				
Goodwill	5	15,757.3	22,302.4	23,045.7
Intangible assets	6	8,662.9	24,264.0	29,205.7
Property, plant & equipment	7	10,008.5	15,161.4	16,256.8
Contract costs	8	252.5	256.7	232.9
Investment in associates	9	154.1	49.4	65.7
Financial assets	10.1	2,039.6	2,545.5	3,615.8
Deferred tax assets	24	153.9	152.3	113.6
Other non-current assets	10.2	425.7	466.9	182.4
Total non-current assets		**37,454.5**	**65,198.6**	**72,718.6**
Current assets				
Inventories	11	422.2	461.4	394.8
Contract assets	8	265.7	302.3	398.0
Trade and other receivables	12	4,509.6	4,932.0	4,600.5
Current tax assets	24	119.1	173.7	179.2
Financial assets	10	43.1	93.4	758.6
Cash and cash equivalents	13	1,837.0	1,239.0	1,109.1
Restricted cash	13	141.6	168.1	202.0
Total current assets		**7,338.3**	**7,369.9**	**7,642.2**
Assets classified as held for sale	*3.4*	*538.0*	*184.3*	*476.0*
Total assets		**45,330.8**	**72,752.7**	**80,836.8**
Issued capital	14.1	68.3	76.5	76.5
Treasury shares	14.2	(14.6)	(370.1)	-
Additional paid in capital	14.3	-	2,605.9	738.0
Other reserves	14.4	(783.6)	(811.4)	(564.8)
Accumulated losses	14	(2,401.5)	(3,107.3)	(2,533.4)
Equity attributable to owners of the Company		**(3,131.4)**	**(1,606.4)**	**(2,283.7)**
Non-controlling interests	3.3	226.7	1,242.9	228.9
Total equity		**(2,904.7)**	**(363.5)**	**(2,054.8)**
Non-current liabilities				
Long term borrowings, financial liabilities and related hedging instruments	18	34,262.1	50,059.4	52,826.3
Other financial liabilities	18.6	560.3	1,963.1	4,480.0
Provisions	16	1,178.8	1,479.8	1,872.1
Deferred tax liabilities	24	255.7	4,451.1	8,212.4
Non-current contract liabilities	8	565.2	471.9	394.0
Other non-current liabilities	23	606.4	165.8	484.4
Total non-current liabilities		**37,428.4**	**58,591.1**	**68,269.2**
Current liabilities				
Short-term borrowings, financial liabilities	18	102.3	1,792.9	1,342.3
Other financial liabilities	18.6	2,052.2	2,394.0	3,491.9
Trade and other payables	22	7,068.8	8,368.8	7,713.4
Contract liabilities	8	606.0	811.9	818.5
Current tax liabilities	24	247.0	205.4	298.4
Provisions	16	330.2	542.4	658.8
Other current liabilities	23	201.2	305.0	209.9
Total current liabilities		**10,607.7**	**14,420.4**	**14,533.2**
Liabilities directly associated with assets classified as held for sale	*3.4*	*199.5*	*104.7*	*89.2*
Total liabilities		**48,235.5**	**73,116.2**	**82,891.6**
Total equity and liabilities		**45,330.8**	**72,752.7**	**80,836.8**

(*) Previously published information has been revised to take into account the impact following the adoption of IFRS 15 *Revenue from Contracts with Customers.* Please refer to note 36 for the reconciliation to previously published results.

The accompanying notes from page 160 to 270 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity	Number of shares on issue Common shares Class A	Common shares Class B	Preference shares B	Share capital	Treasury Shares	Additional paid in capital	Accumulated losses	Currency translation reserve	Cash Flow hedge reserve	Fair value through OCI	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2018	**1,572,352,225**	**243,035,949**		**76.5**	**(370.1)**	**2,605.9**	**(3,107.3)**	**(215.8)**	**(535.6)**	**3.6**	**(63.7)**	**(1,606.4)**	**1,242.9**	**(363.5)**
IFRS 9 transition impact				-	-	-	(11.1)	-	-	-	-	**(11.1)**	-	**(11.1)**
Equity at January 1, 2018 (revised[1])	**1,572,352,225**	**243,035,949**		**76.5**	**(370.1)**	**2,605.9**	**(3,118.4)**	**(215.8)**	**(535.6)**	**3.6**	**(63.7)**	**(1,617.4)**	**1,242.9**	**(374.6)**
Gain/(loss) for the period				-	-	-	(332.9)	-	-	-	-	**(332.9)**	128.0	**(204.8)**
Other comprehensive profit/(loss)				-	-	-	-	(295.9)	62.4	0.3	29.4	**(203.7)**	3.3	**(200.4)**
Comprehensive profit/(loss)				-	-	-	**(332.9)**	**(295.9)**	**62.4**	**0.3**	**29.4**	**(536.6)**	**131.5**	**(405.1)**
Conversion common shares B to common shares A	810,255,800	(32,410,232)		-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	(786,000,000)	(1,307,716)		(8.2)	355.6	(347.4)	-	-	-	-	-	-	-	-
Issuance of preference shares B[2]			927,832	0.0	-	-	-	-	-	-	-	**0.0**	-	**0.0**
Share based payments				-	-	-	(51.8)	-	-	-	-	**(51.8)**	1.8	**(50.0)**
Separation of Altice USA[3]				-	-	(2,258.5)	(124.5)	231.5	-	-	-	**(2,151.5)**	(974.6)	**(3,126.2)**
Transactions with non-controlling interests				-	-	-	(308.5)	-	-	-	-	**(308.5)**	25.6	**(282.9)**
The sale of minority interest in Hivory				-	-	-	1,534.0	-	-	-	-	**1,534.0**	217.6	**1,751.7**
Dividends				-	-	-	-	-	-	-	-	-	(416.2)	**(416.2)**
Other				-	-	-	0.4	-	-	-	-	**0.4**	(1.7)	**(1.3)**
Equity at December 31, 2018	**1,596,608,025**	**209,318,001**	**927,832**	**68.3**	**(14.6)**	-	**(2,401.5)**	**(280.1)**	**(473.2)**	**4.0**	**(34.2)**	**(3,131.4)**	**226.7**	**(2,904.7)**

1 Equity as at January 1, 2018 was adjusted for the impact following the adoption of IFRS 9 *Financial Instruments.*

2 Preference Shares B were issued to the Company's CEO, Mr. Alain Weil, on July 20, 2018. Please refer to notes 14.1 and 26.

3 The total impact of separation of Altice USA in the equity of non-controlling interest consisted of equity reduction of €976.3 million due to the separation of Altice USA from the Company (please refer to note 3.3.2) and €1.6 million increase in equity due to merger of Altice Technical Services US ("ATS US") with Altice USA.

4 The sales of Hivory corresponds to transaction with non-controlling interests related to the sale of the telecommunication towers in Altice France (please refer to note 3.1.14).

Consolidated Statement Changes in Equity	Number of shares on issue Common shares Class A	Common shares Class B	Share capital	Treasury Shares	Additional paid in capital	Accumulated losses	Currency translation reserve	Cash Flow hedge reserve	Fair value through OCI	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2017 (revised*)	**972,363,050**	**267,035,516**	**76.5**	**-**	**738.0**	**(2,533.4)**	**148.8**	**(671.8)**	**2.9**	**(44.6)**	**(2,283.6)**	**228.9**	**(2,054.8)**
Loss for the period			-	-	-	(602.7)	-	-	-	-	**(602.7)**	344.1	**(258.5)**
Other comprehensive profit/(loss)			-	-	-	-	(364.6)	136.3	0.7	(19.1)	**(246.6)**	(121.1)	**(367.7)**
Comprehensive profit/(loss)			**-**	**-**	**-**	**(602.7)**	**(364.6)**	**136.3**	**0.7**	**(19.1)**	**(849.3)**	**223.0**	**(626.3)**
Conversion common shares B to common shares A	599,989,175	(23,999,567)	-	-	-	-	-	-	-	-	-	-	-
Share based payment			-	-	-	28.8	-	-	-	-	**28.8**	13.9	**42.7**
Transaction with non-controlling interests			-	-	1,834.2	-	-	-	-	-	**1,834.2**	1,115.7	**2,949.9**
Dividends			-	-	-	-	-	-	-	-	-	(259.8)	**(259.8)**
Share repurchase			-	(370.1)	-	-	-	-	-	-	**(370.1)**	-	**(370.1)**
Other			-	-	33.7	-	-	-	-	-	**33.7**	(78.8)	**(45.1)**
Equity at December 31, 2017 (revised*)	**1,572,352,225**	**243,035,949**	**76.5**	**(370.1)**	**2,605.9**	**(3,107.3)**	**(215.8)**	**(535.6)**	**3.6**	**(63.7)**	**(1,606.4)**	**1,242.9**	**(363.5)**

(*) Previously published information has been revised to take into account the impact following the adoption of IFRS 15 *Revenue from Contracts with Customers*. Please refer to note 36 for the reconciliation to previously published results.

The accompanying notes from page 160 to 270 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017 (*revised)**
Loss for the period	**(204.8)**	**(258.6)**
Profit from discontinued operations	(711.6)	(1,423.0)
Share of profit of associates	10.3	16.7
Depreciation and amortization	4,124.5	4,370.6
Charge related to share-based payment	42.9	30.6
Gain on disposal of business	(797.3)	-
Other non-cash operating (loss)/gain, net[1]	(177.3)	74.1
Pension plan liability	(81.3)	(129.1)
Finance costs recognised in the statement of income	2,265.0	2,367.4
Income tax expense/(benefit) recognised in the statement of income	68.0	(423.2)
Income tax paid	(145.1)	(304.9)
Changes in working capital[2]	(333.6)	678.0
Net cash provided by operating activities of continuing operations	*4,059.8*	*4,998.7*
Net cash provided by operating activities of discontinued operations	*797.0*	*3,069.3*
Net cash provided by operating activities	**4,856.8**	**8,068.1**
Payments to acquire tangible and intangible assets	(3,485.3)	(3,551.4)
Payment on content right	-	(70.5)
Payments to acquire financial assets	(36.9)	(45.5)
Proceeds from disposal of business[3]	874.2	345.1
Proceeds from disposal of tangible, intangible and financial assets	105.5	24.9
Payment to acquire interests in associates	(21.6)	(34.9)
Payment to acquire subsidiaries, net	(113.3)	(289.8)
Net cash used by investing activities of continuing operations	*(2,677.4)*	*(3,622.1)*
Net cash used by investing activities of discontinued operations	*(371.3)*	*(1,058.0)*
Net cash used in investing activities	**(3,048.7)**	**(4,680.1)**
Proceeds from issue of equity instruments by a subsidiary	-	17.9
Payments to acquire own shares[4]	(33.6)	(371.0)
Proceeds from issuance of debts	6,270.5	9,827.8
Payments to redeem debt instruments	(7,154.4)	(7,826.6)
Other transactions with non-controlling interests[5]	(416.4)	(674.1)
Transfers from/(to) restricted cash	26.2	(18.8)
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	1,766.8	-
Interest paid	(1,935.5)	(2,065.9)
Other cash provided by financing activities[6]	87.2	31.9
Dividend received from Altice USA	894.3	-
Dividend paid to non-controlling interests[7]	(20.7)	(12.9)
Net cash used by financing activities of continuing operations	*(515.5)*	*(1,091.8)*
Net cash used by financing activities of discontinued operations	*(490.8)*	*(2,206.9)*
Net cash used in financing activities	**(1,006.3)**	**(3,298.7)**
Classification of cash as held for sale	(209.3)	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	5.6	40.6
Net change in cash and cash equivalents	**598.0**	**129.9**
Cash and cash equivalents at beginning of period	1,239.0	1,109.1
Cash and cash equivalents at end of the period	**1,837.0**	**1,239.0**

1 Other non-cash operating gains and losses mainly include allowances and writebacks for provisions (including those for restructuring), and gains and losses recorded on the disposal of tangible and intangible assets.

2 Changes in working capital include cash payment for the settlement of stock option plans for an amount of €49.1 million. For further details regarding equity-based compensation, please refer to note 26.

3 Proceeds from the disposal of businesses includes €539.5 million related to the sale of the tower business in Portugal, €157.1 million regarding the sale of the telecommunications solutions business and data center operations in Switzerland, €148.6 million regarding the sale of the tower business in the Dominican Republic and €33.0 million regarding the sale of the wholesale business in France, Portugal and the Dominican Republic.

4 Share buy-backs relate to the purchase of Altice N.V. shares for an amount of €33.6 million which were used for a share settlement with management of OMT (also referred to as French Overseas Territories). The total settlement amounted to €58 million, with €33.6 million settled in Altice N.V.'s shares and the remainder in cash.

5 Transactions with non-controlling interest are mainly related to the payment of the ATS call option for an amount of €156.3 million, the buy-out of minority shareholders in Altice Content Luxembourg (ACL) for an amount of €100.0 million, the payment of the put option agreement entered into with previous minority shareholders of HOT for an amount of €52.2 million, the purchase of shares and preferred equity certificates of Deficom Invest S.à r.l. for an amount of €22.5 million, the acquisition of the minority interest in DTV Holding for an amount of €32.7 million, the payment of €15.0 million regarding a NCI liability regarding the French press group, the payment of €7.4 million to former owners of green.ch AG and Green Datacenter AG and the acquisition of the minority interest in ERT Luxembourg S.A. for an amount of €4.8 million.

6 Other cash from financing activities include net receipts from the issuance of commercial paper of €72.5 million, factoring arrangements for an amount of €30.9 million and net proceeds of €2.0 million for financing related items (mainly related to commitment fees and swaps), which was partly offset by net repayments of €18.8 million for securitization arrangements.

7 Dividends paid relate to dividends paid to non-controlling interests (please refer to note 3.3).

(*) Previously published information has been revised to take into account the impact following the adoption of IFRS 15 *Revenue from Contracts with Customers*. Please refer to note 36 for the reconciliation to previously published results.

The accompanying notes from page 160 to 270 form an integral part of these consolidated financial statements.

1. About Altice

Altice Europe N.V., formerly known as Altice N.V. (the "Company"), is a public limited liability company ("*Naamloze vennootschap*") incorporated in the Netherlands and is headquartered at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Company is the parent entity of the Altice Europe N.V. consolidated group (the "Group" or "Altice"). The Company is ultimately controlled by Patrick Drahi (via Next Alt S.à r.l., "Next Alt"). As of December 31, 2018, Next Alt held 67.53% of the share capital of the Company.

Altice is a convergent leader in telecoms, content, media, entertainment and advertising. Altice delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fiber networks and mobile broadband. Altice is also a provider of enterprise digital solutions to millions of business customers. The Group innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. Altice delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

1.1. Basis of presentation of the consolidated financial statements

The consolidated financial statements of the Group as of December 31, 2018 and for the year then ended were approved by the Board of Directors and authorized for issue on April 10, 2019.

The consolidated financial statements as of December 31, 2018 and for the year then ended, are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code (the "consolidated financial statements").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability (please refer to note 20).

Where the accounting treatment of a specific transaction is not addressed by any accounting standard and interpretation, the Board of Directors applies its judgment to define and apply accounting policies that provide information consistent with the general IFRS concepts: faithful representation and relevance.

1.2. Significant accounting judgments and estimates

In the application of the Group's accounting policies, the Board of Directors is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not clear from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These judgments and estimates relate principally to the provisions for legal claim, the post-employments benefits, revenue recognition, fair value of financial instruments, deferred taxes, impairment of goodwill, useful lives of intangible assets and property, plant and equipment and trade receivables and other receivables. These estimates and assumptions are described in the note 2.27 to the consolidated financial statements for the year ended December 31, 2018.

1.3. Application of new and revised International Financial Reporting Standards (IFRSs)

1.3.1. Standards applicable for the reporting period

The following standards have mandatory application for periods beginning on or after January 1, 2018 as described in note 2 to the annual consolidated financial statements.

- IFRS 15 *Revenue from Contracts with Customers*;
- IFRS 9 *Financial Instruments*;
- Amendments to IFRS 2: *Classification and Measurement of Share Based Payment Transactions*;
- IFRIC 22: *Foreign Currency Transactions and Advance Consideration*;
- Annual improvements cycle 2014-2016.

The application of amendments to IFRS 2, IFRIC 22 and annual improvements cycle 2014-2016 had no impact on the amounts recognised in the consolidated financial statements and had no impact on the disclosures in these consolidated financial statements.

Accounting policies in sections 2.3 *Revenue recognition*, 2.15 *Financial assets* and 2.22 *Financial liabilities* have been amended to include the application of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial instruments*.

1.3.2. Standards and interpretations not applicable as of reporting date

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods before January 1, 2019 and that may impact the amounts reported:

- IFRS 16 *Leases*, effective on January 1, 2019;
- Annual improvements cycle 2015-2017, effective on or after January 1, 2019;
- IFRIC 23: *Uncertainty over Income Tax Treatments*, applicable for annual periods beginning on or after January 1, 2019;
- Amendments to IFRS 9: *Prepayments features with Negative Compensation*, effective on or after January 1, 2019;
- Amendments to IAS 28: *Long term interests in Associates and Joint ventures*, effective on or after January 1, 2019;
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*, effective on or after January 1, 2019;
- Amendments to IAS 1 and IAS 8: *Definition of Material*, effective on or after January 1, 2020;
- Amendments to IFRS 3: *Definition of a Business*, effective on or after January 1, 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards, effective on or after January 1, 2020.

The application of these new standards and interpretations will not have material impact on the amounts recognised in the consolidated financial statements and on the disclosures except for IFRS 16 *Leases* that is presented in section 1.3.3 below.

1.3.3. IFRS 16 Leases

IFRS 16 *Leases*, issued in January 2016, is the new standard on lease accounting and will result in almost all operating leases being recognised in the balance sheet, as the distinction between operating and finance leases is removed for lessees. Under the new standard, which will become effective on January 1, 2019, an asset (the right to use the leased item) and a financial liability (a liability for discounted minimum lease payments over the lease term) are recognised in the statement of financial position. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases and will have a material impact on the consolidated statement of financial position, but it will not have a material impact on the consolidated statement of profit or loss.

The most significant impact will be the recognition of right-of-use assets and lease liabilities for leases qualifying as operating lease under the current standard (IAS 17 *Leases*), while accounting for leases qualifying as finance lease under the current standard remains substantially unchanged. Most of the lease commitments that will be in scope of the standard relate to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative or technical purposes and other assets (vehicles).

Judgment is required in the determination of the discount rates and the assessment of the lease term (considering renewal or termination options).

From a lessor perspective, the standard will not have a material impact as the distinction between operating and finance leases will remain under the new standard.

The Group has decided to apply the new standard based on the modified retrospective approach (cumulative catch-up) and to measure the asset at an amount equal to the liability (adjusted for accruals and prepayments). Therefore, 2018 financial statements will not be restated under the new standard.

As regards the options and exemptions permitted under IFRS 16, the Group will take the following approach:

- Right-of-use assets will be reported separately in the statement of financial position.
- The recognition, measurement and disclosure requirements of IFRS 16 will also be applied in full to short-term leases and leases of low-value assets.
- A distinction will be made in leases that contain both lease components and non-lease components except for agreements for which the separation is impracticable (master service agreements with towers company).
- Application of the portfolio approach for the recognition and measurements of certain asset categories with similar characteristics (same residual value, same economic environment), mainly for local loop unbundling.
- Application of the standard to contracts that were previously identified as finance leases under IAS 17 / IFRIC 4 at the transition date (carry forward of existing finance lease liabilities).
- Calculate outstanding liability for existing operating leases using the incremental borrowing rate at date of transition.
- IFRS 16 will not be applied to leases for intangible assets.
- The Group chooses to apply the relief option, which allows it to adjust the right of use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application.

The Group's preliminary assessment of the impact of IFRS 16 on the Group's balance sheet as at December 31, 2018 is as follows:

- Increase of the right of use assets in counterpart of an increase in the lease liabilities relating to previous operating lease in a range of €3.7 - €4.3 billion.

In addition, the Group is assessing the impact of the current discussions at the IFRIC (IFRS Interpretation Committee) relating to subsurfacing rights that can change the IFRS 16 impacts presented above.

During 2019, the Group will record depreciation charges and interest expense (rather than lease expense) in the statement of income. In the statement of cash flows, the repayment portion of the lease liabilities from existing

operating leases will reduce net cash from/used in financing activities and no longer affect net cash from operating activities.

Under IAS 17 *Leases*, the undiscounted expected operating lease payments are disclosed as off-balance sheet commitments in the notes to the consolidated financial statements (refer to note 21). This disclosure is only indicative for the size of the IFRS 16 lease liability, the amounts are undiscounted, and new contracts previously not recognised as a lease could now be in scope and vice versa.

The reconciliation between operating lease commitments as at December 31, 2018 and lease liabilities recognised in the statement of financial position at the date of initial application is presented below:

- The operating lease obligations as at December 31, 2018 amounts to €3.6 billion.
- The effect of the revision of the periods under IFRS 16 (renewal options that are reasonably certain are taken into account under IFRS 16 versus minimum lease payments in IAS 17 disclosure) will increase the operating lease obligations by €1.6 billion.
- The effect of the discounting effect will decrease the operating lease obligations including revision of the periods by €1.2 billion.
- Other effects under finalization will impact the operating lease obligations under IFRS 16 in a range of €(0.3) - €0.3 billion.

Therefore, estimated lease liabilities at the date of initial application is estimated in a range of €3.7 - €4.3 billion.

2. Significant accounting policies

2.1. Basis of consolidation

2.1.1. Subsidiaries

Entities are fully consolidated if the Group has all the following:

- power over the investee;
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. If the Group does not have a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

2.1.2. Joint ventures

In accordance with IFRS 11 *Joint Arrangements*, arrangements subject to joint control are classified as either a joint venture or a joint operation. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Investment in which the Group is a joint operator recognises its shares in the assets, liabilities, revenues and expenses.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investment in which the Company is a joint venturer recognises its interest in the joint venture in accordance with the equity method.

2.1.3. Associates

Investments, over which the Company exercises significant influence, but not control, are accounted for under the equity method. Such investees are referred to as "associates" throughout these consolidated financial statements.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Associates are initially recognised at cost at acquisition date. The consolidated financial statements include the Group's share of income and expenses, from the date significant influence commences until the date that significant influence ceases.

The interest income and expenses recorded in the consolidated financial statements of the Group on loans with associates have not been eliminated in the consolidated statement of income and therefore are still recorded in the consolidated financial statements.

2.2. Foreign currencies

The presentation currency of the consolidated financial statements is euros. The functional currency, which is the currency that best reflects the economic environment in which the subsidiaries of the Group operate and conduct their transactions, is separately determined for the Group's subsidiaries and associates and is used to measure their financial position and operating results.

2.2.1. Monetary transactions

Transactions denominated in foreign currencies other than the functional currency of the subsidiary are translated at the exchange rate on the transaction date. At each balance sheet date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognised in the consolidated statement of income.

2.2.2. Translation of financial statements denominated in foreign currencies

Assets and liabilities of foreign entities are translated into euros using exchange rates prevailing at the end of the reporting period. The consolidated statements of income and cash flow are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded in shareholders' equity under "Currency translation reserve" (for the Group share) or under "Non-controlling interests" (for the share of non-controlling interests) as deemed appropriate.

The exchange rates of the main currencies were as follows:

Foreign exchange rates used	Annual average rate		Rate at the reporting date	
(€)	2018	2017	Dec 31, 2018	Dec 31, 2017
Dominican Pesos (DOP)	0.01711	0.01864	0.01738	0.01719
Israeli Shekel (ILS)	0.23572	0.24626	0.23315	0.23975
United States Dollar (USD)	0.84666	0.88486	0.87321	0.83181
Swiss Franc (CHF)	0.86568	0.89927	0.88844	0.85436
Moroccan Dirham (MAD)	0.09027	0.09123	0.09132	0.08916

2.3. Revenue recognition

Revenue from the Group's activities is mainly composed of television, broadband internet, fixed and mobile telephony subscription, installations fees invoiced to residential and business clients and advertising revenues.

Revenue comprises the expected consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, discounts and after eliminating intercompany sales within the Group.

In accordance with IFRS 15 *Revenue from Contracts with Customers*, the revenue recognition model includes five steps for analysing transactions so as to determine when to recognise revenue and at what amount:

(1) Identifying the contract with the customer.
(2) Identifying separate performance obligations in the contract.
(3) Determining the transaction price.
(4) Allocating the transaction price to separate performance obligations.
(5) Recognizing revenue when or as the performance obligations are satisfied.

For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if the product or service is distinct from other items in the bundle. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the market prices at which the Group sells the mobile devices and telecommunications services separately. This could lead to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position.

The contract asset is amortized over the enforceable period. Enforceable period has been determined for each agreement. It represents the period over which rights and obligation are enforceable. This period is determined not only by the commitment period as stated in the contract, but also by business practices and contracts mechanisms (early renewal, exit options, penalties and other clauses).

2.3.1. Revenues from the sale of equipment

The Group recognises revenues when a customer takes possession of the device, which is the performance obligation. This usually occurs when the customer signs a new contract. The amount of revenue includes the sale of mobile devices and ancillary equipment for those devices. For mobile devices sold separately, customers pay in full at the point of sale or in several instalments (credit agreement).

2.3.2. Revenues on separable components of bundle packages

Revenues from telephone packages are recorded as a sale with multiple components. Revenues from sales of handsets (mobile phones and other) are recorded upon activation of the line, net of discounts granted to the customer via the point of sale and the costs of activation.

When elements of these transactions cannot be identified or analysed separately from the main offer, they are considered as related elements and the associated revenues are recognised in full over the duration of the contract or the expected duration of the customer relationship.

2.3.3. Revenue from service

Revenues from subscriptions for basic cable services, digital television pay, Internet and telephony (fixed and mobile) are recognised in revenue on a straight-line basis over the subscription period; revenues from telephone calls are recognised in revenue when the service is rendered in accordance with the term of the contract.

The Group sells certain telephone subscriptions based on plans under which the call minutes for a given month can be carried over to the next month if they are not used. The minutes carried over are recorded based on the proportion of total telephone subscription revenues they represent, when the minutes are used or when they expire.

Revenues relative to incoming and outgoing calls and off-plan calls are recorded when the service is provided. Revenues generated by vouchers sold to distributors and by prepaid mobile cards are recorded each time use is made by the end customer, as from when the vouchers and cards are activated. Any unused portion is recorded in contract liabilities at the end of the reporting period. Revenues are in any case recognised upon the expiry date of the cards, or when the use of the vouchers is statistically unlikely.

Sales of services to subscribers managed by the Group on behalf of content providers (principally special numbers and SMS+) are recorded on a gross basis, or net of repayments to the content providers when the content providers are responsible for the content and determine the pricing applied to the subscriber.

The costs of access to the service or installation costs principally billed to operator and corporate clients in relation to DSL connection services, bandwidth services, and IP connectivity services, are recognised over the expected duration of the contractual relationship and the provision of the principal service.

Installation service revenue is deferred and recognised over the benefit period. For B2B customers, the benefit period is the contract term, which is defined and agreed for 2 years or more. For B2C customers, there is no commitment period and installation costs are recognised over the estimated benefit period.

Revenues linked to switched services are recognised each time traffic is routed. Revenues from bandwidth, IP connectivity, high-speed local access and telecommunications services are recorded as and when the services are delivered to the customers.

2.3.4. Access to telecommunications infrastructures

The Group provides its operator clients with access to its telecommunications infrastructures by means of different types of contracts: rental, hosting contracts or concessions of Indefeasible Rights of Use (‘‘IRU’’). The IRU contracts grant the use of an asset (ducting, fibre optic or bandwidth) for a specified period. The Group remains the owner of the asset. Proceeds generated by rental contracts, hosting contracts in Netcenters, and infrastructure IRUs are recognised over the duration of the corresponding contracts, except where these are defined as a finance lease, in which case the equipment is considered as having been sold on credit.

In the case of IRUs, and sometimes rentals or service agreements, the service is paid in advance in the first year. These prepayments, which are non-refundable, are recorded in prepaid income and recognised over the expected term of the related agreements.

2.3.5. Sales of infrastructure

The Group builds infrastructure on behalf of certain clients. The average duration of the construction work is less than one year; therefore, revenues are recorded when ownership is transferred. A provision is recognised when any contracts are expected to prove onerous.

2.3.6. Advertising revenues

Advertising revenues are recognised when commercials are aired.

For revenue related to space to display video advertisements online sold either directly to clients or to advertising agencies (the clients), the Group generates revenue when a user clicks on the banner ad or views the advertisement. The Group prices the advertising campaigns on a cost per view (“CPV”) model or a cost per mille (“CPM”) model based on the number of views generated by users on each advertising campaign. Revenue is recognised when four basic criteria are met:

- persuasive evidence exists of an arrangement with the client reflecting the terms and conditions under which the services will be provided (insertion order, which are commonly based on specified CPVs and related campaign budgets);
- services have been provided or delivery has occurred. Income relating to services provided is recorded based on the stage of completion of the service. The stage of completion is assessed by reference to the work performed at the reporting date. For on-going service agreements, the stage of completion is prorated over time. In case of negative margin for a campaign, accrual for future loss is booked.
- the fee is fixed or determinable; and
- collection is probable. Collectability is assessed based on a number of factors, including the creditworthiness of a client, the size and nature of a client's website and transaction history.

Amounts billed or collected in excess of revenue recognised are included as deferred revenue. An example of such deferred revenue would be arrangements whereby clients request or are required by the Group to pay in advance of delivery.

2.3.7. Income from credit arrangements

Revenues deriving from long-term credit arrangements (such as the sale of devices in instalments) are recorded at the present value of the future cash flows (against long-term receivables) and are discounted in accordance with market interest rates. The difference between the original amount of the credit and the present value, as aforesaid, is spread over the length of the credit period and recorded as interest income over the length of the credit period.

2.3.8. Gross versus net revenue recognition

The Group determines whether it is acting as a principal or as an agent. The Group is acting as a principal if it controls a promised good or service before it is transferred to a customer.

Indicators for acting as a principal include: (1) the Group is primarily responsible for fulfilling the promise to provide the specified good or service, (2) the Group has inventory risk in the specified good or service and (3) the Group has discretion in establishing the price for the specified good or service.

On the other hand, the Group is acting as an agent or an intermediary, if these criteria are not met. When the Group is acting as an agent, revenue is presented on a net basis in the statement of income. When the Group is acting as principal, revenue is presented on a gross basis.

2.4. Finance costs, net

Finance costs, net primarily comprise:

- Interest charges and other expenses paid for financing operations recognised at amortized cost;
- Changes in the fair value of interest rate derivative instruments;
- Ineffective portion of hedges that qualify for hedge accounting;
- Foreign exchange gains and losses on monetary transactions;
- Interest income relating to cash and cash equivalents;
- Gains/losses on extinguishment of financial liability;
- Investment securities and investment securities pledged as collateral (Comcast investment) are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net financial result.

2.5. Taxation

Taxes on income in the income statement include current taxes and deferred taxes. The tax expenses or income in respect of current taxes or deferred taxes are recognised in profit or loss unless they relate to items that are recorded directly in equity, in these cases the tax effect is reflected under the relevant equity item.

2.5.1. Current tax

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

2.5.2. *Deferred tax*

Deferred tax assets are recognised for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor income tax profit or loss.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

The carrying value of deferred tax assets is reviewed at each closing date and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy.

Taxable temporary differences arising from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

All deferred tax assets and liabilities are presented in the statement of financial position as non-current assets and non-current liabilities, respectively. Deferred taxes are offset if an enforceable legal right exists, which enables the offsetting of a current tax asset against a current tax liability and the deferred taxes relate to the same entity, which is chargeable to tax, and to the same tax authority.

2.6. Site dismantling and restoration

The Company has a contractual obligation to dismantle and restore the sites of its mobile and fixed network upon expiry of a lease, if the lease is not renewed. Considering this obligation, site restoration costs are capitalized based on:

- an average unit cost of restoring sites;
- assumptions concerning the lifespan of the dismantling asset; and
- a discount rate.

2.7. Goodwill and business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Group, liabilities incurred by the Group from the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based payments* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after

reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7.1. Acquisition under common control

In the absence of specific guidance under IFRS for transactions between entities under common control, the Company considered and applied standards on business combination and transactions between entities under common control issued by the accounting standard-setting bodies in the United States (Accounting Standards Codification Topic 810-10-45-10 and Topic 810-10-55-1B Consolidation and SEC Regulation S-X Article 3A – *Consolidated and Combined Financial Statements*) and in the United Kingdom (FRS 6 *Acquisitions and mergers*) to prepare the consolidated financial statements.

Acquisition under common control uses the following methods and principles:

- Carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value on consolidation, although appropriate adjustments should be made to achieve uniformity of accounting policies in the combining entities;
- The results and cash flows of all the combining entities should be brought into the consolidated financial statements of the combined entity from the beginning of the financial year preceding the year in which the combination occurred, adjusted to achieve uniformity of accounting policies;

- The difference, if any, between the nominal value of the shares issued plus the fair value of any other consideration given, and the nominal value of the shares received in exchange should be shown as a movement on Additional Paid in Capital in the consolidated financial statements.

Any existing balance on the share premium account of the new subsidiary undertaking should be brought in by being shown as a movement on Additional Paid in Capital. These movements should be shown in the reconciliation of movements in shareholders' equity.

2.8. Intangible assets

Intangible assets acquired separately are recorded at cost on initial recognition, with the addition of direct acquisition costs. Intangible assets acquired in a business combination are measured at fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and less any accumulated impairment losses. Intangible assets have either definite or indefinite useful lives.

Assets with definite useful lives are amortized over their useful lives and tested for signs that would indicate impairment in value. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least once a year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits that are expected to derive from the asset are treated as a change in an accounting estimate which is treated prospectively.

The useful lives of the intangible assets are as follows:	**Duration**
Software	3 years
Brands	5 to 15 years
Customer relations	4 to 17 years
Licences	over the period of licences
Indefeasible Right of use	3-30 years
Subscriber purchase costs	based on average duration of subscriptions
Franchises	finite and indefinite

Customer relations established in connection with acquisitions that are finite lived are amortized in a manner that reflects the pattern in which the projected net cash inflows to the Company are expected to occur, such as the sum of the years' digits method, or when such pattern does not exist, using the straight-line basis over their respective estimated useful lives.

Franchise rights are periodically reviewed to determine if each franchise has a finite life or an indefinite life in accordance with goodwill and other intangible asset financial accounting standards. Accordingly, the Company believes its franchises qualify for indefinite life treatment and are not amortized but instead are tested for impairment annually or more frequently as warranted by events or changes in circumstances. Costs incurred in negotiating and renewing broadband franchises are amortized on a straight-line basis over the life of the renewal period.

Other intangible assets with indefinite useful lives are tested for impairment annually as well as where there is an indication that it may be impaired by comparing their carrying amount with their recoverable amount.

Operating licenses for telephony services are recorded based on the fixed amount paid upon acquisition of the license.

Investments made in the context of concessions or public service contracts, and linked to the rollout of the telecommunications network, are recorded in intangible assets in accordance with interpretation IFRIC 12 *Service Concession Arrangements*. The ''intangible asset'' model stipulated by this interpretation applies when the concession holder receives a right to bill users of the public service and the concession holder is essentially paid by the user. These intangible assets are amortized over the shorter of the estimated useful life of the categories of assets in question and the duration of the concession.

Intangible assets also comprise rights of use or access rights obtained. Amortization is generally calculated on a straight-line basis over the shorter of the contractual term and 30 years.

Research costs are expensed as incurred. Development costs are capitalised as intangible assets when the following can be demonstrated:

- the technical feasibility of the project and the availability of the adequate resources for the completion of the intangible assets;

- the ability of the asset to generate future economic benefit;
- the ability to measure reliably the expenditures attributable to the asset; and
- the feasibility and intention of the Group to complete the intangible asset and use or sell it.

2.8.1. Content rights

Exclusive sports broadcasting rights are recognised in the consolidated statement of financial position from the point at which the legally enforceable licence period begins. Rights for which the licence period has not started are disclosed as contractual commitments in note 31. Payments made to acquire broadcasting rights in advance of the legal right to broadcast the programmes are classified as prepayments in the caption "other financial assets" in the statement of financial position. Broadcasting rights are initially recognised at cost and are amortised from the point at which they are available for use, on a straight-line basis over the broadcasting period. The amortisation charge is recorded in the caption "depreciation and amortisation" in the consolidated statement of income. The costs of exclusive in-house content and external content are recognised as an intangible asset. The cost of the rights is recognised at the cost of production of the shows and is amortized based on the actual screenings. The amortisation charge is recorded in the caption "depreciation and amortisation" in the income statement.

2.9. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10. Property, plant and equipment

Property, plant and equipment are presented at cost with the addition of direct purchase costs less accumulated depreciation and accumulated losses on impairment and they do not include routine maintenance expenses. The cost includes spare parts and ancillary equipment that can only be used in connection with the plant and machinery.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

The estimated useful lives of property, plant and equipment were:	**Duration**
Buildings	5 to 50 years
Cables and mobile network	5 to 40 years
Converters and modems	3 to 5 years
Computers and ancillary equipment	2 to 8 years
Office furniture and equipment	3 to 15 years

Leasehold contracts are depreciated according to the straight-line method during the rental period.

Elements of a fixed asset item, having a cost that is significant in comparison to the overall cost of the item, are depreciated separately, using the components method. The depreciation is calculated in accordance with the straight-line method at annual rates that are sufficient to depreciate the assets over the length of their estimated useful lives.

The useful life, depreciation method and residual value of an asset are reviewed at least annually; any changes are accounted for prospectively as a change in accounting estimate.

2.11. Contract costs

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Commissions to third parties and sales incentives to employees are considered as costs to obtain a contract and are recognised under the balance sheet caption "contract costs".

Assets recognised as contract costs are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset may relate to goods or services to be transferred under a specific anticipated contract. The amortization charge is recognised in the statement of income, within caption "Depreciation, amortization and impairment".

As a practical expedient, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognised is one year or less.

2.12. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.12.1. The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated in an accounting period so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.12.2. The Group as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (please refer to note 2.12 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

If lease incentives are received to enter operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another

systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.13. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as a deduction of the related asset in the consolidated statement of financial position and amortized over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market interest rate is measured at the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

2.15. Financial assets

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Debt financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables, and Loans included under balance sheet caption "Financial assets" (non-current and current portion).
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. The Group has no instrument in this new category.

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its quoted and unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.
- Financial assets at FVPL comprise derivative instruments. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets at FVPL are stated at fair value, with any gains and losses arising on remeasurement recognised in the caption "Other Financial expense" or "Other Financial income" in the income statements.

Under IFRS 9, embedded derivatives are not separated from a host financial asset.

The assessment of the Group's business models was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Impairment of financial assets

Under IFRS 9, accounting for impairment losses for financial assets is based on a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For contract assets, trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.16. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Cost of inventories is determined using the weighted average cost method. The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

2.17. Cash and cash equivalents

Cash consists of cash in banks and deposits. Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

2.18. Restricted cash

Restricted cash can consist of balances dedicated to the repayment of the Company's liabilities to banking entities in accordance with the Company's credit agreement and therefore amounts that the Group cannot use at its discretion. Restricted cash can also consist of cash held in escrow to finance certain acquisitions (in the period between the agreement to acquire and the actual closing of the acquisition and the transfer of shares and cash and other considerations). Restricted cash may also consist of guarantees provided by different Group companies to financial institutions related to financing or other activities. Restricted cash is not considered as a component of cash and cash equivalents since such balances are not held for the purposes of meeting short-term cash commitments.

2.19. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently reassessed at their fair value.

The Company has entered various forward and interest rate swaps (cross currency and fixed/floating) to mitigate risks associated with making investments in currencies other than the functional currency of the underlying component.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.20. Hedge accounting

The Group continues to apply the requirement of IAS 39 relating to hedge accounting.

The Group may designate certain hedging instruments, (which may include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk), as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the line ‘other financial expense’.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.21. Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.21.1. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by a group entity are recognised at the value of the proceeds received, net of direct issue costs.

Repurchase of the Group’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

2.22. Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortized cost:

2.22.1. Financial liabilities at amortized cost

These financial liabilities are measured at amortized cost calculated based on the effective interest rate method. The effective interest rate is the internal yield rate that exactly discounts future cash flows through the term of the financial liability. Fees, debt issuance and transaction costs are included in the calculation of the effective interest rate over the expected life of the instrument.

2.22.2. Financial liabilities measured at fair value through profit or loss (FVPL)

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as financial liabilities at FVPL if they are acquired for sale in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss.

Derivatives, including bifurcated embedded derivatives, are classified as financial liabilities at FVPL unless they are designated as effective hedging instruments. In the event of a financial instrument that contains one or more embedded derivatives, the entire combined instrument may be designated as a financial liability at fair value through profit or loss only upon initial recognition.

The Group assesses whether embedded derivatives are required to be bifurcated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The fair value of financial instruments that are traded in an active market is determined by reference to quoted market prices at the close of business on the balance sheet date. For financial instruments for which there is no active market, fair value is determined using valuation techniques. Such techniques include evaluation based on transactions that have been executed recently under market terms, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis or other valuation models.

2.22.3. Liabilities related to put options granted to non-controlling interests

The Group granted put options to third parties with non-controlling interests in certain consolidated subsidiaries. These options give the holders the right to sell part or all of their investment in these subsidiaries.

At inception, in accordance with IAS 32 *Financial Instruments: Presentation*, when non-controlling interests hold put options enabling them to sell their investment in the Group, a financial liability is recognised for an amount corresponding to the present value of liability assumed and the counterpart of the liability arising from these obligations is:

- the reclassification as debt of the carrying amount of the corresponding non-controlling interests;
- a reduction in the equity attributable to owners of the Company (other reserves attributable to equity holders of the parent) for the difference between the present value of the strike price of the options granted and the carrying amount of non-controlling interests.

In the absence of specific IFRS guidance, the accounting at the end of each reporting period is as follows, while the non-controlling interest put remains unexercised:

(1) recognition of the non-controlling interest, including an allocation of profit or loss, allocation of changes in other comprehensive income and dividends declared for the reporting period, as required by IFRS 10 *Consolidated Financial Statements* as mentioned in note 2.1.1;
(2) derecognition of the non-controlling interest as if it was acquired at that date;
(3) recognition of a financial liability at the present value of the amount payable on exercise of the NCI put in accordance with IFRS 9 *Financial Instruments*: Recognition and Measurement, and
(4) the difference between no (2) and (3) above is accounted for as an equity transaction.

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price.

If the NCI put expires unexercised, the position is unwound so that the non-controlling interest is recognised at the amount it would have been, as if the put option had never been granted (i.e. measured initially at the date of the business combination, and remeasured for subsequent allocations of profit or loss, other comprehensive income and changes in equity attributable to the non-controlling interest). The financial liability is derecognised, with a corresponding credit to the same component of equity.

The Group is closely monitoring the work of the IASB and the IFRIC, which could lead to a revision of the treatment of put options granted to non-controlling interests.

2.23. Provisions

A provision is recognised in the statement of financial position when the Group has a present obligation (legal or implicit) as the result of a past event and it is expected that the use of economic resources will be required to settle the obligation and it is possible to reliably estimate it. Where the impact is significant, the provision is measured by

discounting the forecasted future cash flows, using a pre-tax interest rate that reflects the expectations of the market in respect of the time frame of the money and in certain cases, the risks that are specific to the liability.

The following types of provisions are recorded in the consolidated financial statements:

2.23.1. Claims

A provision regarding claims is recognised when the Group has a present legal commitment or an implicit commitment resulting from a past event; when it is more likely than not that the Group will be required to expand economic resources to clear the commitment, when it is possible to estimate it reliably and when the effect of time is significant, the provision is measured according to the present value.

2.23.2. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.23.3. Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

2.24. Liabilities for employment benefits

2.24.1. Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Group presents the service cost and the net interest expense in profit or loss in the line item “Staff cost and employee benefit expenses” and “Other financial expenses” respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.24.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.25. Share based payments

2.25.1. Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

2.25.2. Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 *Share-based Payment* ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire because of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2 *Share-based Payment*. All market-based measures of the replacement awards are recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on

the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

2.26. Non-current assets held for sale and discontinued operations

Pursuant to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, assets and liabilities of affiliates that are held for sale are presented separately on the face of the statement of financial position. Depreciation of assets ceases from the date of classification in "Non-current assets held for sale". Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group for which cash flows are independent. It represents a major line of business or geographical area of operations which has been disposed of or is currently being held for sale. If the Group reports discontinuing operations, net income from discontinued operations is presented separately on the face of the statement of income. Therefore, the notes to the consolidated financial statements related to the statement of income only refer to continuing operations.

2.27. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Board of Directors of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not clear from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.27.1. Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Board of Directors of the Company has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

- Revenue recognition

Judgement and estimates are made for (i) the identification of the separable elements of a packaged offer and allocation based on the relative stand-alone selling prices of each element; (ii) the period of deferred revenues related to costs to access the service based on the type of product and the term of the contract; (iii) presentation as net or gross revenues depending on whether the Group is acting as agent or principle.

2.27.2. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

- Claims

In estimating the likelihood of outcome of claims filed against the Group and its investees and the estimated provision, the Group companies rely on the opinion of internal and/or external counsel. These estimates are based on the counsel's best professional judgment, considering the stage of proceedings and historical precedents in respect of the different issues. Since the outcome of the claims will be determined via settlement or court's decision, the results could differ from these estimates.

- Post-employment benefits

The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, discount rates, expected rates of return on

assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty.

- Fair value of financial instruments Level 1, Level 2 and Level 3

Fair value is determined by reference to the market price at the end of the period, when the data is available. For financial instruments for which there is no active market such as interest rate swaps (which the Company currently may use to hedge its interest rate risk), call options and put options granted to non-controlling interests fair value is estimated based on models that rely on observable market data or using various valuation techniques, such as discounted future cash flows.

- Deferred tax assets

Deferred tax assets relate primarily to tax loss carried forwards and to deductible temporary differences between reported amounts and the tax bases of assets and liabilities. The assets relating to the tax loss carried forwards are recognised if it is probable that the Group will generate future taxable profits against which these tax losses can be set off. Evaluation of the Group's capacity to utilize tax loss carried forward relies on significant judgment. The Group analyses past events, and the positive and negative elements of certain economic factors that may affect its business in the foreseeable future to determine the probability of its future utilization of these tax losses carried forward.

- Intangible assets and property, plant and equipment

Estimates of useful lives are based on the effective obsolescence of fixed assets and the use made of these assets.

- Impairment of intangible assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If there is an indication that an asset may be impaired, the recoverable amount of the asset is determined. The recoverable amount of goodwill, intangible assets with an indefinite useful life and intangible assets that are not available for use on the reporting date, are measured at least on an annual basis, irrespective of whether any impairment indicators exist.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Board of Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

- Contract assets and trade receivables

For contract assets and trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. Scope of consolidation

A full list of subsidiaries is included in note 37.

3.1. Transactions completed in the current period

3.1.1. Sale of telecommunications solutions business and data center operations in Switzerland

On February 12, 2018, the Company announced the closing of the transaction to sell its telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, to InfraVia Capital Partners. The transaction valued the business at an enterprise value of approximately 214 million CHF.

The capital gain recorded during the year ended December 31, 2018 amounted to €88.8 million, net of tax. The total proceeds received related to the sale amounted to €156.4 million.

3.1.2. Acquisition by Altice France of the minority stake held by News Participations in Altice Content Luxembourg

On April 5, 2018, Altice France acquired the minority stake held by News Participations (NP) in Altice Content Luxembourg (ACL) for the amount of €100 million by exercising the call option it held on NP's 25% stake in ACL. On May 31, 2018, Altice France increased its ownership in NextRadioTV S.A. via conversion of convertible bonds into equity. Following the transactions described above, the Group's ownership in NextRadioTV S.A. and its subsidiaries increased to 99.7%.

3.1.3. Exercise of the ATS call option

In April 2018, the Group exercised the call option for the acquisition of the remaining 49% in Altice Technical Services ("ATS") for a price determined on acquisition of ATS of €147 million, bearing interests at an annual rate of EURIBOR 1 month plus 3.5%. The total amount of €156.3 million was paid on November 26, 2018. As a result of the exercise of the call option, the Group's ownership in ATS increased to 100%.

3.1.4. Altice USA separation from the Company

On June 8, 2018, the Company and Altice USA announced that the planned separation of Altice USA from the Company (the "Separation") had been implemented. In the context of the Separation, the corporate name of the Company was changed from Altice N.V. to Altice Europe N.V..

The Separation took place by way of a special distribution in kind by the Company of its 67.2% interest in Altice USA to the Company's shareholders out of the Company's share premium reserve (the "Distribution"). The Distribution excluded the shares of Altice USA indirectly owned by the Company through Neptune Holding US LP. Company instructed its agent to transfer to each of its shareholders 0.4163 shares of Altice USA common stock for every share held by such shareholder in the Company's capital on the Distribution record date.

As announced by the Company and Altice USA on June 7, 2018, the total number of shares of Altice USA Class A common stock and Altice USA Class B common stock that have been distributed are:

- Altice USA Class A common stock: 247,683,489
- Altice USA Class B common stock: 247,683,443

Following the Distribution, there were 489,384,523 shares of Altice USA Class A common stock and 247,684,443 shares of Altice USA Class B common stock outstanding.

As part of the Separation, on June 6, 2018, Altice USA paid a $1.5 billion of cash dividend to its shareholders, including $1.1 billion to the Company.

In connection with the Separation, on March 19, 2018, the Group sold the 30% interest held in Altice Technical Services US LLC ("ATS US") to CSC Holdings LLC, which was a US indirect subsidiary of the Company, for the price of $1. On April 23, 2018, the Group completed the sale of i24news and i24 US Corp. (international 24-hour news and current affairs television channel) to Altice USA for a total consideration of $10.1 million (€8.3 million).

3.1.4.1. *The accounting principles used for the transaction and accounting impact*

The distribution in kind by the Company of its 67.2% interest in Altice USA[1] to the Company's shareholders was excluded from the provisions of IFRIC 17 *Distribution of Non-cash Assets to Owners* and was treated as a common control transaction, as Altice USA is controlled by Next Alt, the ultimate company owned by Patrick Drahi before and after the distribution. Therefore, the distribution was recorded at book value through shareholders' equity, resulting in a decrease by €3,126.2 million of equity during the year ended December 31, 2018.

The remaining interest in Altice USA indirectly owned through Neptune Holding US LP was recorded at fair value through the statement of income at the Separation date (June 8, 2018), which resulted in an increase in net income from discontinued operations by $329.1 million or €278.6 million (please refer to note 3.5). The remaining interest in Altice USA after the Separation date was revalued at fair value through Other Comprehensive Income, based on the requirements of IFRS 9 Financial Instruments, as of December 31, 2018 which resulted in an increase in fair value of

[1] The Distribution excluded the shares of Altice USA indirectly owned by the Company through Neptune Holding US LP.

€1.3 million. The fair value of Altice USA and Neptune Holding US LP shares was $438.2 million (€382.6 million) as of December 31, 2018 (please refer to note 10.1.5), composed of:

- the remaining ownership of Altice USA held directly by the Company through CVC3 B.V. is 1.37% or 9,706,089 class A shares, for a value of $160.3 million (€140.0 million).
- the investment retained in Altice USA via Neptune Holding US LP is 2.37% or 16,818,359 shares, for a fair value of $277.8 million (€242.6 million).

The Separation was treated as a discontinued operation as specified in IFRS 5 *Non-currents assets Held for sale and discontinued operations*, all the statement of income line items were restated to remove the impact of Altice USA including ATS US and their contribution to the net result was presented in the line "discontinued operation" in the statement of income. Prior year period was restated (please refer to note 36).

Information related to the impact of discontinued operation of Altice USA including ATS US in the statement of income and the statement of cash flows for the years ended December 31, 2018 and December 31, 2017 is presented in note 3.5. The contribution of i24news entities for the year ended December 31, 2018 was not treated as discontinued operations as it was not a major line of business or segment (please refer to note 4.1).

3.1.5. Share capital increase in Altice Teads S.A.

On July 3, 2018, following an earn-out payment of Teads (please refer to note 3.2.3), the former owners of Teads reinvested a part of the earn-out payment into the shares of Altice Teads S.A.. The share capital of Altice Teads S.A increased by €5.2 million as a result of an issuance of 43,546 new Class B Shares having a nominal value of €1 each, and the balance related to the payment of Share Premium B. As of July 3, 2018, the Group's interest in Altice Teads S.A. decreased from 98.5% to 96.2%.

3.1.6. Sale of international wholesale business

On July 18, 2018, three Sale and Purchase Agreements were signed by Altice France, Altice Dominicana and MEO with Tofane Global related to the sale of the international wholesale voice carrier business in France, the Dominican Republic and Portugal, respectively. The transaction closed on September 6, 2018. The total consideration received was €33.0 million. The capital gain recorded for the year ended December 31, 2018 was €9.5 million (please refer to note 4.3.2.7).

3.1.7. Sale and purchase agreements signed for the purchase by Altice Technical Services France S.à r.l. of the minority interests in ERT Luxembourg S.A.

On August 29, 2018, Altice Technical Services France S.à r.l. ("ATS France") signed sale and purchase agreements with each of the five minority shareholders of ERT Luxembourg S.A. ("ERT Lux") in order to acquire 253 shares of ERT Lux for a total price of €42.0 million. Four of the five sale and purchase agreements contemplated a transfer of the ERT Lux shares to ATS France upon signing. As a result, on the date thereof and as at December 31, 2018, ATS France owned 84.3 % of the share capital of ERT Lux. Upon completion of the sale under the fifth sale and purchase agreement, which occurred on January 31, 2019, ATS France owns 100% of the share capital of ERT Lux. The payment of this acquisition will be made in several instalments from January 2019 until January 2023.

3.1.8. Altice France acquired the minority interest in DTV Holding

On September 1, 2018, NextRadioTV S.A., a subsidiary of Altice France, acquired 49% minority interest in DTV Holding ("DTV"), previously known as Pho Holding, for a total consideration of €32.7 million. Following this acquisition and the take-over of DTV in the third quarter of 2017 (please refer to note 3.2.5), the ownership of NextRadioTV in DTV and its subsidiary Diversité TV France increased to 100%.

3.1.9. Sale of towers of Portugal

On July 18, 2018, PT Portugal reached an agreement with a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners for the sale of the newly formed tower company called OMTEL, that comprises 2,961 sites operated by Altice Portugal, and an acquisition of 25% of the stake in OMTEL by PT Portugal. The transaction closed on September 4, 2018.

The capital gain for the year ended December 31, 2018 amounted to €601.6 million, which consisted of:

- capital gain of €611.7 million that corresponds to the difference between the purchase price of €648 million (including a cash consideration €539.5 million and the acquisition of 25% stake in OMTEL measured at fair value of €108 million) and the carrying value of the net assets transferred, amounting to €37 million, including mainly the towers, prepaid rents and asset retirement obligations; and
- €10.1 million of deferred capital gain (please refer to note 4.3.2.7).

3.1.10. Closing of transaction to sell telecommunication towers in the Dominican Republic

On October 3, 2018, Altice Europe announced the closing of the transaction to sell 100% in the tower company Teletorres del Caribe, which comprises 1,039 sites formerly operated by its subsidiary Altice Dominicana, to Phoenix Tower International, a portfolio company of Blackstone. The capital gain recorded amounted to €88.1 million. The consideration received was $168.0 million (€148.6 million).

3.1.11. PT Portugal acquired the shares of SIRESP

On October 31, 2018, PT Móveis ("PT – Móveis – Serviços de Telecomunicações, SGPS, S.A."), a subsidiary of PT Portugal, purchased the shares of SIRESP and thus became majority stakeholder with 52.1% ownership. The number of shares purchased was 4,775 shares (equal to 9.55% share capital of SIRESP) from Datacomp S.A. for the price of €0.8 million and 6,000 shares (equal to 12% share capital of SIRESP) from Esegur S.A. for the price of €1.0 million.

3.1.12. Altice West Europe purchased shares and preferred equity certificates of Deficom Invest S.à r.l.

On November 2, 2018, a sale and purchase agreement was signed by Altice West Europe and Deficom Invest S.à r.l. to acquire 44,793 shares held by Deficom Invest in Deficom Telecom and 20,756,575 preferred equity certificates ("PEC"). The total transaction value was €22.5 million. As a result of the purchase, Altice West Europe's ownership in Deficom Telecom increased to 100%. On December 27, 2018, Deficom Telecom was dissolved.

3.1.13. The sale of 49.99% equity stake in fibre infrastructure in Altice France

On November 30, 2018, the Company announced that its subsidiary, Altice France, had entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure (together the "Partners") regarding the sale of 49.99% equity stake in SFR Fiber to the home ("SFR FTTH") for a total cash consideration of €1.8 billion based on an estimated €3.6 billion equity value at closing. As a consequence, the assets and liabilities were classified as held for sale as of December 31, 2018 (please refer to note 3.4).

Following the closing of the transaction on March 27, 2019 (please refer to note 35.2), Altice France loses exclusive control over SFR FTTH as Altice France and the Partners will have joint control over the new entity. Furthermore, SFR FTTH will be accounted for under the equity method in the scope of IFRS 11 *Joint Arrangements.* The final cash consideration at closing was €1.7 billion based on a €3.4 billion equity value. This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to Altice France.

3.1.14. The sale of minority stake in telecommunication towers by Altice France

On June 20, 2018, Altice France entered into an exclusivity agreement with Starlight BidCo S.A.S., an entity controlled by funds affiliated with KKR for the sale of 49.99% of the shares in a newly incorporated tower company called SFR TowerCo that will comprise 10,198 sites currently operated by the Group. Altice France will continue to fully consolidate SFR TowerCo and hence the assets and liabilities related to SFR TowerCo were not classified as held for sale. The Sale and Purchase Agreement was signed on August 7, 2018 for a transaction value of €3.6 billion. The closing of the transaction was subject to customary conditions precedent, including that at least 90% of the sites have been contributed to SFR TowerCo, as well as regulatory approvals. On December 18, 2018, Altice France and KKR announced the closing of the transaction and the creation of the new tower company, named Hivory. The consideration received was €1.8 billion, corresponding to approximately 49.99% of the total transaction value.

3.2. Transactions completed in the prior period

3.2.1. Acquisition of a stake in SPORT TV

On February 24, 2017, PT Portugal acquired a 25% stake in the capital of SPORT TV for €12.3 million. SPORT TV is a sports broadcaster based in Portugal. Following this investment, SPORT TV's shareholders are PT Portugal, NOS, Olivedesportos and Vodafone, each of which with a 25% stake. This new structure benefits, above all, PT Portugal's customers and the Portuguese market, guaranteeing all the operators access to the sports content considered essential in fair and non-discriminatory market conditions.

3.2.2. Disposal of Coditel

As at December 31, 2016, the Group had entered into an agreement to sell its Belgian and Luxembourg (Belux) telecommunication businesses, and accordingly classified the associated assets and liabilities as a disposal group held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. On June 19, 2017, the Group completed the sale of Coditel Brabant SPRL and Coditel S.à r.l, to Telenet Group BVBA, a direct subsidiary of Telenet Group Holding N.V.. After the final post-closing price adjustments, the Group received €280.8 million, and recognised a loss on sale after transaction costs of €24.0 million.

3.2.3. Acquisition of Teads

On June 22, 2017, Altice Teads (a company which the Group has 98.5% of the financial interest, with 1.5% attributable to the managers of Teads) closed the acquisition of Teads. Teads is the number one online video advertising marketplace in the world with an audience of more than 1.2 billion unique visitors. The acquisition valued Teads at an enterprise of up to €302.3 million. The acquisition purchase price was due 75% at closing, with the remaining 25% earn-out subject to Teads obtaining defined revenue performance in 2017. As the defined revenue targets for 2017 were met, an earn-out payment of €48.6 million was made to the non-reinvesting sellers of Teads during the period.

On July 3, 2018, the restricted cash that was held in an escrow account following the acquisition of Teads in the second quarter of 2017 has been fully released. The cash was used to pay non-reinvesting and reinvesting sellers for a total amount of €42.1 million. In addition, an earn-out payment of €13.1 million was made to reinvesting sellers of the company. Subsequent to the earn-out payment of €13.1 million, €5.2 million was reinvested by the former owners in the share capital of the company (please refer to note 3.1.5).

3.2.4. Acquisition of SFR Group S.A. shares

During the year ended December 31, 2017, the Company acquired an aggregate number of 53,574,173 SFR Group shares in private off-market transactions. In consideration for these acquisitions, the Company delivered common shares A, which it held previously as treasury shares.

Following these transactions, the Group had acquired more than 95% of the share capital and voting rights of SFR Group. As a result, the Group filed with the French financial market authority, in September 2017, a buyout offer followed by a squeeze-out for the remaining SFR Group shares for a price of €34.50 per share. The Group acquired 12,766,128 shares during September and October under the buyout offer at the agreed price. The squeeze out of the remaining minority interests occurred on October 9, 2017 in which the Group acquired 5,636,913 shares. In total, the Group paid €649.4 million including transaction costs to acquire the non-controlling interests and obtain 100% control in SFR Group S.A..

3.2.5. DTV Holding (previously known as Pho Holding)

On July 26, 2017, SFR Group obtained approval for the take-over of Pho Holding (owner of the Numero 23 channel) by NextRadioTV. Following the take-over, SFR Group owned 51% of Pho Holding. The consolidation method changed as of September 30, 2017 (from equity accounted to full consolidation), €8.9 million income has been recorded in the Other Expenses and Income caption in the consolidated statement of income in 2017. The purchase price allocation was finalized. The total additional goodwill resulting from the take-over was €53.4 million in 2017.

In the third quarter of 2018, Pho Holding was renamed DTV Holding (please refer to note 3.1.8).

3.3. Variations in non-controlling interests

The variations in non-controlling interests are presented in the table below:

Variations in non-controlling interests (€m)	Altice USA	Altice France	Hivory	Altice Technical Services	Other	Group
Opening balance at January 1, 2017 (*revised)	(347.7)	551.5	-	49.8	(24.7)	**228.9**
Net income	426.9	(67.6)	-	(7.7)	(7.5)	**344.1**
Other comprehensive income	(118.9)	-	-	(2.2)	-	**(121.1)**
Dividends	(246.9)	(6.9)	-	(6.0)	-	**(259.8)**
US IPO	1,517.2	-	-	-	-	**1,517.2**
SFR share transfers and squeeze out	-	(544.0)	-	-	-	**(544.0)**
Variation in minority interest put	-	93.2	-	-	-	**93.2**
Other	8.0	(16.6)	-	(8.9)	2.0	**(15.5)**
Closing at December 31, 2017 (*revised)	**1,238.5**	**9.7**	**-**	**24.9**	**(30.1)**	**1,242.9**
Opening balance at January 1, 2018	**1,238.5**	**9.7**	**-**	**24.9**	**(30.1)**	**1,242.9**
Net income	129.1	(0.7)	-	(4.3)	3.8	**128.0**
Other comprehensive income	2.6	0.1	-	0.3	0.3	**3.3**
Share based payment	1.8	-	-	-	-	**1.8**
Dividends	(395.5)	(4.4)	-	(16.3)	-	**(416.2)**
Acquisition of ATS France and ACS by Altice France	-	7.2	-	(14.3)	1.3	**(5.8)**
Transaction with NCI in ACL and GNP	-	78.8	-	-	-	**78.8**
Transaction with NCI in ERT Luxembourg	-	(7.1)	-	-	-	**(7.1)**
Transaction with NCI in DTV Holding	-	17.1	-	-	-	**17.1**
Transaction with NCI in Deficom	-	-	-	-	35.6	**35.6**
Disposal of Hivory's minority stake	-	-	217.6	-	-	**217.6**
Consolidation of SIRESP		-	-	-	5.0	**5.0**
Variation in minority interest put	-	(94.8)	-	(4.1)	(0.6)	**(99.5)**
Separation of Altice USA	(976.3)	-	-	-	-	**(976.3)**
Other	(0.2)	0.4	-	-	1.1	**1.3**
Closing at December 31, 2018	**-**	**6.4**	**217.6**	**(13.8)**	**16.5**	**226.7**

* Please refer to note 36 for details about the revised information.

3.3.1. Net income

The share of profit for the year ended December 31, 2018 allocated to non-controlling interests was €128.0 million, which was mainly due to the profit attributable to Altice USA. The loss allocated to equity holders of the Group for the year ended December 31, 2018 was €332.9 million.

3.3.2. Altice USA

Following the Separation, the financial interest held by non-controlling interests as of December 31, 2018 was nil (2017: €1,238.5 million). The reduction compared to prior year was mostly due to:

- dividend payment of €395.5 million,
- the impact based on the accounting treatment mentioned in note 3.1.4.1 which amounted to €976.3 million. This amount included €38.2 million of cumulative translation adjustment after the Separation took place on June 8, 2018.

3.3.3. Altice France

The financial interest held by non-controlling interests as of December 31, 2018 was €224.0 million. The increase compared to prior year was mostly due to:

- acquisition by Altice France of the minority stake held by News Participations in Altice Content Luxembourg (please refer to note 3.1.2);
- the extinguishment of the put option of ACL of €94.8 million in Altice France;
- the acquisition of minority interests in ERT Lux by ATS France (please refer to note 3.1.7), reducing NCI by €7.1 million;
- the acquisition of minority interests in DTV Holding ("DTV") by NextRadioTV (please refer to note 3.1.8), increasing NCI by €17.1 million.

The remaining non-controlling interests relates to other entities, predominantly Hivory and NextRadioTV, for which Altice France does not hold 100% of the equity interest.

3.3.4. Hivory

As of December 31, 2018, the non-controlling interest as the result of the sale of towers through Hivory minority stake was €217.6 million (please refer to note 3.1.14)

3.3.5. Altice Technical Services

In November 25, 2016, the Group completed the acquisition of a controlling stake (51%) in Altice Technical Services S.A. Financial interest held by non-controlling interests as of December 31, 2018 was nil (2017: 49.0%). Main variations during the year ended December 31, 2018 were related to dividend payments of €16.3 million and the acquisition of ATS France by Altice France.

3.4. Assets held for sale

In December 2017, the Board of Directors of the Company decided to sell the Group's international wholesale business. The transits and international outgoing traffic business in Portugal and the Dominican Republic were classified as held for sale as of December 31, 2017, in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. On July 18, 2018, three Sale and Purchase Agreements were signed by Altice France, Altice Dominicana and MEO with Tofane Global related to the sale of the international wholesale voice carrier business in France, the Dominican Republic and Portugal, respectively. The transaction closed on September 6, 2018 (please refer to note 3.1.6). As a result, the related assets and liabilities were no longer classified as held for sale as of December 31, 2018, in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

On November 30, 2018, the Company announced that its subsidiary, Altice France, had entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure (together the "Partners") regarding the sale of 49.99% of equity stake in SFR FTTH for a total cash consideration of €1.8 billion based on an estimated €3.6 billion equity value at closing. As a consequence, the assets and liabilities were classified as held for sale as of December 31, 2018. The transaction closed on March 27, 2019. The final cash consideration at closing was €1.7 billion based on a €3.4 billion equity value. This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to Altice France. Please refer to notes 3.1.13 and 35.2.

During 2018, PT Portugal classified real estate properties as held for sale with a book value of €15.9 million as at December 31, 2018, following the signature of promise of sale agreements entered with the entity Almost Future, S.A., for a total consideration of €17.7 million. As of December 31, 2018, the real estate deeds were not yet entered into, and the assets were not derecognised.

In the prior year, green.ch AG and Green Datacenter AG had been classified as held for sale. The sale was completed on February 12, 2018. Please refer to note 3.1.1.

Table below provides the details of assets and liabilities classified as held for sale as of December 31, 2018 and December 31, 2017:

Disposal groups held for sale	**December 31, 2018**			**December 31, 2017**			
(€m)	**SFR FTTH**	**Other**	**Total**	**Green**	**Wholesale Market**	**Other**	**Total**
Goodwill	-	-	-	18.2	-	-	18.2
Tangible and intangible assets	438.7	15.9	454.6	113.2	-	-	113.2
Other non-current assets	0.6	0.1	0.7	0.4	-	-	0.4
Investment in associates	-	-	-	-	-	4.4	4.4
Currents assets	82.7	-	82.7	13.6	34.4	-	48.0
Total assets held for sale	**521.9**	**16.0**	**538.0**	**145.4**	**34.4**	**4.4**	**184.3**
Non-current liabilities	(95.7)	(0.1)	(95.8)	(54.2)	-	-	(54.2)
Current liabilities	(103.7)	-	(103.7)	(25.0)	(25.4)	-	(50.4)
Total liabilities related to assets held for sale	**(199.4)**	**(0.1)**	**(199.5)**	**(79.2)**	**(25.4)**	**-**	**(104.7)**

3.5. Discontinued operations

Table below presents the impacts of discontinued operations of Altice USA in the statement of income for the current year up to June 8, 2018, which was the date of the Separation (please refer to note 3.1.4. for more details) and for the year ended December 31, 2017:

Disposal groups held for sale	**Altice USA**	
(€m)	**June 8, 2018**	**December 31, 2017**
Revenue	3,363.3	8,418.2
Operating profit	1,315.1	569.4
Finance costs	(696.8)	(1,483.0)
Share earnings of associates	(9.0)	(6.4)
Income tax	(176.4)	2,342.9
Net income related to discontinued operation	**433.0**	**1,423.0**

In addition to the net income related to discontinued operation of Altice USA mentioned above, the total net income from discontinued operation presented in the consolidated statement of income for year ended December 31, 2018 also includes a gain of €278.6 million recorded in CVC 3 B.V.. This amount relates to the fair value of the remaining investment in Altice USA indirectly held by Neptune Holding US LP on the date of the Separation (please refer to note 3.1.4.1). Therefore, the total net result from discontinued operation attributable to owners of the Company was €711.6 million for the year ended December 31, 2018.

The cash flow of Altice USA for the period ended June 8, 2018 and for the year ended December 31, 2017 are presented in the table below.

Disposal groups held for sale	**Period ended**	**Year ended**
(€m)	**June 8, 2018**	**December 31, 2017**
Net cash provided by operating activities	797.0	3,069.3
Net cash used by investing activities	(371.3)	(1,058.0)
Net cash provided/(used) by financing activities	(490.8)	(2,206.9)

The amount of assets and liabilities of Altice USA on the date of the Separation is summarized below:

Discontinued operations	**June 8, 2018**
(€m)	**Altice USA**
Goodwill	6,477.1
Tangible and intangible assets	20,646.9
Other non-current assets	1,342.9
Currents assets	659.3
Total assets of discontinued operations	**29,126.3**
Equity	3,484.5
Non-current liabilities	23,217.6
Current liabilities	2,424.2
Total liabilities of discontinued operations	**29,126.3**

4. Segment reporting

4.1. Definition of segments

Given the geographical spread of the entities within the Group, analysis by geographical area is fundamental in determining the Group's strategy and managing its different businesses. The Group's chief operating decision maker is the Board of Directors. This team analyses the Group's results across geographies, and certain key areas by activity. The presentation of the segments here is consistent with the reporting used internally by the senior management team to track the Group's operational and financial performance. The businesses that the Group owns and operates do not show significant seasonality, except for the mobile B2C and B2B segments, which can show significant changes in sales at year end and at the end of the summer season (the "back to school" period). The B2B business is also impacted by the timing of the preparation of the annual budgets of public and private sector companies. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The segments that are presented are detailed below:

- **France**: The Group controls Altice France S.A. ("Altice France"), the second largest telecom operator in France, which provides services to residential (B2C) and business clients (B2B) as well as wholesale customers, providing mobile and high-speed internet services using SFR and the associated brands. Additionally, the media division of Altice France includes SFR Presse companies and NextRadioTV, which cover press and audiovisual activities in France, respectively. As of 2018, this segment also comprises of the French Overseas Territories (FOT), ATS France and Altice Customer Services ("ACS"). As of July 2, 2018, this segment also includes MCS S.A.S. following the sale of this company by Altice Entertainment News & Sport Lux S.à r.l. to Altice France.
- **Portugal**: Altice owns Portugal Telecom ("PT Portugal"), the largest telecom operator in Portugal. PT Portugal caters to fixed and mobile B2C, B2B and wholesale clients using the MEO brand. As of 2018, this segment also includes the Altice Technical Services entities in Portugal.
- **Israel**: Fixed and mobile services are provided using the HOT telecom, HOT mobile and HOT net brands to B2C and B2B clients. HOT also produces award winning exclusive content that it distributes using its fixed network, as well as content application called Next and OTT services through Next Plus. As of 2018, this segment also includes the Altice Technical Services entity in Israel.
- **Dominican Republic:** The Group provides fixed and mobile services to B2C, B2B and wholesale clients using the Altice brand. As of 2018, this segment also includes the Altice Technical Services entity in the Dominican Republic.
- **Teads**: Provides digital advertising solutions.
- **Altice TV**: Content business from the use of content rights.
- **Others**: This segment includes all corporate entities and i24 US LLC. The Board of Directors believes that these operations are not substantial enough to require a separate reporting segment, and so are reported under "Others". i24 US LLC, which was as a subsidiary of i24 US Corp., was no longer part of the Group as of April 23, 2018 (please refer to note 3.1.4).

Following the change in segment definition as of 2018, the comparative segment information of 2017 was restated accordingly. In addition, United States is no longer defined as a segment as the result of the classification of Altice USA as discontinued operations (please refer to note 3.1.4).

4.2. Financial Key Performance Indicators ("KPIs")

The Board of Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the Company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the Group's results.

The financial KPIs tracked by the Board of Directors are:

- Adjusted EBITDA: by segment,
- Revenues: by segment and in terms of activity,
- Capital expenditure ("Capex"): by segment, and
- Operating free cash flow ("OpFCF"): by segment.

4.2.1. Non-GAAP measures

Adjusted EBITDA, Capex and OpFCF are non-GAAP measures. These measures are useful to readers of Altice's financial statements as they provide a measure of operating results excluding certain items that Altice's management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group's operating results and cash flow generation to be more easily observable. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in the same industry as the Group and thus are a basis for comparability between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics. The definition of the Adjusted EBITDA used in the covenants has not changed with the adoption of the IFRS 15 *Revenue from Contracts with Customers* by the Group.

4.2.1.1. *Adjusted EBITDA*

Adjusted EBITDA is defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses. 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 consolidated financial statements in accordance with IAS 1 *Presentation of Financial Statements*.

4.2.1.2. *Capex*

Capex is an important indicator to follow, 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 is mainly related to costs incurred in acquiring content rights.

4.2.1.3. *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*.

4.2.2. Revenues

Additional information on the revenue split is presented as follows:

- Fixed in the business to consumer market (B2C),
- Mobile in the business to consumer market (B2C),
- Business to business (B2B) market,
- Wholesale, and
- Other.

Intersegment revenues represented 1.5% of total revenues for the year ended December 31, 2018, compared to 4.6% of total revenues for the year ended December 31, 2017 (€211.1 million compared to €694.0 million). Intersegment revenues mainly relate to services rendered by certain centralized Group functions (relating to content production, technical services and customer services) to the operational segments of the Group.

4.3. Segment results

4.3.1. Operating profit per segment

For the year ended December 31, 2018 €m	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads[1]**	**Altice TV**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**10,358.8**	**2,109.5**	**941.2**	**590.2**	**342.1**	**119.4**	**5.1**	**(211.1)**	**14,255.2**
Purchasing and subcontracting costs	(3,372.8)	(545.0)	(257.2)	(166.0)	-	(334.3)	(0.9)	195.4	**(4,480.8)**
Other operating expenses	(2,176.0)	(418.3)	(214.5)	(102.9)	(197.3)	(7.1)	(25.6)	7.2	**(3,134.5)**
Staff costs and employee benefits	(1,023.5)	(276.5)	(64.0)	(27.4)	(84.5)	(5.2)	(64.9)	0.4	**(1,545.7)**
Total	**3,786.5**	**869.8**	**405.5**	**293.9**	**60.2**	**(227.3)**	**(86.3)**	**(8.1)**	**5,094.2**
Share-based expense	1.7	-	0.2	0.0	-	-	41.0	-	**42.9**
Adjusted EBITDA	**3,788.2**	**869.8**	**405.7**	**293.9**	**60.2**	**(227.3)**	**(45.3)**	**(8.1)**	**5,137.2**
Depreciation, amortisation and impairment	(2,704.3)	(680.2)	(319.1)	(125.5)	(16.4)	(283.9)	4.9	**-**	**(4,124.5)**
Share-based expense	(1.7)	-	(0.2)	(0.0)	-	-	(41.0)	**-**	**(42.9)**
Other expenses and income	(497.1)	532.7	(7.4)	12.6	(1.1)	300.2	117.4	**(0.4)**	**457.1**
Operating profit/(loss)	**585.2**	**722.3**	**79.0**	**181.1**	**42.7**	**(211.0)**	**36.1**	**(8.5)**	**1,426.9**

For the year ended December 31, 2017 (*revised) €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**11,105.0**	**2,244.7**	**1,035.5**	**694.2**	**163.9**	**417.3**	**185.0**	**(694.0)**	**15,151.6**
Purchasing and subcontracting costs	(3,984.4)	(593.3)	(274.8)	(190.7)	0.3	(178.8)	(23.2)	504.8	**(4,740.1)**
Other operating expenses	(2,299.1)	(381.4)	(217.0)	(115.4)	(90.9)	(12.5)	(172.2)	186.6	**(3,101.9)**
Staff costs and employee benefits	(1,078.4)	(277.3)	(70.2)	(30.2)	(33.9)	(6.7)	(93.1)	6.1	**(1,583.8)**
Total	**3,743.2**	**992.6**	**473.6**	**358.0**	**39.4**	**219.2**	**(103.5)**	**3.5**	**5,726.0**
Share-based expense	2.0	-	-	-	-	-	28.6	-	**30.6**
Adjusted EBITDA	**3,745.2**	**992.6**	**473.6**	**358.0**	**39.4**	**219.2**	**(74.9)**	**3.5**	**5,756.7**
Depreciation, amortisation and impairment	(2,917.2)	(807.3)	(328.4)	(137.0)	(8.2)	(138.0)	(34.5)	**-**	**(4,370.6)**
Share-based expense	(2.0)	-	-	-	-	-	(28.6)	**-**	**(30.6)**
Other expenses and income	(985.6)	(115.9)	(16.1)	(26.7)	(0.4)	3.7	79.6	(14.5)	**(1,075.9)**
Operating profit/(loss)	**(159.6)**	**69.4**	**129.1**	**194.2**	**30.8**	**84.9**	**(58.4)**	**(11.0)**	**279.4**

* Please refer to note 36 for details about the revised information.

1 The standalone revenues of Teads for the year ended December 31, 2018 disclosed in the consolidated financial statements of €342.1 million are based on the full year revenues net of discounts. The standalone revenues disclosed in the fourth quarter 2018 earnings release and presentations of €364.7 million correspond to gross revenues excluding discounts.

4.3.2. Other expenses and income

Other expenses and income pertain mainly to ongoing and announced restructuring and other non-cash expenses (for example gains and losses on disposal of assets, deal fees on acquisitions of entities and provisions for litigation, etc.). Details of the expenses incurred during the years ended December 31, 2018 and 2017 are provided below:

Other expenses and income (€m)	For the year ended December 31, 2018	For the year ended December 31, 2017 (*revised)
Share-based expense	42.9	30.6
Items excluded from adjusted EBITDA	**42.9**	**30.6**
Restructuring costs	9.0	721.1
Onerous contracts	53.4	131.5
Net (gain)/loss on disposal of assets	(11.0)	118.9
Disputes and litigation	56.9	32.9
Penalties	124.5	-
Net gain on sale of consolidated entities	(787.9)	(11.0)
Deal fees	41.5	11.3
Management fees	(11.0)	(26.5)
Other expenses and income (net)	67.5	97.6
Other expenses and income	**(457.1)**	**1,075.9**

* Please refer to note 36 for details about the revised information.

4.3.2.1. *Share-based expense*

The Group has several share-based compensation plans across its various entities comprised mainly of the Long-Term Incentive Plan (“LTIP”), the Share Option Plan (“SOP”), the options granted to Next Alt and the preference shares granted to the Company’s CEO, Mr. Alain Weill (please refer to note 26). During the year ended December 31, 2018, the Group incurred share-based expenses of €42.9 million, an increase of €12.3 million compared to the year ended December 31, 2017. Please refer to note 26 for full details on each of the share-based compensation plans and the amounts recorded as expenses in 2018.

4.3.2.2. *Restructuring costs*

Restructuring costs for the year ended December 31, 2018 mainly relate to the restructuring plans in PT Portugal for €10.2 million which included termination payments for employees who left the company (€5.4 million) and salaries paid to employees without functions (€4.8 million). Additionally, restructuring costs in Altice France amounted to negative €1.6 million, consisting of €7.0 million expense related to the departure plan in Intelcia, which was partially offset by a release of restructuring provision of €8.6 million.

Restructuring costs incurred for the year ended December 31, 2017 of €721.1 million mainly related to the voluntary departure plan in Altice France (€672.9 million), as well as restructuring expenses in PT Portugal (€35.1 million), Altice Management International (€6.0 million), FOT (€3.0 million) and HOT (€1.9 million).

4.3.2.3. *Onerous contracts*

For the year ended December 31, 2018, the expenses recognised for onerous contracts mainly consisted of the costs related to the change in office premises to the new Altice Campus (€52.6 million), a reduction of €78.1 million compared to the year ended December 31, 2017.

4.3.2.4. *(Gain)/loss on disposals of assets*

For the year ended December 31, 2018, the gain on disposal of assets was primarily related to the gain on scrapped assets in Altice France (€16.4 million). This was partially offset by losses on scrapped property, plant and equipment, assets in PT Portugal due to forest fires damages (€1.8 million) and other disposed tangible assets (€3.6 million).

The loss on disposal of assets for the year ended December 31, 2017, primarily related to the scrapping of assets prior to the assets being fully depreciated, this largely includes boxes and store furnishings following the closure of some retail stores (mainly in France, amounting to €108.6 million).

4.3.2.5. *Disputes and litigation*

For the year ended December 31, 2018, disputes and litigations mostly consisted of provisions recorded during the year in Altice France for litigations with Bouygues, Orange and other tax litigations for a total of €151 million, which was offset by a release of the provision for litigation with Orange (€122 million). Additionally, a €24.7 million litigation provision was recorded in PT Portugal.

For the year ended December 31, 2017, the disputes and litigations included the effect of new allowances recorded during the year, which were offset by the reversal of the provision for the tax litigation following the merger of Vivendi Telecom International ("VTI") and SFR. The provision reversal was recorded in France for an amount of €117 million (see note 24.4.1.2).

4.3.2.6. *Penalties*

Penalties correspond to the fine imposed to the Group following the European Commission's investigation on gun jumping during the acquisition of PT Portugal by the Group. The €124.5 million fine was recorded in the Portugal segment. Please refer to note 32.2.1 for more details.

4.3.2.7. *Gain on sale of consolidated entities*

For the year ended December 31, 2018, this relates to the capital gain generated by:

- the sale of towers in PT Portugal of €601.6 million which corresponds to the total capital gain of €611.7 million (please refer to note 3.1.9), of which €10.1 million was deferred,
- the sale of the towers in the Dominican Republic of €88.1 million (please refer to note 3.1.10),
- the sale of telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG of €88.8 million (please refer to note 3.1.1),
- the sale of the wholesale business (please refer to note 3.1.6) recorded in France (€2.0 million), the Dominican Republic (€5.0 million) and PT Portugal (€2.5 million), offset by the loss of €0.3 million on the sale of i24 US Corp. to Altice USA (please refer to note 3.1.4).

4.3.2.8. *Deal fees*

Deal fees mainly consisted of €27.8 million deal fees in Altice France mostly for the fees related to the transaction in relation to tower and fibre businesses, €6.8 million expenses in deal fees in PT Portugal for the sale of the tower business and €4.0 million of advisory fees related to the Separation.

4.3.2.9. *Management fees*

Management fee income corresponds to a portion of the corporate costs charged by the Group to Altice USA, which amounted to €11.0 million and €26.5 million for the year ended December 31, 2018 and December 31, 2017, respectively. The Group stopped charging the management fee to Altice USA as of the date of the Separation.

4.3.2.10. *Other expenses and income (net)*

Consisted mainly of expenses in Altice Holdings of €13.0 million related to a share settlement with the management team of Altice Blue Two (part of the French Overseas Territories), fines recorded in PT Portugal of €3.4 million (mostly related to the termination fee of a real estate rental agreement of €2.4 million), expenses for network claims in Altice France of €28 million and end-of-year employee bonus of €17 million in Altice France.

4.4. Revenue by activity

To maintain comparability with historical financial results of French telecom operations, the revenues of the French Overseas Territories (FOT) were reclassed to Other revenue caption within the France segment. This reclassification is in line with the way the management looks at the business and discloses it to the market. These revenues include revenues mostly from B2B, B2C, as well as call center revenues.

For the year ended December 31, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads[1]	Altice TV	Others	Total
Fixed - B2C	2,545.3	618.4	580.6	100.7	-	-	-	**3,845.0**
Mobile - B2C	4,146.4	561.7	243.3	354.1	-	-	-	**5,305.5**
B2B	1,772.1	585.7	117.0	82.5	-	-	-	**2,557.4**
Wholesale	1,189.1	206.7	-	52.5	-	-	-	**1,448.2**
Other revenue	706.0	137.0	0.3	0.4	342.1	119.4	5.1	**1,310.2**
Total standalone revenues	**10,358.8**	**2,109.5**	**941.2**	**590.2**	**342.1**	**119.4**	**5.1**	**14,466.3**
Intersegment eliminations	(79.4)	(43.8)	(0.6)	(0.8)	(2.8)	(80.8)	(2.9)	**(211.1)**
Total consolidated revenues	**10,279.4**	**2,065.8**	**940.7**	**589.4**	**339.3**	**38.6**	**2.1**	**14,255.2**

For the year ended December 31, 2017 (*revised) €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Total
Fixed - B2C	2,805.1	658.4	656.0	108.9	-	-	40.4	**4,268.7**
Mobile - B2C	4,358.6	568.2	242.3	416.5	-	-	0.6	**5,586.3**
B2B	1,851.9	591.4	136.2	93.7	-	-	10.3	**2,683.5**
Wholesale	1,288.5	275.1	-	72.8	-	-	-	**1,636.5**
Other revenue	801.0	151.5	1.0	2.3	163.9	417.3	133.7	**1,670.7**
Total standalone revenues	**11,105.0**	**2,244.7**	**1,035.5**	**694.2**	**163.9**	**417.3**	**185.0**	**15,845.6**
Intersegment eliminations	(155.4)	(45.3)	(1.2)	(8.9)	-	(402.0)	(81.3)	**(694.0)**
Total consolidated revenues	**10,949.7**	**2,199.4**	**1,034.3**	**685.3**	**163.9**	**15.3**	**103.7**	**15,151.6**

* Please refer to note 36 for details about the revised information.

1 The standalone revenues of Teads for the year ended December 31, 2018 disclosed in the consolidated financial statements of €342.1 million are based on the full year revenues net of discounts. The standalone revenues disclosed in the fourth quarter 2018 earnings release and presentations of €364.7 million correspond to gross revenues excluding discounts.

The table below provides the standalone and consolidated revenues for the years ended December 31, 2018 and 2017. Mobile equipment sales are recognised when the customer takes procession of the device, which is the performance obligation. The other stream of revenues is recognised over time when the service is rendered.

Revenues split IFRS 15 (€m)	December 31, 2018	December 31, 2017 (*revised)
Mobile services	5,150.8	5,468.2
Mobile equipment sales	974.8	994.7
Fixed revenues	5,582.3	6,075.6
Wholesale revenues	1,448.2	1,636.5
Other revenues	1,310.2	1,670.7
Total stand-alone revenues	**14,466.3**	**15,845.6**
Intersegment elimination	(211.1)	(694.0)
Total consolidated	**14,255.2**	**15,151.6**

* Please refer to note 36 for details about the revised information.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at December 31, 2018:

Maturity of revenues (€m)	2019	2020	2021	Beyond 2022	Total
Total	**2,720.3**	**1,011.4**	**207.4**	**334.9**	**4,274.0**

4.5. Capital expenditure

Capital expenditure is a key performance indicator tracked by the Group. The schedule below details the capital expenditure by segment and reconciles it to the payments to acquire capital items (tangible and intangible assets) as presented in the statement of cash flows.

For the year ended December 31, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Capital expenditure (accrued)	2,269.6	423.3	234.1	115.2	1.4	1,014.1	-	(4.7)	**4,053.0**
Capital expenditure - working capital items	94.5	36.3	8.7	(3.5)	-	(703.6)	-	-	**(567.7)**
Payments to acquire tangible and intangible assets	**2,364.2**	**459.6**	**242.8**	**111.7**	**1.4**	**310.5**	**-**	**(4.7)**	**3,485.3**

For the year ended December 31, 2017 (*revised) €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Capital expenditure (accrued)	2,394.1	437.8	241.5	114.6	-	46.6	32.1	(11.1)	**3,255.6**
Capital expenditure - working capital items	224.5	(16.1)	(7.1)	(5.5)	-	99.9	0.1	-	**295.6**
Payments to acquire tangible and intangible assets	**2,618.6**	**421.6**	**234.2**	**109.1**	**-**	**146.5**	**32.2**	**(11.1)**	**3,551.4**

* Please refer to note 36 for details about the revised information.

4.5.1. Adjusted EBITDA less accrued Capex (Non-GAAP measures)

The table below details the calculation of Adjusted EBITDA less accrued Capex, also known as operating free cash flows ("OpFCF"), as presented to the Board of Directors. This measure is used as an indicator of the Group's financial performance as the Board believes it is one of several benchmarks used by investors, analysts and peers for comparison of performance in the Group's industry, although it may not be directly comparable to similar measures reported by other companies. Adjusted EBITDA and accrued Capex are both reconciled to GAAP reported figures in this note, this measure is a calculation using these two non-GAAP figures, therefore no further reconciliation is provided.

For the year ended December 31, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Adjusted EBITDA	3,788.2	869.8	405.7	293.9	60.2	(227.3)	(45.3)	(8.1)	**5,137.2**
Capital expenditure (accrued)	(2,269.6)	(423.3)	(234.1)	(115.2)	(1.4)	(1,014.1)	-	4.7	**(4,053.0)**
Operating free cash flow (OpFCF)	**1,518.6**	**446.5**	**171.5**	**178.8**	**58.9**	**(1,241.4)**	**(45.3)**	**(3.4)**	**1,084.2**

For the year ended December 31, 2017 (*revised) €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Adjusted EBITDA	3,745.2	992.6	473.6	358.0	39.4	219.2	(74.9)	3.5	**5,756.7**
Capital expenditure (accrued)	(2,394.1)	(437.8)	(241.5)	(114.6)	-	(46.6)	(32.1)	11.1	**(3,255.6)**
Operating free cash flow (OpFCF)	**1,351.1**	**554.8**	**232.2**	**243.2**	**39.4**	**172.6**	**(107.1)**	**14.6**	**2,501.0**

* Please refer to note 36 for details about the revised information.

5. Goodwill

Goodwill recorded in the consolidated statement of financial position was allocated to the different groups of cash generating units ("GCGU" or "CGU" for cash generating units) as defined by the Group. Following the change in the segment structure as of 2018 (please refer to note 4.1), FOT, Altice Technical Services France and Altice Customer Services were reclassed from caption Others to France. Similarly, other Altice Technical Services entities in Portugal, Israel and the Dominican Republic were allocated to the total GCGU in the respective countries. These changes have been reflected as well in the comparative figures of 2017 and the balance as of December 31, 2017. Additionally, in table below, the goodwill of Altice TV, Teads and other corporate entities in 2017 were aggregated in caption Others.

Goodwill (€m)	December 31, 2017 (*revised)	Recognised on business combination	Changes in foreign currency translation	Held for sale	Distribution[1]	Other	December 31, 2018
France	12,594.3	-	0.2	-	-	(47.6)	12,547.0
United States	6,378.9	-	-	-	(6,378.9)	-	-
Portugal	1,727.4	-	-	-	-	-	1,727.4
Israel	746.4	-	(19.6)	-	-	-	726.9
Dominican Republic	800.2	-	(105.8)	-	-	-	694.4
Others	210.2	2.6	-	-	-	-	212.8
Gross value	**22,457.6**	**2.6**	**(125.2)**	**-**	**(6,378.9)**	**(47.6)**	**15,908.5**
France	(8.6)	-	-	-	-	-	(8.6)
United States	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-
Israel	(146.7)	-	4.0	-	-	-	(142.6)
Dominican Republic	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Cumulative impairment	**(155.2)**	**-**	**4.0**	**-**	**-**	**-**	**(151.2)**
France	12,585.8	-	0.2	-	-	(47.6)	12,538.4
United States	6,378.9	-	-	-	(6,378.9)	-	-
Portugal	1,727.4	-	-	-	-	-	1,727.4
Israel	599.8	-	(15.6)	-	-	-	584.3
Dominican Republic	800.2	-	(105.8)	-	-	-	694.4
Others	210.2	2.6	-	-	-	-	212.8
Net book value	**22,302.4**	**2.6**	**(121.2)**	**-**	**(6,378.9)**	**(47.6)**	**15,757.3**

Goodwill (€m)	December 31, 2016 (*revised)	Recognised on business combination	Changes in foreign currency translation	Held for sale	Other	December 31, 2017 (*revised)
France	12,541.7	52.9	(0.8)	-	0.4	12,594.3
United States	7,246.2	27.5	(896.1)	-	1.3	6,378.9
Portugal	1,726.9	0.5	-	-	-	1,727.4
Israel	767.2	0.9	(21.6)	-	-	746.4
Dominican Republic	904.4	0.3	(104.5)	-	-	800.2
Others	18.9	209.5	-	(18.2)	-	210.2
Gross value	**23,205.4**	**291.7**	**(1,023.1)**	**(18.2)**	**1.8**	**22,457.6**
France	(8.6)	-	-	-	-	(8.6)
United States	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Israel	(151.1)	-	4.5	-	-	(146.7)
Dominican Republic	-	-	-	-	-	-
Others	-	-	-	-	-	-
Cumulative impairment	**(159.7)**	**-**	**4.5**	**-**	**-**	**(155.2)**
France	12,533.2	52.9	(0.8)	-	0.4	12,585.8
United States	7,246.2	27.5	(896.1)	-	1.3	6,378.9
Portugal	1,726.9	0.5	-	-	-	1,727.4
Israel	616.1	0.9	(17.2)	-	-	599.8
Dominican Republic	904.4	0.3	(104.5)	-	-	800.2
Others	18.9	209.5	-	(18.2)	-	210.2
Net book value	**23,045.7**	**291.7**	**(1,018.6)**	**(18.2)**	**1.8**	**22,302.4**

* Please refer to note 36 for details about the revised information.
1 Distribution contains the impact of the Separation of Altice USA in 2018, please refer to note 3.1.4.

The gross value of goodwill in Altice France in column Other represents the reduction in goodwill of €23.3 million due to the sale of i24news and Middle East News. These entities were sold to Altice USA on April 23, 2018. In addition, following the disposal of B2B press activities, Altice France derecognised €10.2 million of goodwill as of December 31, 2018.

5.1. Impairment of goodwill

The Group has chosen to organise its GCGUs based on the geographies that it operates in. For more details on the GCGUs, please refer to note 4.

Goodwill is reviewed at the level of each GCGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill is tested annually at the GCGU level for impairment; the date of testing each year is December 31. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs. The key assumptions for the value in use calculations are

primarily the post-tax discount rates, the terminal growth rate, capital expenditures and the Earnings before Interests and Taxes (EBIT) margin during the period. EBIT is equal to EBITDA less depreciation and amortization expenses. The impairment tests did not result in impairment for any periods presented in these consolidated financial statements.

5.1.1. Key assumptions used in impairment testing

The Group has made use of various external indicators and internal reporting tools to estimate the revenue growth rates used in the Group's impairment testing for the year ended December 31, 2018.

5.1.1.1. *Cash flows*

The value in use of each GCGU was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Directors. Beyond the specifically forecasted period of five years, the Company extrapolates cash flows for the remaining years based on an estimated constant growth rate between 1.0 - 4.0%. The growth rate is estimated at an individual subsidiary level and does not exceed the average long-term growth rate for the relevant markets.

5.1.1.2. *Discount rates*

Discount rates have been estimated using post-tax rates, which reflect current market rates for investments of similar risk. The discount rate for the GCGUs was estimated using the weighted average cost of capital ("WACC") of companies that operate a portfolio of assets similar to the Group's. The WACC used across the Group for the calculation of the value in use at December 31, 2018 ranges from 7.0% to 11.5%.

5.1.1.3. *Other internal assumptions*

The Groups makes assumptions of customer churn rates and operating income, or EBIT (and the EBIT margin). These assumptions were based on historical experience and expectations of future changes in the market. The Group also assumes that recurring capex is expected to be proportional to sales, related to the acquisition of new clients, and thus is indexed to the growth in revenues.

5.1.1.4. *Assumptions about external factors*

In addition to using internal indicators to assess the carrying amount in use, the Board of Directors also relies on external factors which can influence the cash generating capacity of the CGUs or GCGUs and indicate that certain factors beyond the control of the Board of Directors might influence the carrying amounts in use:

- Indicators of market slowdown in a country of operation,
- Indicators of degradation in financial markets, that can impact the financing ability of the Group.

Key assumptions used in estimating value in use	**France**	**United States**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**
At December 31, 2018								
Average perpetuity growth rate (%)	1.75%	n/a	1.75%	1.0%	4.0%	1.75%	1.75%	n/a
5-year average EBIT margin (%)	20.0%	n/a	21.3%	15.2%	30.7%	18.2%	0.0%	n/a
Post tax weighted average cost of capital (%)	7.0%	n/a	7.5%	7.0%	11.5%	11.0%	7.5%	n/a
At December 31, 2017								
Average perpetuity growth rate (%)	0.8%	2.0%	1.0%	1.6%	2.0%	n/a	n/a	1.0 - 2.0%
5-year average EBIT margin (%)	19.5%	34.5%	22.1%	26.6%	41.0%	n/a	n/a	11.0 - 19.9%
Post tax weighted average cost of capital (%)	7.3%	6.4%	8.2%	10.0 - 10.7%	9.2%	n/a	n/a	8.5 - 14.2%

5.1.2. Sensitivity analysis

In validating the value in use determined for the GCGU, key assumptions used in the discounted cash-flow model were subject to a sensitivity analysis to test the resilience of value in use. The sensitivity analysis of the GCGUs is presented below, given changes to the material inputs to the respective valuations:

Sensitivity to changes in key inputs in the value in use calculation (€m)	France	Portugal	Israel	Dominican Republic	Teads	Altice TV
Amount by which the CGU exceed the book value	10,349.0	835.0	1,131.0	608.0	926.0	52.0
Perpetual growth rate for which recoverable amount is equal to carrying amount	-1.1%	0.8%	-5.3%	-0.5%	n/m	1.7%
Discount rate for which recoverable amount is equal to carrying amount	9.3%	8.4%	11.8%	14.8%	33.5%	7.7%
EBIT margin for which recoverable amount is equal to carrying amount	13.5%	18.1%	6.0%	21.4%	5.3%	-0.7%
0.5% increase in the discount rate	(2,939.0)	(509.0)	(195.0)	(106.0)	(70.0)	(126.0)
1.0% decrease in the perpetual growth rate	(4,804.0)	(810.0)	(315.0)	(160.0)	(90.0)	(335.0)

The analysis did not result in any scenarios whereby a reasonable possible change in the EBIT margin would result in a recoverable amount for the GCGU which is inferior to the carrying value, if applied to any other GCGU.

5.2. Business combinations

The Group has concluded 2 acquisitions during 2017. In all acquisitions made by the Group, the Group records the provisional value of the assets and liabilities as being equivalent to the book values in the accounting records of the entity being acquired. The Group then identifies the assets and liabilities to which the purchase price needs to be allocated. The fair value is determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition.

5.2.1. Acquisitions where the purchase price allocations have been finalized

5.2.1.1. *DTV Holding (previously known as Pho Holding)*

On July 26, 2017, Altice France obtained approval for the take-over of Pho Holding, owner of the Numero 23 channel, by NextRadioTV. Following the take-over, the consolidation method changed as of September 30, 2017 (from equity accounted to full consolidation) and fair value adjustment was booked for €8.9 million gain and recorded in the Other expenses and income caption in the statement of income in 2017. The purchase price allocation was finalized. The total additional goodwill resulted from the take-over was €53.4 million in 2017.

On September 1, 2018, Altice France acquired the remaining 49% interest in DTV Holding, the new name of Pho Holding, and there was no change in fair value adjustment (please refer to note 3.1.8).

	€m
Total consideration transferred	8.9
Allocation to minority interest	(14.6)
Change in investments in associates	29.1
Fair value of identified assets and liabilities	(29.9)
Goodwill	53.4

5.2.1.2. *Teads*

On June 22, 2017, Altice Teads (a company in which the Group has 98.5% of the financial interest, with 1.5% attributable to the managers of Teads) closed the acquisition of Teads. The acquisition purchase price was €302.3 million, with 75% due at closing, and the remaining 25% earn-out subject to Teads obtaining defined revenue performance in 2017, which targets have been met. As the defined revenue targets for 2017 were met, an earn-out payment of €48.6 million was made to the former owners of Teads during the second quarter of 2018, with an additional earn-out payment of €13.1 million made on July 3, 2018.

Following the preliminary purchase price allocation, the Group identified the following assets and liabilities. Their fair value was determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition as follows:

- the Teads brand was measured using the relief from royalty method using a useful life of 5 years, resulting in a fair value of €26.6 million;
- a fair value of €50.2 million was attributed to Programatic and Managed Service technology and measured using the relief from royalty method with a useful life of 5 years.

There was no change in the preliminary purchase price allocation compared to December 31, 2017 and the purchase price allocation has been finalized.

	€m
Total consideration transferred	302.3
Fair value of identifiable assets, liabilities and contingent liabilities	100.6
Goodwill	201.7

6. Intangible assets

Intangible assets December 31, 2018 (€m)	January 1, 2018	Additions	Disposals	Business Combinations	Changes in foreign currency	Held for sale	Distribution[1]	Other	December 31, 2018
Software	3,304.1	454.4	(19.9)	-	(5.2)	-	(592.4)	314.7	3,455.7
Brand name	2,431.4	-	-	-	(0.8)	-	(901.6)	14.1	1,543.1
Customer relations	9,740.6	-	-	-	(8.0)	-	(5,044.7)	73.2	4,761.1
Licenses and franchises	13,558.0	1.0	(1.6)	-	1.1	-	(11,017.5)	123.1	2,664.0
R&D costs acquisitions	32.6	1.2	-	-	-	-	-	12.9	46.7
Subscriber acquisition costs	548.4	-	-	-	-	-	-	(548.4)	-
Intangible assets under construction	171.5	55.5	(0.7)	-	-	-	(26.1)	(21.9)	178.3
IRU & other concessions	889.4	20.7	(19.3)	-	-	(133.4)	-	140.8	898.2
Content rights	830.4	1,115.3	(0.4)	0.5	(6.5)	-	-	(13.5)	1,925.8
Other intangible assets	989.3	158.7	(46.0)	-	(4.0)	-	(14.3)	754.4	1,838.1
Gross value	**32,495.6**	**1,806.8**	**(87.9)**	**0.5**	**(23.3)**	**(133.4)**	**(17,596.4)**	**849.2**	**17,311.1**
Software	(1,792.2)	(434.6)	18.7	-	4.5	-	328.4	(279.4)	(2,154.5)
Brand name	(1,379.7)	(123.3)	-	-	0.6	-	460.8	28.6	(1,012.9)
Customer relations	(3,115.9)	(546.5)	-	-	5.1	-	1,238.8	(63.1)	(2,481.6)
Licenses and franchises	(708.0)	(173.7)	1.4	-	(0.4)	-	5.2	39.9	(835.7)
R&D costs acquisitions	(17.5)	(12.4)	-	-	-	-	-	0.7	(29.2)
Subscriber acquisition costs	(401.5)	-	-	-	-	-	-	401.5	-
Intangible assets under construction	(0.2)	(1.3)	-	-	-	-	-	(0.1)	(1.5)
IRU & others concessions	(425.4)	(96.7)	14.4	-	-	21.1	-	(93.1)	(579.7)
Content rights	(425.9)	(359.7)	4.1	(0.5)	4.3	-	-	(11.6)	(789.4)
Other intangible assets	34.5	(220.2)	28.6	-	1.4	-	4.9	(613.1)	(764.0)
Cumulative amortization	**(8,231.8)**	**(1,968.4)**	**67.2**	**(0.5)**	**15.4**	**21.1**	**2,038.2**	**(589.7)**	**(8,648.5)**
Software	1,511.9	19.9	(1.2)	-	(0.7)	-	(264.0)	35.4	1,301.2
Brand name	1,051.8	(123.3)	-	-	(0.2)	-	(440.7)	42.7	530.3
Customer relations	6,624.7	(546.5)	-	-	(2.9)	-	(3,805.8)	10.0	2,279.5
Licenses and franchises	12,850.0	(172.8)	(0.2)	-	0.6	-	(11,012.2)	163.0	1,828.3
R&D costs acquisitions	15.1	(11.3)	-	-	-	-	-	13.6	17.5
Subscriber acquisition costs	146.9	-	-	-	-	-	-	(146.9)	-
Intangible assets under construction	171.3	54.3	(0.7)	-	-	-	(26.1)	(22.1)	176.7
IRU & others concessions	464.0	(75.9)	(4.9)	-	-	(112.3)	-	47.8	318.8
Content rights	404.6	755.6	3.7	-	(2.2)	-	-	(25.2)	1,136.5
Other intangible assets	1,023.8	(61.5)	(17.4)	-	(2.6)	-	(9.3)	141.3	1,074.2
Net book value	**24,264.0**	**(161.6)**	**(20.7)**	**-**	**(7.9)**	**(112.3)**	**(15,558.2)**	**259.5**	**8,662.9**

1 Distribution corresponds to the impact of the Separation, please refer to note 3.1.4.

Intangible assets December 31, 2017 (*revised) (€m)	**January 1, 2017**	**Additions**	**Disposals**	**Business Combinations**	**Changes in foreign currency**	**Held for sale**	**Other**	**December 31, 2017**
Software	2,754.7	530.3	(48.9)	0.3	(91.9)	(5.6)	165.3	3,304.1
Brand name	2,549.7	0.4	(1.4)	28.7	(129.3)	(17.7)	0.8	2,431.4
Customer relations	10,513.5	-	-	(4.2)	(733.7)	(41.6)	6.6	9,740.6
Licenses and franchises	15,093.6	1.6	-	0.7	(1,553.4)	-	15.5	13,558.0
R&D costs acquisitions	26.1	1.6	-	0.3	(0.2)	-	4.7	32.6
Subscriber acquisition costs	794.4	127.4	-	(367.9)	(0.4)	-	(5.2)	548.4
Intangible assets under construction	270.1	106.0	(1.7)	2.3	(2.2)	-	(203.0)	171.5
IRU & others concessions	864.5	22.3	(18.5)	-	-	-	21.2	889.4
Content rights	719.3	124.0	(4.3)	-	(6.7)	-	(1.9)	830.4
Other intangible assets	1,648.6	104.9	(58.1)	(681.7)	(17.3)	(23.0)	15.9	989.3
Gross value	**35,234.5**	**1,018.5**	**(132.9)**	**(1,021.4)**	**(2,535.2)**	**(87.9)**	**20.0**	**32,495.6**
Software	(1,191.3)	(687.7)	46.7	-	45.8	3.5	(9.3)	(1,792.2)
Brand name	(410.8)	(1,025.5)	-	-	40.3	17.6	(1.2)	(1,379.7)
Customer relations	(1,983.9)	(1,326.7)	-	36.1	139.6	19.6	(0.6)	(3,115.9)
Licenses and franchises	(537.5)	(171.2)	-	-	9.9	-	(9.3)	(708.0)
R&D costs acquisitions	(9.3)	(10.1)	-	-	-	-	2.0	(17.5)
Subscriber acquisition costs	(649.7)	(113.1)	1.1	360.2	-	-	-	(401.5)
Intangible assets under construction	-	(0.2)	-	-	-	-	-	(0.2)
IRU & others concessions	(349.9)	(103.3)	16.3	-	-	-	11.5	(425.4)
Content rights	(238.9)	(196.8)	4.5	-	4.2	-	1.1	(425.9)
Other intangible assets	(451.1)	(141.8)	41.5	558.3	10.2	19.2	(1.8)	34.5
Cumulative amortization	**(5,822.5)**	**(3,776.3)**	**110.0**	**954.6**	**250.1**	**59.9**	**(7.7)**	**(8,231.8)**
Software	1,563.4	(157.4)	(2.2)	0.3	(46.1)	(2.1)	156.0	1,511.9
Brand name	2,138.9	(1,025.1)	(1.4)	28.7	(89.0)	0.1	(0.4)	1,051.8
Customer relations	8,529.7	(1,326.7)	-	31.9	(594.1)	(22.0)	6.0	6,624.7
Licenses and franchises	14,556.1	(169.5)	-	0.7	(1,543.5)	-	6.2	12,850.0
R&D costs acquisitions	16.8	(8.5)	-	0.3	(0.2)	-	6.7	15.1
Subscriber acquisition costs	144.7	14.4	1.1	(7.7)	(0.4)	-	(5.2)	146.9
Intangible assets under construction	270.1	105.8	(1.7)	2.3	(2.2)	-	(203.0)	171.3
IRU & others concessions	514.6	(81.0)	(2.2)	-	-	-	32.7	464.0
Content rights	480.4	(72.8)	0.2	-	(2.5)	-	(0.7)	404.6
Other intangible assets	1,197.4	(36.9)	(16.6)	(123.4)	(7.1)	(3.8)	14.1	1,023.8
Net book value	**29,412.1**	**(2,757.8)**	**(22.8)**	**(66.8)**	**(2,285.1)**	**(27.9)**	**12.4**	**24,264.0**

* Please refer to note 36 for details about the revised information.

The decrease in net book value of intangible assets compared to 2017 was caused mainly by the Separation, reducing the net book value of intangible assets by €15,558.2 million.

The total amortization expense for the years ended December 31, 2018 and 2017 was €1,968.4 million and €2,349.3 million, respectively, please refer to note 27 for further discussion. The amortization of the period is lower compared to 2017 mainly due to lower amortization of brand and licences following the postponed adoption of the Group's global brand as announced in December 2017. This decrease was partially offset by an increase in amortization of content rights in Altice TV.

The majority of intangible assets are related to the recognition of intangible assets on acquisition of business combinations as a reduction in the value of attributable goodwill. The key items include:

- Customer relations: these assets are valued using the excess earnings method upon acquisition and subsequently amortized based on the local churn rate. The carrying amount of customer relations by segment was: (i) France: €1,505.2 million, (ii) Portugal: €681.3 million, (iii) Israel: €89.6 million, (iv) the Dominican Republic: €3.5 million.
- Brand name: the carrying amounts of the Group's main brand names includes: (i) SFR in France: €424.5 million, (ii) Meo in Portugal: €79.9 million, (iii) HOT in Israel: €7.2 million, (iv) Teads: €18.6 million.
- Licenses and franchises: include mainly licenses held by Altice France amounting to €1,678.7 million (of which €52.3 million relates to licenses held by NextRadioTV).
- Content rights: during 2018, the Group acquired a multi-year sport rights of UEFA Champions League and Europe League for France for €1,013.5 million. The content rights were capitalized in accordance with IAS 38 Intangible Assets and are amortized over their respective useful lives. When useful lives extend beyond one year the nominal cash flows are discounted to their present value on initial recognition of the asset. The amortization related to content rights recorded for the year ended December 31, 2018 were €270.1 million for Sport in Altice TV (useful life is 2-4 years) and €53.8 million for Fiction in Altice TV and Israel (useful life is 1-4 years).

7. Property, plant and equipment

Property, plant and equipment December 31, 2018 (€m)	January 1, 2018	Additions	Disposals	Business Combinations	Changes in foreign currency	Held for sale	Distribution[1]	Other	December 31, 2018
Land	331.4	0.7	(2.0)	-	0.2	(4.0)	(40.2)	(8.6)	277.5
Buildings	2,687.9	173.4	(294.6)	26.5	(1.2)	(24.1)	(427.5)	580.4	2,720.6
Technical and other equipment	16,240.2	961.6	(461.6)	95.3	(72.3)	(293.2)	(6,208.6)	1,530.7	11,792.1
Assets under construction	934.9	396.1	(0.9)	9.0	0.7	(59.5)	(268.6)	(519.9)	491.7
Other tangible assets	1,836.5	578.4	(117.2)	6.6	(0.4)	-	-	338.2	2,642.1
Gross value	**22,030.9**	**2,110.1**	**(876.4)**	**137.4**	**(73.0)**	**(380.8)**	**(6,944.9)**	**1,920.7**	**17,924.1**
Land	-	-	-	-	-	-	-	-	-
Buildings	(450.5)	(187.4)	233.8	(20.2)	0.8	12.0	75.2	(525.1)	(861.4)
Technical and other equipment	(5,526.6)	(1,256.6)	352.8	(80.2)	58.1	26.3	1,796.8	(887.4)	(5,516.7)
Assets under construction	-	-	-	-	-	-	-	-	-
Other tangible assets	(892.4)	(449.8)	100.8	(5.3)	1.3	0.2	-	(292.2)	(1,537.5)
Cumulative depreciation	**(6,869.5)**	**(1,893.8)**	**687.4**	**(105.7)**	**60.1**	**38.5**	**1,872.0**	**(1,704.7)**	**(7,915.6)**
Land	331.4	0.7	(2.0)	-	0.2	(4.0)	(40.2)	(8.6)	277.5
Buildings	2,237.4	(14.0)	(60.9)	6.3	(0.5)	(12.1)	(352.3)	55.3	1,859.2
Technical and other equipment	10,713.6	(295.1)	(108.7)	15.1	(14.2)	(266.9)	(4,411.8)	643.3	6,275.3
Assets under construction	934.9	396.1	(0.9)	9.0	0.7	(59.5)	(268.6)	(519.9)	491.7
Other tangible assets	944.1	128.6	(16.5)	1.3	0.9	0.2	-	46.0	1,104.7
Net book value	**15,161.5**	**216.3**	**(189.0)**	**31.7**	**(12.8)**	**(342.3)**	**(5,072.9)**	**216.1**	**10,008.5**

Property, plant and equipment December 31, 2017 (€m)	January 1, 2017	Additions	Disposals	Business Combinations	Changes in foreign currency	Held for sale	Other	December 31, 2017
Land	341.3	0.4	(0.3)	-	(9.2)	-	(0.7)	331.4
Buildings	2,740.0	157.8	(108.4)	0.0	(73.2)	(31.0)	2.8	2,687.9
Technical and other equipment	16,155.6	1,727.7	(756.2)	0.5	(1,060.4)	(77.5)	250.5	16,240.2
Assets under construction	724.6	675.6	(16.4)	-	(33.5)	(1.9)	(413.4)	934.9
Other tangible assets	1,669.2	462.6	(154.2)	4.6	(13.7)	(30.1)	(101.9)	1,836.5
Gross value	**21,630.7**	**3,024.0**	**(1,035.6)**	**5.2**	**(1,190.1)**	**(140.5)**	**(262.8)**	**22,030.9**
Land	-	-	-	-	-	-	-	-
Buildings	(345.3)	(232.7)	88.6	-	15.5	4.7	18.8	(450.5)
Technical and other equipment	(4,354.4)	(2,340.9)	586.5	-	366.5	43.1	172.7	(5,526.6)
Assets under construction	-	-	-	-	-	-	-	-
Other tangible assets	(674.1)	(369.8)	125.1	-	4.4	5.2	17.0	(892.4)
Cumulative depreciation	**(5,373.9)**	**(2,943.5)**	**800.2**	**-**	**386.4**	**52.9**	**208.4**	**(6,869.5)**
Land	341.3	0.4	(0.3)	-	(9.2)	-	(0.7)	331.4
Buildings	2,394.6	(75.0)	(19.8)	0.0	(57.7)	(26.4)	21.6	2,237.4
Technical and other equipment	11,801.2	(613.2)	(169.7)	0.5	(694.0)	(34.4)	423.2	10,713.6
Assets under construction	724.6	675.6	(16.4)	-	(33.5)	(1.9)	(413.4)	934.9
Other tangible assets	995.1	92.8	(29.2)	4.6	(9.3)	(25.0)	(84.9)	944.1
Net book value	**16,256.8**	**80.6**	**(235.4)**	**5.2**	**(803.8)**	**(87.6)**	**(54.3)**	**15,161.5**

* Please refer to note 36 for details about the revised information.

1 Distribution corresponds to the impact of the Separation, please refer to note 3.1.4.

The decrease in the net book value of property, plant and equipment of the Group was largely attributed to the Separation, reducing the net book value by €5,072.9 million.

Further details on the captions in the table above include:

- Buildings mostly comprises the hosting of technical sites, buildings and their respective fittings.
- Technical equipment principally includes network equipment (radio, switching, network administration, network core) and transmissions. It also includes the cable network owned across the Group, which provides the ability to supply cable-based pay television, broadband internet and fixed line telephony services to its subscribers.
- Call centers that represent centralized offices used for receiving or transmitting a large volume of administrative, technical or commercial requests by telephone.
- Office furniture and equipment that refer to furnishings and IT equipment.
- Communication network infrastructure that include the digital technologies for the transmission of multi-channel television services.

As part of the various debt issuance completed by the Group, the assets of certain subsidiaries have been pledged as collateral. This includes, amongst others, the shares of certain holding companies and intercompany loans, the shares

of HOT Telecom and all material assets of HOT Telecom, including the cable network (but excluding licenses and end user equipment and assets of HOT Mobile), all material assets of Altice Dominicana (other than licenses and real estate assets valued at less than €5 million), the shares of PT Portugal and certain other operating subsidiaries in Portugal, the shares of certain subsidiaries of Altice France and the bank accounts, intercompany receivables and intellectual property rights of such subsidiaries and a pledge over the business of certain operating subsidiaries of Altice France (but excluding any network assets).

8. Contract balances

The following table provides information about contract costs, contract assets and contract liabilities from contracts with customers.

Contract balances (€m)	**December 31, 2018**	**December 31, 2017 (*revised)**
Contract costs, net (non-current)	252.5	256.7
Contract assets, net (current)	265.7	302.3
Contract liabilities	(1,171.2)	(1,283.8)
Total	**(652.9)**	**(724.8)**

* Please refer to note 36 for details about the revised information.

8.1. Contract costs (non-current)

Contract costs, net (non-current)	**December 31, 2018**			**December 31, 2017 (*revised)**		
(€m)	**Gross value**	**Amortization**	**Net value**	**Gross value**	**Amortization**	**Net value**
Opening balances	1,220.7	(964.0)	256.7	971.8	(738.7)	232.9
Additions	263.3	-	263.3	270.9	-	270.9
Amortization	-	(252.3)	(252.3)	-	(243.5)	(243.5)
Impairment losses	-	-	-	-	-	-
Change in consolidation scope	(22.6)	7.1	(15.5)	-	-	-
Translation adjustments	(10.4)	9.5	(0.9)	(22.0)	18.2	(3.8)
Reclassification to held for sale	-	-	-	-	-	-
Other	4.8	(3.6)	1.2	-	-	-
Closing Balances	**1,455.9**	**(1,203.4)**	**252.5**	**1,220.7**	**(964.0)**	**256.7**

* Please refer to note 36 for details about the revised information.

8.2. Contract assets (current)

Contract assets are recognised when devices are sold in bundled packages in the mobile activities as revenue related to the device is recognised upfront and is billed to the customer over the service period.

Contract assets, net (current) (€m)	**December 31, 2018**	**December 31, 2017 (*revised)**
Opening balances contract assets	**302.3**	**398.0**
Business related movements[1]	(30.2)	(91.6)
Change in consolidation scope	-	-
Translation adjustments	0.2	(2.5)
Reclassification to held for sale	-	-
Other	3.2	(1.0)
Closing balances of contract assets	**275.5**	**302.8**
Impairment loss	(9.8)	(0.5)
Contract assets, net	**265.7**	**302.3**

* Please refer to note 36 for details about the revised information.
1 This line includes increase related to new contracts and decrease following the transfer from contract assets to trade receivables.

8.3. Contract liabilities

In the case of IRUs, and sometimes rentals or service agreements, the service is paid in advance. These prepayments, which are non-refundable, are recorded in prepaid income and amortized over the expected term of the related agreements.

Contract liabilities[1] (€m)	**December 31, 2018**	**December 31, 2017 (*revised)**
Contract liabilities - current	606.0	811.9
Contract liabilities - non current	565.2	471.9
Total	**1,171.2**	**1,283.8**
Explained as follows:		
Prepaid revenue - IRU	213.7	262.0
Prepaid revenue - Telecom contract	324.3	351.7
Prepaid revenue - Other	614.4	660.8
Connection fees / Service access fees	7.9	2.9
Loyalty programs	10.9	6.3
Total	**1,171.2**	**1,283.8**

* Please refer to note 36 for details about the revised information.
1 The balances of contract liabilities as of December 31, 2017 of Altice USA, Altice Technical Services, Teads and French Overseas Territories are included in the caption Prepaid revenue - Other.

Contract liabilities (€m)	**December 31, 2018**	**December 31, 2017 (*revised)**
Opening balances of contract liabilities	**1,283.8**	1,212.5
Business related movements[1]	34.7	167.6
Change in consolidation scope	(74.9)	(70.9)
Translation adjustments	1.2	(20.6)
Reclassification to held for sale	(63.8)	(10.0)
Other	(9.8)	5.3
Closing balances of contract liabilities	**1,171.2**	**1,283.8**

* Please refer to note 36 for details about the revised information.
1 This line includes increase related to cash received on new agreements and decrease related to the reversal of deferred revenue in the revenue line.

9. Investment in associates

Investments in associates (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Associates of Altice France	19.8	23.0
Associates of PT Portugal	134.0	26.1
Other	0.3	0.2
Total	**154.1**	**49.4**

The key financial information of the significant investments in associates is listed below:

Group	**Investments in associates**	**Year ended December 31, 2018**				
	(€m)	**Revenues**	**Net profit/(loss)**	**Net equity**	**Cash (-)/Net debt (+)**	**Total Assets**
Altice France	La Poste Telecom	251.0	(36.0)	(63.0)	46.0	61.0
	Synerail	86.6	6.0	6.2	390.4	461.2
PT Portugal	Sport TV	185.7	3.0	31.9	(13.9)	171.9
	Janela Digital[1]	n/a	n/a	n/a	n/a	n/a
	Sportinvest - Multimédia, S.A.	3.3	0.4	5.4	(2.6)	11.1
	Ericsson Inovação S.A.	19.4	5.1	3.7	(0.1)	8.1
	Hungaro Digitel	16.0	3.5	12.3	(4.2)	26.9
	Multicert	4.4	0.2	1.4	0.2	3.5
	Auto Venda Já	0.6	(0.0)	0.0	0.2	0.5
	Belmont Infra Holding, S.A.[1]	n/a	n/a	n/a	n/a	n/a

Group	**Investments in associates**	**Year ended December 31, 2017 (*revised)**				
	(€m)	**Revenues**	**Net profit/(loss)**	**Net equity**	**Cash (-)/Net debt (+)**	**Total Assets**
Altice France	La Poste Telecom	232.5	(28.5)	(66.4)	28.9	72.5
	Synerail	74.8	6.8	6.5	440.6	515.4
PT Portugal	Sport TV	183.2	4.9	28.9	6.0	156.5
	Janela Digital	4.4	1.7	9.1	-	10.4
	SIRESP	29.5	1.1	12.7	-	53.4

* Financial information of associates of Altice France in 2017 has been restated in accordance with IFRS 15 *Revenue from Contracts with Customers.*
1 Financial information is not available.

9.1. Investment in associates of SFR Group

The main associates of SFR Group and the carrying amount of invested equity as of December 31, 2018 were:

- *La Poste Telecom* (€0 million): in 2011, SFR and La Poste formed La Poste Telecom, of which they own 49% and 51%, respectively. This subsidiary is a virtual mobile operator in the retail mobile telephony market under the trademark La Poste Mobile. The negative value of the equity interests in La Poste Telecom was adjusted to zero by offsetting against provisions totalling €13.0 million at year-end 2018;
- *Synerail* (€8 million): on February 18, 2010, a group comprised of SFR, Vinci and AXA (30% each) and TDF (10%) signed a GSM-R public-private partnership contract with Réseau Ferré de France. This contract, worth a total of one billion euros over a 15-year term, is to finance, build, operate and maintain a digital telecommunications network to provide voice and data communication between trains and ground control teams in conference mode. The network will be rolled out gradually on 14,000 km of traditional and high-speed rail lines in France. Synerail Construction, a subsidiary of Vinci (60%) and SFR (40%), is responsible for a part of the construction of this network. The net equity value is positive as shown in the table above.

9.2. Investment in associates of PT Portugal

Associates of PT Portugal had a carrying amount for €134.0 million for the year ended December 31, 2018 (2017: €26.1 million). The main associates of PT Portugal and the carrying amount of invested equity as of December 31, 2018 were:

- *Belmont Infra Holding, S.A.* (€107.5 million): on August 7, 2018 PT Portugal acquired a 25% stake in the capital of Belmont Infra Holding, S.A. for €108.8 million. Belmont Infra Holding, S.A. is an entity that holds 100% of BIH - Belmont Infrastructure Holding, S.A., which in turn holds a 100% interest in OMTEL;
- *Sport TV* (€13.8 million): on February 24, 2017, PT Portugal acquired a 25% stake in the capital of SPORT TV for €12.3 million. SPORT TV is a sports broadcaster based in Portugal. Following this investment, SPORT TV's shareholders are PT Portugal, NOS, Olivedesportos and Vodafone, each of which with a 25% stake;
- *Hungaro Digitel* (€5.5 million): this company was created in 1990 and PT Portugal holds 44,62%. Hungaro Digitel provides satellite telecommunications services;
- *Sportinvest-Multimédia S.A.* (€2.7 million): this company was created in 2001 and PT Portugal holds 50%. This subsidiary provides services of sports contents for the main market players, including televisions, mobile operators and ISP;
- *Janela Digital* (€2.2 million): in 2000, PT Portugal and Netholding created Janela Digital, held at 50% both. This subsidiary is responsible for the development of IT solutions in the real estate market.

10. Financial assets and other non-current assets

10.1. Financial assets

Financial assets (€m)	**Note**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Investment in Comcast	10.1.1	-	1,431.0
Derivative financial assets	10.1.2	1,465.9	973.7
Loans and receivables	10.1.3	148.7	149.8
Call options with non-controlling interests	10.1.4	63.5	50.6
Equity instruments at fair value through OCI	10.1.5	388.2	8.0
Other financial assets	10.1.6	16.5	25.8
Total		**2,082.7**	**2,638.8**
Current		43.1	93.4
Non-current		2,039.6	2,545.5

10.1.1. Investment in common shares of Comcast Corporation

The investment in Comcast shares was held by Altice USA. Following the Separation as at June 8, 2018, the investment in Comcast was nil as at December 31, 2018.

In 2017, it was classified as financial assets at fair value through profit and loss (FVPL) and measured at fair value of €1,431.0 million as at December 31, 2017. The change in the fair value of the investments was recognised directly in profit or loss. For the year ended December 31, 2017, a net gain of €210.0 million was recorded in the statement of income as part of the net income from discontinued operations (please refer to note 3.5).

10.1.2. Derivative financial instruments related to debt

The Group has a significant debt book and executes derivative contracts to hedge its position in compliance with its treasury policy. All derivatives are measured at their fair value at the balance sheet date; the total asset position as of December 31, 2018 was €1,465.9 million (2017: €973.7 million). Refer also to note 18.3 for details on each of these derivatives held by the Group and to note 20 for information on the fair value of the derivatives, including the fair value hierarchy.

10.1.3. Loans and receivables

The Group's main loans and receivables as of December 31, 2018, were mainly consisting of:

- Secured subordinated notes in Wananchi: the notes are convertible at the discretion of the holder. The investment amounts to €57.6 million and bears interest at a rate of 11% per annum (or 13% on default) payable in kind and matures in October 2021 (2017: €43.0 million bearing 11% interest).
- SFR Group loans receivables totalling €72.6 million (2017: €85.8 million) comprising mainly loans and deposits with related parties (please refer to note 30 for further information on related party transactions). The decrease was mainly caused by lower current loans and receivables (€0.9 million as of December 31, 2018, compared to €13.7 million as of December 31, 2017).

10.1.4. Call options with non-controlling interests

Through the various acquisitions that the Group has completed in recent years the Group signed agreements whereby it has a call option to acquire certain residual non-controlling interests in entities that it has not acquired 100%. The call options are derivative financial instruments and must be re-measured to their fair value at balance sheet date. The carrying amount of the call options is detailed in note 20.1.

10.1.5. Equity instrument at fair value through OCI

As of December 31, 2018, the increase in the equity instruments at fair value through OCI mostly correspond to the fair value of investments of the Group in Altice USA and Neptune Holding US LP recorded following the Separation. This amounted to $438.2 million (€382.6 million) as of December 31, 2018 (please refer to note 3.1.4.1). Additionally, the Group also recorded €5.5 million of investments in Partner Co. Ltd (please refer to note 20.1.1). These investments in equity instruments are not held for trading. Instead, they are held for medium term. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI.

10.1.6. Other financial assets

The decrease in other financial assets as of December 31, 2018 compared to December 31, 2017 was mainly driven by a reclassification of the balance in current account in the Company of €(12.3) million to current account payable.

10.2. Other non-current assets

Other non-current assets (€m)	**December 31, 2018**	**December 31, 2017**
Pension assets	3.9	4.3
Income tax receivables	0.7	0.3
Prepaid expenses	261.3	273.3
Other receivables	159.8	188.9
Total	**425.7**	**466.9**

Other non-current assets decreased by €41.2 million to €425.7 million, due to:

- higher non-current prepaid expenses in 2017 due to prepayment made for UEFA (€70.2 million). Additionally, the Separation also decreased non-current prepaid expenses by €19.0 million compared to December 31, 2017. These impacts were partially offset by additional prepaid expenses recorded in Altice France by €75.2 million as of December 31, 2018;
- decrease in other receivable non-current, mainly in PT Portugal related to football contract for €38.8 million, of which €27 million was reclassed from non-current to current other receivables. This was partially offset by impairment recognised as of January 1, 2018 upon the adoption of IFRS 9 for €4.1 million.

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11. Inventories

Inventories are almost exclusively comprised of consumable goods corresponding to customer premises equipment (modems, decoders, mobile handsets etc.), which are used in the daily business activity of the Group's subsidiaries. The Group considers that all inventory will be fully utilised in the next twelve months and is therefore classified as a current asset in the Statement of Financial Position.

A cost of €43.6 million was recorded in the consolidated statement of income to account for the change in inventories (2017: €56.4 million).

Inventories (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Raw materials and consumables	406.7	443.9
Work in progress	66.2	75.9
Gross value	**472.9**	**519.8**
Raw materials and consumables	(48.2)	(55.8)
Work in progress	(2.5)	(2.6)
Allowance for obsolescence	**(50.7)**	**(58.4)**
Raw materials and consumables	358.5	388.1
Work in progress	63.7	73.3
Total carrying amount	**422.2**	**461.4**

11.1. Inventory obsolescence

Inventory obsolescence (€m)	**Raw materials and consumables**	**Work in progress (goods)**	**Total**
Opening balance: January 1, 2018	**(55.8)**	**(2.6)**	**(58.4)**
Business combinations	(1.1)	-	(1.1)
Allowances/write-backs	4.9	0.1	5.0
Variation	2.6	-	2.6
Held for sale	1.1	-	1.1
Other	0.0	-	0.0
Closing balance: December 31, 2018	**(48.2)**	**(2.5)**	**(50.7)**

Inventory obsolescence (€m)	**Raw materials and consumables**	**Work in progress (goods)**	**Total**
Opening balance: January 1, 2017	**(60.3)**	**(2.6)**	**(62.9)**
Allowances/write-backs	(1.8)	0.2	(1.6)
Variation	6.0	(0.2)	5.8
Held for sale	-	-	-
Other	0.3	-	0.3
Closing balance: December 31, 2017	**(55.8)**	**(2.6)**	**(58.4)**

12. Trade and other receivables

Trade and other receivables (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017 (*revised)**
Trade receivables	3,254.6	3,701.4
Other receivables	1,255.0	1,230.5
Total	**4,509.6**	**4,932.0**

12.1. Trade receivables

Trade receivables (€m)	**Gross trade receivables**	**Allowance for doubtful debts**	**Total**
Closing balance: December 31, 2017	**4,576.0**	**(874.7)**	**3,701.4**
IFRS 9 adjustment	**-**	**(43.6)**	**(43.6)**
Opening balance: January 1, 2018 (*revised)	**4,576.0**	**(918.3)**	**3,657.8**
Recognised through business combinations	6.2	13.1	19.3
Net increase	93.4	(26.0)	67.4
Held for sale	(10.5)	(24.3)	(34.8)
Distribution[1]	(317.5)	10.7	(306.9)
Other changes	(141.1)	(6.9)	(148.0)
Closing balance: December 31, 2018	**4,206.5**	**(951.9)**	**3,254.6**

Trade receivables (€m)	**Gross trade receivables**	**Allowance for doubtful debts**	**Total**
Opening balance: January 1, 2017	**4,055.3**	**(788.1)**	**3,267.2**
Recognised through business combinations	81.4	(2.9)	78.5
Net increase	520.3	(87.5)	432.7
Held for sale	(41.3)	0.4	(40.9)
Other changes	(39.6)	3.5	(36.2)
Closing balance: December 31, 2017 (*revised)	**4,576.0**	**(874.7)**	**3,701.4**

* Please refer to note 36 for details about the revised information.
1 Distribution corresponds to the impact of the Separation, please refer to note 3.1.4.

The decrease in trade receivables is explained mainly by the Separation that decreased trade receivables by €310.8 million, the classification of trade receivables as held for sale in France of €35.6 million mostly related to SFR FTTH and a reduction due to IFRS 9 *Financial Instruments* of €43.6 million.

12.1.1. Aging of trade receivables

Age of trade receivables (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Not yet due	2,945.6	3,108.0
30 - 90 days	120.5	378.8
> 90 days	188.5	214.6
Total	**3,254.6**	**3,701.4**

The Group routinely evaluates the credit that is provided to its customers, while checking their financial situations; however, it does not demand collateral for those debts. The Group records a provision for doubtful debts, based on the factors that affect the credit risks of certain customers, past experience and other information. The Group believes there is no risk of concentration of counterparties given the much diversified customer basis, especially on the B2C side (in the Group's largest segments a major portion of clients pay using direct debit, credit cards or online banking). For the B2B business, the top 20 clients of the Group represent less than 5% of total Group revenues.

The largest clients of the Group are telecom operators in France and Portugal (such as Orange, Bouygues Telecom, Free Mobile, Vodafone and NOS). The risk of recoverability for these clients is low, given the balance in interconnection transactions between these companies and different companies of the Group. Orange, the Group's largest client is also the largest supplier of the Group.

12.2. Other receivables

Other receivables (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017 (*revised)**
Prepaid expenses	222.6	251.8
Business taxes receivable (e.g. VAT)	807.8	827.7
Other	224.6	151.0
Total	**1,255.0**	**1,230.5**

* Please refer to note 36 for details about the revised information.

12.2.1. Prepaid expenses

Prepaid expenses mainly relate to services for which payments are made before the service is rendered (such as rental, insurance or other services). The increase compared to 2017 was mainly due to higher prepaid expenses in Altice Picture related to the advance payment for the rights of sport content of €14.5 million and increased prepaid expenses by €23.2 million in Altice France for RAN sharing agreement with Bouygues Telecom. This was partially offset by the impact of the Separation, lowering the prepaid expenses by €58.2 million.

12.2.2. Business taxes receivable

This caption comprises mostly receivables due from VAT payments made on supplier invoices.

12.2.3. Other

Other is mainly composed of receivables due from advances to employees and other miscellaneous. The increase in other mainly was caused by France for €79.2 million, a shift from non-current other receivables to current other receivables in PT Portugal for €27 million, which was partially offset by a decrease in advances to suppliers (€6 million) in PT Portugal and the impact of the Separation which led to a decrease on other by €30.7 million.

13. Cash and cash equivalents and restricted cash

Cash balances (€m)	December 31, 2018	December 31, 2017
Term deposits	333.6	90.8
Bank balances	1,503.3	1,148.2
Cash and cash equivalents	**1,837.0**	**1,239.0**
Restricted cash	141.6	168.1
Total	**1,978.6**	**1,407.1**

The restricted cash balance at December 31, 2018 included:

- €105.7 million in Altice Corporate Financing as cash collateral for debt services;
- €31.1 million in Altice Financing as collateral for a bank guarantee;
- €4.8 million in HOT for various purposes.

14. Shareholders' equity

The Group's equity was comprised as follows:

Equity attributable to owners of the Company (€m)	Notes	As of December 31, 2018	As of December 31, 2017 (*revised)
Issued capital	14.1	68.3	76.5
Treasury shares	14.2	(14.6)	(370.1)
Additional paid in capital	14.3	-	2,605.9
Other reserves	14.4	(783.6)	(811.4)
Accumulated losses		(2,401.5)	(3,107.3)
Total		**(3,131.4)**	**(1,606.4)**

* Please refer to note 36 for details about the revised information.

14.1. Issued capital

Share capital December 31, 2018	Total shares authorized (number)	Total capital authorized (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common shares A	5,928,144,600	59.3	1,596,608,025	0.01	16.0
Common shares B	222,874,216	55.7	209,318,001	0.25	52.3
Preference shares A	4,700,000,000	188.0	-	0.04	-
Preference shares B	150,000,000	1.5	927,832	0.01	0.0
Total	**11,001,018,816**	**304.5**	**1,806,853,858**		**68.3**

Share capital December 31, 2017	Total shares authorized (number)	Total capital authorized (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common shares A	8,899,142,150	89.0	1,572,352,225	0.01	15.7
Common shares B	269,884,872	67.5	243,035,949	0.25	60.8
Preference shares A	4,700,000,000	188.0	-	0.04	-
Preference shares B	150,000,000	1.5	-	0.01	-
Total	**14,019,027,022**	**346.0**	**1,815,388,174**		**76.5**

As at December 31, 2018, the Company had a total of 980,609,772 common shares A, 209,318,001 common shares B and 927,832 preference shares B outstanding in the market. The Company held a total of 615,998,253 common shares A with a nominal value of €0.01 as treasury shares as of December 31, 2018.

Issued capital decreased by €8.2 million during the year ended December 31, 2018 to €68.3 million as the result of the cancellation of treasury shares. Please refer to note 14.2.5 for more details.

14.2. Treasury shares

Reconciliation of treasury shares	Year ended December 31, 2018	Year ended December 31, 2017
Opening	**625,385,229**	**107,324,976**
Conversions	777,845,568	575,989,608
Purchase of treasury shares	4,083,374	-
Shares utilised in share exchange	(4,083,374)	(80,230,333)
Cancellation of treasury shares	(787,307,716)	-
Share buybacks	75,172	22,300,978
Closing	**615,998,253**	**625,385,229**
Common shares A	615,998,253	624,077,513
Common shares B	-	1,307,716

14.2.1. Share conversions

For the year ended December 31, 2018, the Company received and executed conversion orders amounting to a total of 32,410,232 common shares B. For each conversion, 1 common share B is converted to 25 common shares A and 24 common shares A are subsequently acquired by the Company for nil consideration and retained as treasury shares. As a result, a total of 810,255,800 common shares A was created during the period, of which 777,845,568 shares were held as treasury shares.

14.2.2. Purchase of treasury shares

The Company acquired an aggregate number of 4,083,374 common shares A during the year ended December 31, 2018, which were retained as treasury shares.

14.2.3. Shares utilized in share exchange

The treasury shares purchased during the year (please refer to note 14.2.2) were used by the Company for a share settlement with management of OMT (also referred to as French Overseas Territories). The total settlement amounted to €58 million, with €33.6 million settled in the Company's shares and the remainder in cash.

14.2.4. Share buybacks

On May 28, 2018, the Company bought 75,172 common shares A as part of the share buyback program that was announced in August 28, 2017. All the repurchased shares were retained as treasury shares.

As of December 31, 2017, the Company had acquired 20,993,262 common shares A and 1,307,716 common shares B for an aggregate amount of €371.3 million (comprising €369.9 million for shares and €1.4 million of associated expenses), recognised as a reduction in the Company's share premium.

14.2.5. Cancellation of treasury shares

On December 4, 2017, the Board resolved to cancel 416,000,000 common shares A and 1,307,716 common shares B held as treasury shares. The cancellation became effective on February 10, 2018. Additionally, on January 26, 2018, the Board resolved to cancel 370,000,000 additional common A shares. The cancellation became effective on May 18, 2018.

14.3. Additional paid in capital

Changes in additional paid in capital (€m)	December 31, 2018	December 31, 2017 (*revised)
Opening balance	2,605.9	738.0
Exchange of Altice N.V. shares for Altice France shares	-	(65.2)
Recognition of put option for minority investors in Teads	-	(154.6)
Transactions with non-controlling interests of Altice France	-	(186.1)
Transactions with non-controlling interests of Altice USA[1]	(2,258.5)	2,234.1
Cancellation of treasury shares	(347.4)	-
Other	-	39.8
Total	**-**	**2,605.9**

* Please refer to note 36 for details about the revised information.

Changes in additional paid in capital were mainly related to:
- the Separation (please refer to note 3.1.4),
- the cancellation of treasury shares (please refer to note 14.2.5).

14.4. Other reserves

The tax effect of the Group's currency translation, fair value through OCI, cash flow hedge and employee benefits reserves are provided below:

Other reserves	**December 31, 2018**			**December 31, 2017 (*revised)**		
(€m)	**Pre-tax amount**	**Tax effect**	**Net amount**	**Pre-tax amount**	**Tax effect**	**Net amount**
Actuarial gains and losses	(45.7)	11.5	(34.2)	(89.1)	25.4	(63.7)
Items not reclassified to profit or loss	**(45.7)**	**11.5**	**(34.2)**	**(89.1)**	**25.4**	**(63.7)**
Fair value through OCI	4.0	-	4.0	3.6	-	3.6
Currency translation reserve	(280.1)	-	(280.1)	(215.8)	-	(215.8)
Cash flow hedge reserve	(705.4)	232.2	(473.2)	(793.7)	258.2	(535.6)
Items potentially reclassified to profit or loss	**(981.6)**	**232.2**	**(749.4)**	**(1,005.9)**	**258.2**	**(747.7)**
Total	**(1,027.3)**	**243.7**	**(783.6)**	**(1,095.0)**	**283.6**	**(811.4)**

* Please refer to note 36 for details about the revised information.

15. Earnings per share

Earnings per share (€m)	**For the year ended December 31, 2018**	**For the year ended December 31, 2017**
Loss after tax for the period from continuing operations	(915.3)	(1,607.7)
Profit after tax for the period from discontinued operations	582.5	998.0
Loss for the period attributable to equity holders of the Parent	(332.9)	(609.7)
Weighted average number of ordinary shares (millions)	**1,190.5**	**1,175.3**
Basic earnings per share in €		
Earnings per ordinary share from continuing operations	(0.8)	(1.4)
Earnings per ordinary share from discontinued operations	0.5	0.8
Earnings per ordinary share from continuing and discontinued operations	(0.3)	(0.5)
Weighted average number of ordinary shares including dilutive shares	**1,241.4**	**1,219.6**
Dilutive shares: Stock options and management investment plan	51.0	44.3
Diluted earnings per share from discontinued operations	0.5	0.8

As both common shares A and common shares B have the same economic rights, basic earnings per share is calculated using the aggregate number of shares in circulation, excluding treasury shares held by the Company. The basic and diluted earnings per share are the same due to the Group recording a loss for the years ended December 31, 2018 and 2017. On the other hand, the discontinued operations generated profit for the years ended December 31, 2018 and 2017, resulting in potential dilutive shares impact. The potential dilutive shares upon creation would have led to an increase of diluted earnings per share.

The preference shares B issued on July 20, 2018 to the Company's CEO (please refer to notes 14.1 and 26.1.1.2) are convertible into common shares and thus included in the calculation of the weighted average of dilutive shares.

16. Provisions

Provisions (€m)	**Note**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Provisions	16	718.5	1,044.2
Employee benefit provisions	17	790.4	978.1
Total		**1,508.9**	**2,022.2**
Current		330.2	542.4
Non-current		1,178.8	1,479.8

16.1. Provisions for litigation, site renovation and other items

A breakdown of the main types of provisions, and their movements during the year, is presented in the table below:

Provisions December 31, 2018 (€m)	January 1, 2018	Business Combinations	Additions	Utilization	Held for sale	Other[1]	December 31, 2018
Litigations	418.0	-	119.7	(69.4)	(0.0)	(157.8)	310.5
Onerous contract	68.5	-	19.9	(12.7)	-	(6.1)	69.6
Site renovation	128.9	0.2	4.1	(8.8)	(0.0)	(21.6)	102.9
Restructuring charges	148.8	0.3	7.9	(24.6)	(0.3)	(107.6)	24.6
Provisions for other expenses	279.9	(3.1)	90.4	(60.7)	(0.0)	(95.6)	210.9
Total Gross Value	**1,044.2**	**(2.6)**	**242.0**	**(176.1)**	**(0.3)**	**(388.6)**	**718.5**

Provisions December 31, 2017 (€m)	January 1, 2017	Business Combinations	Additions	Utilization	Held for sale	Other	December 31, 2017
Litigations	651.9	0.2	116.0	(141.8)	(1.2)	(207.0)	418.0
Onerous contract	31.1	-	53.2	(13.9)	-	(1.9)	68.5
Site renovation	148.3	-	3.6	(10.6)	-	(12.4)	128.9
Restructuring charges	238.2	-	877.3	(875.6)	(9.4)	(81.7)	148.8
Provisions for other expenses	337.4	-	85.8	(90.1)	(1.8)	(51.4)	279.9
Total Gross Value	**1,406.9**	**0.2**	**1,135.9**	**(1,132.1)**	**(12.3)**	**(354.4)**	**1,044.2**

1 Altice USA Separation – please refer to note 3.1.4.

16.1.1. Provisions for litigation

These mainly relate to litigations that have been brought against the Group for which the Board of Directors believes that the risk of cash outflows is probable. Management considers that all potential risks of cash outflows on such litigations and claims is properly evaluated and represented correctly in the consolidated financial statements for the year ended December 31, 2018. Such litigations cover tax and VAT related risks as well.

These provisions include amounts for which the nature and amounts cannot be disclosed on a case by case basis as this might expose the Group to further litigation. Such cases are outlined in note 32 (Litigation) and note 24 (Taxation). All litigation pending against the Group is either being heard or appealed as of December 31, 2018.

16.1.2. Onerous contract

The provision for onerous contracts is mainly related to the vacancy of the current SFR campus in Saint Denis (Paris) following the move to the new Altice campus in Paris during the fourth quarter of 2017; the provision has been increased in 2018 for an amount of €18.3 million.

16.1.3. Site renovation costs

In certain cases, the Company and its subsidiaries (mainly Altice France and PT Portugal) have contractual obligations to repair and renovate technical sites and network components at the end of the contractual period or in case of an anticipated contract cancellation.

16.1.4. Restructuring

During 2018, the decrease in the restructuring provision is mainly related to the Separation (please refer to note 3.1.4).

Restructuring provisions (€m)	December 31, 2017	Additions	Utilization	Other	December 31, 2018
USA	102.4	-	-	(102.4)	**-**
France	45.9	7.9	(24.3)	(4.9)	**24.6**
Other	0.5	-	-	(0.5)	**-**
Total	**148.8**	**7.9**	**(24.3)**	**(107.8)**	**24.6**

During 2017, the Group announced further details of the restructuring plans in France and the US, which had been initiated in late 2016. Full details on the expense recognised this year are included in note 4.3.2.2. The movement in the provisions are provided in the table below. The utilization of the provision includes cash payments in total of €464.0 million and reclassifications to the balance sheet caption trade and other payables of €411.6 million. The column Other includes mainly the reversal of provisions that were not used.

Restructuring provisions (€m)	December 31, 2016	Additions	Utilization	Other	December 31, 2017
USA	88.7	132.7	(106.5)	(12.5)	102.4
France	145.6	746.2	(765.7)	(80.2)	45.9
Other	3.9	(1.6)	(3.4)	1.6	0.5
Total	**238.2**	**877.3**	**(875.6)**	**(91.1)**	**148.8**

16.1.5. Other provisions

Other provisions mainly include provisions for risks involving distributors and suppliers, material not returned, disputes with employees and related to investments in associates, amongst others.

17. Employee benefit provisions

Depending on the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits. The notes below describe the defined benefit plans across the Group and provide information about the amounts recognised in the financial statements during the year.

The amount included in the consolidated statement of financial position in respect of defined benefit plans is as follows:

Defined benefit plan (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Present value of defined benefit obligation	916.9	1,297.9
Fair value of plan assets	(130.4)	(324.1)
Unfunded status	**786.5**	**973.7**
Employee benefit recorded in provision	790.4	978.1
Employee benefit recorded as asset	(3.9)	(4.4)

17.1. Details of the significant defined benefit plans

17.1.1. Portugal

PT Portugal sponsors defined benefit plans, under which it is responsible for the payment of pension supplements to retired and active employees and healthcare services to retired employees and eligible relatives. In addition, PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspended and pre-retired employees until retirement age. A detailed nature of these benefits is presented below:

- Pension supplements - Retirees and employees of Companhia Portuguesa Rádio Marconi, S.A. ("Marconi", a company merged into PT in 2002) hired prior to February 1, 1998 and retirees and employees of Telefones de Lisboa e Porto, S.A. ("TLP", a company merged into PT in 1994) and Teledifusora de Portugal, S.A. ("TDP", a company merged into PT in 1994) hired prior to June 23, 1994 are entitled to receive a supplemental pension benefit, which complements the pension paid by the Portuguese social security system. In addition, on retirement, PT pays a lump sum gratuity of a fixed amount which depends on the length of service completed by the employee and its salary. Employees hired by PT or any of its predecessor companies after the dates indicated above are not entitled to these benefits and are thus covered only by the general Portuguese Government social security system, which is a defined contribution plan in accordance with IAS 19 Employee Benefits.
- Healthcare benefits - PT sponsors the payment of post-retirement health care benefits to certain suspended employees, pre-retired employees and retired employees and their eligible relatives. Health care services are rendered by PT - Associação de Cuidados de Saúde ("PT ACS"), which was incorporated with the only purpose of managing PT's Health Care Plan. This plan, sponsored by PT, includes all employees hired by PT until December 31, 2000 and by Marconi until February 1, 1998. The financing of the Health Care Plan comprises defined contributions made by participants to PT ACS and the remainder by PT, which incorporated an autonomous fund in 2004 for this purpose.
- Salaries to suspended and pre-retired employees - PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspended and pre-retired employees until the retirement age, which result from agreements between both parties. These liabilities are not subject to any legal funding requirement and therefore the monthly payment of salaries is made directly by each of the subsidiaries of PT Portugal.

17.1.2. United States

The subsidiaries of the Group in the US sponsor a non-contributory qualified defined benefit cash balance retirement plan (the "Pension Plan") for the benefit of non-union employees, as well as certain employees covered by a collective bargaining agreement in Brooklyn. The subsidiaries in the US maintain an unfunded non-contributory non-qualified defined benefit excess cash balance plan ("Excess Cash Balance Plan") covering certain current and former employees who participate in the Pension Plan, as well as an additional unfunded non-contributory, non-qualified defined benefit plan ("CSC Supplemental Benefit Plan") for the benefit of certain former officers and former employees, which provides that, upon retiring on or after normal retirement age, a participant receives a benefit equal to a specified percentage of the participant's average compensation, as defined. The benefits related to the CSC Supplemental Plan were paid to participants in January 2017 and the plan was terminated. The Pension Plan and the Excess Cash Balance Plan were amended to freeze participation and future benefit accruals effective December 31, 2013 for all employees except those covered by a collective bargaining agreement in Brooklyn. Effective April 1, 2015, participation was frozen and future benefit accruals ceased for employees covered by a collective bargaining agreement in Brooklyn. Therefore, after April 1, 2015, no employee who was not already a participant could participate in the plans and no further annual Pay Credits (a certain percentage of employees' eligible pay) were made. Existing account balances under the plans continue to be credited with monthly interest in accordance with the terms of the plans.

Following the Separation as of June 8, 2018 (please refer to note 3.1.4), this plan is no longer part of the Group.

17.1.3. France

The rights to conventional retirement benefits vested by employees are measured individually, based on various parameters and assumptions such as the employee's age, position, length of service and salary, according to the terms of their employment agreement. This plan is a defined benefit plan in accordance with IAS 19 *Employee Benefits*. In addition, in France, the employees of the Group benefit from a general pension plan. Accordingly, the Group contributes to mandatory social security plans. This regime is a defined contribution plan in accordance with IAS 19 *Employee Benefits*. In France, severance payments are made in accordance with the collective agreement of the company to which they are attached.

17.1.4. Israel

In Israel, the plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans. The Group has defined contribution plans pursuant to Section 14 of the Severance Pay Law under which the Group pays regular contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. In addition, the Group has a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the law, employees are entitled to receive severance pay upon dismissal or retirement. In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies (the "plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

17.2. Defined benefit obligations and fair value of plan assets

17.2.1. Movements in the present value of the defined benefit obligation

Defined benefit obligations (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Opening balance at January 1	**1,297.9**	**1,565.8**
Business combinations	-	0.4
Interest expense	10.5	22.1
Current service cost	17.4	20.0
Participant contribution	-	-
Benefits paid	(123.4)	(275.9)
Curtailment	2.0	(20.3)
Net actuarial (loss)/gain in other comprehensive income	(39.6)	40.7
Held for sale	-	(13.6)
Separation of Altice USA[1]	(252.7)	-
Other (including currency translation adjustment)	4.8	(41.3)
Closing balance at December 31	**916.9**	**1,297.9**
including commitments not financed	482.2	675.7
including commitments totally financed or partially financed	434.7	621.9

1 Altice USA Separation – please refer to note 3.1.4.

17.2.2. Fair value of plan assets

Fair value of plan assets (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Opening balance at January 1	**324.1**	**440.1**
Interest income	2.7	10.3
Deposits paid by the employer into the plan	1.7	25.8
Participant contributions	(27.7)	2.5
Benefits paid	(8.1)	(117.4)
Net actuarial gain in other comprehensive income	1.3	1.3
Held for sale	-	(9.4)
Separation of Altice USA[1]	(165.4)	-
Other (including currency translation adjustment)	1.8	(29.1)
Closing balance at December 31	**130.4**	**324.1**

1 Altice USA Separation – please refer to note 3.1.4.

Fair value of plan assets	**December 31, 2018**		**December 31, 2017**	
(€m)	**Amount**	**%**	**Amount**	**%**
Shares	16.7	12.8%	23.7	7.3%
Bonds	54.3	41.7%	156.1	48.2%
Real estate	0.2	0.1%	1.5	0.5%
Other[1]	59.2	45.4%	142.9	44.1%
Closing balance at December 31	**130.4**	**100.0%**	**324.2**	**100.0%**

1 Included in other are mainly cash and cash equivalents and investment funds held.

17.2.3. Amounts recognised in comprehensive income

Defined benefit plan: amounts recognised in comprehensive income (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Current service cost	17.4	20.0
Net interest expense	7.8	11.8
Settlement	-	-
Curtailment	2.0	(20.3)
Expenses recognised in profit or loss	**27.2**	**11.5**
Net actuarial gain/(loss):		
Differences arising from experience	(7.2)	(1.4)
Differences arising from changes in assumptions	(32.3)	42.1
Return on plan assets (excluding interest income)	(1.4)	(1.3)
Expenses recognised in other comprehensive income	**(41.0)**	**39.4**
Total expenses recorded in comprehensive income	**(13.8)**	**50.9**

17.2.4. Defined benefit plan valuation assumptions

The principal assumptions used in the actuarial valuations were as follows:

Assumptions used in actuarial valuation: Europe (%)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Expected rate of salary increase	0-2%	0-2%
Discount rate - pension	1.56%	1.34%
Discount rate - salaries to suspended and pre-retired	0.50%	0.25%
Discount rate - healthcare	2.00%	1.75%
Inflation rate	1.81%	2.00%

Assumptions used in actuarial valuation: United States (%)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Expected rate of salary increase	-	0%
Discount rate - pension	-	3.50%
Inflation rate	-	-

Assumptions used in actuarial valuation: Rest of world (%)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Expected rate of salary increase	1-4%	1-4%
Discount rate - pension	3.58%	3.52%
Inflation rate	1.52%	1.78%

17.2.5. Sensitivity analysis

The discount rate is the main assumption used in the actuarial valuation that can have a significant effect on the defined benefit obligation. A variation of the discount rate would have the following impact on the liability:

Sensitivity to a change in discount rate (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Discount rate decreases 0.25%	26.2	35.4
Discount rate increases 0.25%	(29.4)	(24.6)

18. Borrowings and other financial liabilities

Borrowings and other financial liabilities (€m)	**Notes**	**December 31, 2018**	**December 31, 2017**
Long term borrowings, financial liabilities and related hedging instruments		**34,262.1**	**50,059.4**
- Debentures	*18.1*	*22,287.4*	*35,251.6*
- Loans from financial institutions	*18.1*	*10,704.7*	*12,959.8*
- Derivative financial instruments	*18.3*	*1,270.0*	*1,848.0*
Other non-current financial liabilities	*18.6*	**560.3**	**1,963.1**
- Finance leases		*92.9*	*95.3*
- Other financial liabilities		*467.4*	*1,867.8*
Non-current liabilities		**34,822.3**	**52,022.5**
Short term borrowing, financial liabilities and related hedge instruments		**102.3**	**1,792.9**
- Debentures	*18.1*	-	*1,499.1*
- Loans from financial institutions	*18.1*	*101.1*	*230.2*
- Derivative financial instruments	*18.3*	*1.2*	*63.6*
Other financial liabilities	*18.6*	**2,052.2**	**2,394.0**
- Other financial liabilities		*1,310.7*	*1,255.0*
- Bank overdraft		*39.2*	*80.3*
- Accrued interests		*661.8*	*1,001.9*
- Finance leases		*40.4*	*56.8*
Current liabilities		**2,154.5**	**4,186.9**
Total		**36,976.8**	**56,209.4**

18.1. Debentures and loans from financial institutions

Due to the implementation of the Separation as at June 8, 2018, the debentures and loans from financial institutions for Altice USA are nil as at December 31, 2018.

Debentures and loans from financial institutions (€m)	Notes	December 31, 2018	December 31, 2017
Debentures	18.1.1	22,287.4	36,750.7
Loans from financial institutions	18.1.2	10,805.8	13,190.0
Total		**33,093.2**	**49,940.7**

18.1.1. Debentures

Maturity of debentures (€m)	Less than one year	One year or more	December 31, 2018	December 31, 2017
Altice France	-	9,447.5	9,447.5	10,956.3
Altice USA	-	-	-	13,192.9
Altice Luxembourg	-	6,582.5	6,582.5	6,385.1
Altice Financing	-	4,660.3	4,660.3	4,454.7
Altice Finco	-	1,597.0	1,597.0	1,562.7
HOT Telecom	-	-	-	199.0
Total	**-**	**22,287.4**	**22,287.4**	**36,750.7**

The credit ratings of the entities, and details of where the debt is publicly traded, as at December 31, 2018, is provided in the table below:

Issuer of debt	Type of debt	Credit rating of notes Moody's/Standard & Poor's	Markets (if any) bonds are traded on
Altice France	Senior secured notes	B2/B	Euro MTF Market
Altice Luxembourg	Senior unsecured notes	Caa1/B-	Euro MTF Market
Altice Financing	Senior secured notes	B2/B+	Euro MTF Market
Altice Finco	Senior unsecured notes	Caa1/CCC+	Euro MTF Market

The table below provides details of all debentures, shown in order of maturity.

Instrument	Issuer	Face value	Coupon	Year of maturity	December 31, 2018		December 31, 2017	
(€m, unless stated)					**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Debentures[1]	HOT Telecom Ltd.	ILS 957 million	6.90%	2018	-	-	195.1	195.1
Senior notes	Optimum	$300 million	7.88%	2018	-	-	251.1	249.5
Senior notes	Optimum	$500 million	7.63%	2018	-	-	425.8	415.9
Senior notes	Optimum	$750 million	7.75%	2018	-	-	631.7	623.9
Senior notes	Optimum	$526 million	8.63%	2019	-	-	461.6	437.5
Senior secured notes	Suddenlink	$1,050 million	6.38%	2020	-	-	885.4	873.4
Senior notes	Optimum	$500 million	8.00%	2020	-	-	447.1	415.9
Senior notes	Suddenlink	$1,250 million	5.13%	2021	-	-	1,038.5	1,039.8
Senior notes	Optimum	$1,000 million	6.75%	2021	-	-	894.2	831.8
Senior notes	Altice Luxembourg S.A.	$2,900 million	7.75%	2022	2,309.5	2,532.3	2,370.0	2,412.2
Senior notes	Altice Luxembourg S.A.	€2,075 million	7.25%	2022	1,931.8	2,075.0	2,104.1	2,075.0
Senior secured notes[2]	Altice France S.A.	$4,000 million	6.00%	2022	-	-	3,352.2	3,327.2
Senior secured notes[2]	Altice France S.A.	€1,000 million	5.38%	2022	-	-	1,030.7	1,000.0
Senior secured notes[3]	Altice France S.A.	€1,000 million	5.88%	2027	987.0	1,000.0	-	-
Senior notes	Optimum	$650 million	5.88%	2022	-	-	528.4	539.9
Senior notes	Altice Finco S.A.	$250 million	9.00%	2023	257.8	250.0	265.1	250.0
Senior secured notes	Altice Financing S.A.	$2,060 million	6.63%	2023	1,730.5	1,798.8	1,782.1	1,713.5
Senior secured notes	Altice Financing S.A.	€500 million	5.25%	2023	504.5	500.0	520.2	500.0
Senior secured notes	Suddenlink	$1,100 million	5.38%	2023	-	-	933.3	915.0
Senior notes	Optimum	$1,800 million	10.13%	2023	-	-	1,688.2	1,497.3
Senior notes	Altice Finco S.A.	$400 million	8.13%	2024	325.5	349.3	346.9	332.7
Senior secured notes	Altice France S.A.	$1,375 million	6.25%	2024	1,119.0	1,200.7	1,136.6	1,143.7
Senior secured notes	Altice France S.A.	€1,250 million	5.63%	2024	1,261.3	1,250.0	1,301.3	1,250.0
Senior notes	Optimum	$750 million	5.25%	2024	-	-	612.2	623.9
Senior secured notes	Optimum	$1,684 million	10.88%	2025	-	-	1,663.4	1,401.0
Senior notes	Altice Luxembourg S.A.	$1,480 million	7.63%	2025	969.3	1,292.4	1,178.8	1,231.1
Senior notes	Altice Luxembourg S.A.	€750 million	6.25%	2025	596.3	750.0	736.0	750.0
Senior notes	Altice Finco S.A.	$385 million	7.63%	2025	279.0	336.2	323.4	320.2
Senior notes	Suddenlink	$620 million	7.75%	2025	-	-	551.9	515.7
Senior secured notes	Optimum	$1,000 million	6.63%	2025	-	-	899.4	831.8
Senior secured notes	Suddenlink	$1,500 million	5.50%	2026	-	-	1,268.0	1,247.7
Senior secured notes	Altice France S.A.	$5,200 million	7.38%	2026	4,155.8	4,532.0	4,425.0	4,317.1
Senior secured notes[3]	Altice France S.A.	$1,750 million	8.13%	2027	1,441.0	1,528.1	-	-
Senior secured notes	Optimum	$1,310 million	5.50%	2027	-	-	1,106.0	1,089.7
Senior secured notes	Altice Financing S.A.	$2,750 million	7.50%	2026	2,192.4	2,401.3	2,433.3	2,287.5
Senior secured notes	Altice Finco S.A.	€675 million	4.75%	2028	540.7	675.0	644.0	675.0
Fair value adjustments					-	-	-	(150.0)
Transaction costs					-	(183.6)	-	(429.3)
Total value of bonds					**20,601.3**	**22,287.4**	**38,430.7**	**36,750.7**
Of which due within one year					-	-	*1,503.6*	*1,499.1*
Of which due after one year					*20,601.3*	*22,287.4*	*36,927.1*	*35,251.6*

1 During 2018, the Group repaid short-term borrowings comprised of debentures of HOT Telecom.
2 The $4,000 senior secured note and the €1,000 million senior secured note were repaid during 2018 as part of refinancing activities in Altice France, please refer to notes 18.1.3.4 and 18.1.3.5 below.
3 The $1,750 million senior secured note and the €1,000 million senior secured note were issued during 2018 as part of refinancing activities in Altice France, please refer to notes 18.1.3.4 and 18.1.3.5 below.

18.1.2. Loans from financial institutions

A summary of the loans by entity and a detailed list of all loans is provided in the following tables; for an overview of the revolving credit facilities drawn as at December 31, 2018, and included in the figures below, please refer to note 18.5.

Maturity of loans from financial institutions (€m)	Less than one year	One year or more	December 31, 2018	December 31, 2017
Altice France (including RCF) *	77.8	7,146.5	7,224.3	5,036.4
Altice USA (including RCF) *	-	-	-	3,862.5
Altice Corporate Financing	-	1,728.0	1,728.0	2,353.0
Altice Financing (including RCF) *	18.8	1,829.7	1,848.5	1,911.8
Others	4.5	0.4	4.9	26.3
Total	**101.1**	**10,704.7**	**10,805.8**	**13,190.0**

* RCF amounts are being classified as amounts which mature in less than one year but can be extended till the end of the maturity date of the RCF agreement. Please refer to note 18.5 for further details regarding the credit facilities.

Term loans and revolving credit facilities				December 31, 2018		December 31, 2017	
Type	Borrower	Currency	Year of maturity	Face value (currency)	Carrying amount (€)	Face value (currency)	Carrying amount (€)
RCF	CSC Holdings LLC	USD	2021	-	-	450.0	353.9
Term loan	CSC Holdings LLC	USD	2025	-	-	2,985.0	2,468.7
Term loan	Altice US Finance I Corp	USD	2025	-	-	1,258.7	1,039.9
Term loan	Altice France S.A.	USD	2025	1,398.7	1,121.1	1,412.9	1,133.9
Term loan	Altice France S.A.	EUR	2023	-	-	840.8	815.6
Term loan	Altice France S.A.	EUR	2023	-	-	298.5	295.4
Term loan	Altice Financing S.A.	USD	2025	896.4	778.2	910.0	748.3
Term loan	Altice France S.A.	USD	2026	2,128.5	1,858.5	2,150.0	1,791.6
Term loan	Altice France S.A.	EUR	2025	-	-	1,000.0	1,000.0
Term loan	Altice France S.A.	USD	2025	2,500.0	2,143.1	-	-
Term loan	Altice France S.A.	EUR	2025	832.3	831.3	-	-
Term loan	Altice France S.A.	EUR	2021	295.5	280.3	-	-
Term loan	Altice France S.A.	EUR	2026	990.0	990.0	-	-
Term loan	Altice Financing S.A.	USD	2025	891.0	774.7	900.0	745.0
Term loan	Altice Financing S.A.	EUR	2025	297.0	295.7	300.0	298.6
Facility	Altice Financing S.A.	EUR	2021	-	-	120.0	120.0
Term loan	Altice Corporate Financing	EUR	2020/2021	1,728.0	1,728.0	2,353.0	2,349.7
Term loan	Other loans	EUR	various	4.9	4.9	29.5	29.5
					10,805.8		**13,190.0**

18.1.3. Refinancing

During the year ended December 31, 2018, the Group refinanced its debt in Altice France and in Altice USA. Due to the implementation of the Separation as at June 8, 2018, the debentures and loans from financial institutions for Altice USA are nil as at December 31, 2018.

18.1.3.1.*Issuance of Cablevision's $1,500 million incremental term loans*

On January 12, 2018, CSC Holdings successfully priced, for the Cablevision credit pool, $1,500 million of 8-year incremental term loans under the 2015 Cablevision credit facility agreement. The term loans were issued at OID of 99.50 and are due to mature in January 2026. The term loans are comprised of eurodollar borrowings or alternate base rate borrowings, and bear interest at a rate per annum equal to the adjusted LIBO rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. The term loans were drawn on January 25, 2018. The proceeds of the term loans were used, together with proceeds from CSC Holdings' offering of new 2018 Cablevision senior guaranteed notes, borrowings under the 2015 Cablevision revolving credit facility and cash on balance sheet, to (i) refinance all of CSC Holdings' 7⅞% senior debentures due 2018, (ii) make a dividend to Cablevision, the direct parent of CSC Holdings, which used the proceeds to refinance all of Cablevision's 7¾% senior notes due 2018, (iii) temporarily repay approximately $450.0 million of outstanding borrowings under the 2015 Cablevision revolving credit facility and (iv) pay fees, costs and expenses associated with these transactions. Cablevision used the proceeds referred to above to fund a dividend to its parent, Altice USA, which proceeds in turn were used to fund the dividend to the Company.

18.1.3.2.*Issuance of Cablevision's $1,000 million Senior Guaranteed Notes due 2028*

On January 12, 2018, CSC Holdings successfully priced $1,000 million in aggregate principal amount of senior guaranteed notes due 2028. The 2018 Cablevision senior guaranteed notes bear interest at a rate of 5.375% and are due to mature on February 1, 2028. The offering closed on January 29, 2018. The proceeds of the 2018 Cablevision senior guaranteed notes were used, together with proceeds from the $1,500 million of incremental term loans borrowed under the 2015 Cablevision credit facility agreement (as described above) to (i) refinance all of CSC Holdings' 7⅞% senior debentures due 2018, (ii) make a dividend to Cablevision, the direct parent of CSC Holdings, which used the proceeds to refinance all of Cablevision's 7¾% senior notes due 2018, (iii) temporarily repay approximately $450.0 million of outstanding borrowings under the 2015 Cablevision revolving credit facility and (iv) pay fees, costs and expenses associated with these transactions.

18.1.3.3.*Issuance of Cequel's $1,050 million Senior Note due 2028 and redemption of the $1,050 million Senior Note due 2020*

In April 2018, Cequel Communications Holding I LLC (CCHI), a Delaware limited liability company and Cequel Capital Corporation, a Delaware corporation, each an indirect, wholly owned subsidiary of Altice USA, Inc. (collectively, the "Issuers"), issued a $1,050.0 million, 7.5% senior note due 2028. On April 23, 2018 (the

"Redemption Date"), the Issuers used the proceeds of the $1,050.0 million, 7.5% senior note to redeem in full the outstanding $1,050.0 million in aggregate principal amount of their 6.375% Senior Notes due 2020 (the "Notes"), which were issued pursuant to an indenture dated as of October 25, 2012, between the Issuers and U.S. Bank National Association, as trustee. The Notes were redeemed at a redemption price equal to 101.594% of the outstanding aggregate principal amount, plus accrued and unpaid interest on the Notes to the Redemption Date.

18.1.3.4.*Refinancing of a portion of the existing debt of the Altice France credit pool*

On July 16, 2018, the Company priced and allocated for its Altice France credit pool $2.5 billion of new 8-year Term Loans B's. The new Term Loan B will bear interest at a margin of 400bps over LIBOR. On August 14, 2018, the new financing closed, and the proceeds have been used by Altice France to call a portion of its $4.0 billion May 2022 6.0% Senior Secured Notes.

18.1.3.5.*Refinancing of a portion of the existing debt of the Altice France credit pool*

On July 18, 2018, the Company had successfully priced and allocated for its Altice France credit pool €1.0 billion and $1.75 billion of new 8.5-year Senior Secured Notes. The new €1.0 billion and $1.75 billion Senior Secured Notes have a coupon of 5.875% and 8.125% respectively. The proceeds from this transaction, in conjunction with the proceeds raised through the $2.5 billion of new Term Loans priced earlier in July 2018, have been used by Altice France to redeem in full its $4.0 billion May 2022 6.0% Senior Secured Notes and €1.0 billion May 2022 5.375% Senior Secured Notes.

As a result of the refinancing transactions of the Altice France credit pool, a net loss on extinguishment of debt of €148.6 million has been recorded for the year ended December 31, 2018.

18.2. Covenants

The debt issued by the subsidiaries of the Company is subject to certain restrictive covenants, which apply in the case of debt issued by:

- Altice Luxembourg, to Altice Luxembourg and its restricted subsidiaries,
- Altice Financing S.A. and Altice Finco S.A., to Altice International S.à r.l. and its restricted subsidiaries,
- Altice France, to SFR Group and its restricted subsidiaries.

Other than the revolving credit facilities, described below, such debt issued by the Group's subsidiaries is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the relevant restricted group's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to shareholders or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations. These covenants are subject to several important exceptions and qualifications.

To be able to incur additional debt under an applicable debt instrument, the relevant restricted group must either meet the ratio test described below (on a pro forma basis for any contemplated transaction giving rise to the debt incurrence) or have available capacity under the general debt basket described below or meet certain other exceptions to the limitation on indebtedness covenant in such debt instrument.

Senior Secured Debt and Senior Debt is subject to an incurrence test as follows:

- Senior Secured debt of Altice International is subject to an incurrence test of 3:1 (Adjusted EBITDA to Net Senior Secured Debt) and Senior Debt is subject to an incurrence test of 4:1 (Adjusted EBITDA to Net Total Debt):
- Senior Secured Debt of Altice France is subject to an incurrence test of 3.25:1 (Adjusted EBITDA to Net Senior Secured Debt):
- Senior Debt of Altice Luxembourg is subject to an incurrence test of 4:1 (Adjusted EBITDA to Net Total Debt).

The Company or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments.

The Group has access to various Revolving Credit Facilities, which are subject to maintenance covenants in addition to the incurrence covenants described above.

Revolving Credit Facilities are subject to a maintenance test as follows:

- Revolving Credit Facilities of Altice International are subject to a maintenance test of 5.25:1 (Adjusted EBITDA to Net Total Debt) if outstanding at the end of the quarter:
- Revolving Credit Facilities of Altice France are subject to a maintenance test of 4.5:1 (Adjusted EBITDA to Net Senior Secured Debt) if outstanding at the end of the quarter:
- Revolving Credit Facilities of Altice Luxembourg are subject to a maintenance test of 5.5:1 (Adjusted EBITDA to Net Total Debt) if outstanding at the end of the quarter.

For details of the Revolving Credit Facilities please refer to Note 18.5. As at December 31, 2018, no amounts were drawn under the various Revolving Credit Facilities, hence no maintenance test were required to be performed.

The Group was in compliance with all the covenants described above, as of December 31, 2018.

18.3. Derivatives financial instruments

As part of its financial risk management strategy, the Group has entered certain hedging operations. The main instruments used are fixed to fixed or fixed to floating cross-currency and interest rate swaps (CCIRS) that cover against foreign currency and interest rate risk related to the Group's debt obligations. The Group applies hedge accounting for the operations that meet the eligibility criteria as defined by IAS 39 *Financial Instruments: Recognition and Measurement*.

18.3.1. Designation of derivative financial instruments

18.3.1.1. *Hedged instruments*

The Group applies hedge accounting for those hedging operations that meet the eligibility criteria as defined by IAS 39 *Financial Instruments: Recognition and Measurement*. Where subsidiaries of the Group have issued debt in a currency that is different to the functional currency of the subsidiary, for example, issuing USD denominated debt in its European subsidiaries, the Group has entered into CCIRS to mitigate risks arising from the variations in foreign exchange rates. These instruments secure future cash flows in the subsidiaries functional currency and they are designated as cash flow hedges by the Group.

18.3.1.2. *Instruments not eligible for hedge accounting*

Those derivatives not designated in a cash flow hedge relationship are classified as derivative financial instruments recognised at fair value through profit or loss (FVPL); the change in fair value of these derivatives is recognised immediately in profit or loss.

18.3.2. Characteristics of the Group's derivatives

18.3.2.1. *CCIRS*

The following table provides a summary of the Group's CCIRS.

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment[1]**
Altice France S.A.					
February 2027	USD 1,750	EUR 1,300	8.13%	6.60%	CFH / FVPL
August 2026	USD 2,500	EUR 2,061	LIBOR +4.00%	5.50%	CFH / FVPL
July 2022	USD 550	EUR 498	3m LIBOR+3.25%	3m EURIBOR+2.73%	FVPL
January 2023	USD 1,240	EUR 1,096	3m LIBOR+4.00%	3m EURIBOR+4.15%	FVPL
January 2024	USD 1,425	EUR 1,104	3m LIBOR+4.25%	3m EURIBOR+4.45%	FVPL
May 2024	USD 1,375	EUR 1,028	6.25%	5.36%	CFH
April 2024	USD 2,790	EUR 2,458	7.38%	5.75%	CFH
July 2024	USD 2,400	EUR 1,736	7.38%	6.78%	CFH
January 2026	USD 350	EUR 298	3m LIBOR+3.00%	3m EURIBOR+2.76%	CFH
Altice Luxembourg S.A.					
May 2022	USD 2,900	EUR 2,097	7.75%	7.38%	CFH
February 2023	USD 1,480	EUR 1,308	7.63%	6.50%	CFH
Altice Financing S.A.					
May 2022	USD 1,700	EUR 1,485	0.075	5.25%	FVPL
May 2026	USD 1,700	EUR 1,485	6m LIBOR	6m EURIBOR -0,085%	FVPL
February 2023	USD 2,060	EUR 1,821	6.63%	5.30%	CFH
May 2026[2]	USD 930	EUR 853	7.50%	7.40%	FVPL
July 2025	USD 485	EUR 449	3m LIBOR+2.75%	3m EURIBOR+2.55%	FVPL
July 2024	USD 500	EUR 442	7.50%	6.03%	FVPL
July 2024	USD 1,320	EUR 1,102	7.50%	6.02%	CFH
Altice Finco S.A.					
February 2025	USD 385	EUR 340	7.63%	6.25%	CFH

1 The derivatives are all measured at fair value. The change in fair value of derivatives classified as cash flow hedges (CFH) in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* is recognised in the cash flow hedge reserve. The derivatives not hedge accounted have the change in fair value recognised immediately in profit or loss (FVPL).

2 Due to a change in the effectiveness of the derivative, the derivative has been reclassified as FVPL as at December 31, 2018.

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the full year ended December 31, 2018. Before the impact of taxes, gains of €88.3 million were recorded in other comprehensive income, €62.5 million net of taxes.

18.3.2.2. *Interest rate swaps*

The Group enters interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps cover the Group's debt portfolio and do not necessarily relate to specific debt issued by the Group. The details of the instruments are provided in the following table:

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment**
Altice France S.A.					
April 2019	USD 1,406	USD 1,406	1m LIBOR+2.75%	3m LIBOR+2.55%	FVPL
April 2019	USD 2,139	USD 2,139	1m LIBOR	3m LIBOR-0.15%	FVPL
August 2019	USD 2,500	USD 2,500	1m LIBOR+4.00%	3m LIBOR+3.90%	FVPL
January 2023	EUR 4,000	EUR 4,000	3m EURIBOR	-0.12%	FVPL
Altice Financing S.A.					
April 2019	USD 901	USD 900	1m LIBOR	3m LIBOR -0.15%	FVPL
April 2019	USD 896	USD 896	1m LIBOR	3m LIBOR -0.15%	FVPL
May 2026	USD 720	USD 720	1.81%	6m LIBOR	FVPL
January 2023	EUR 750	EUR 750	3m EURIBOR	-0.13%	FVPL

18.4. Reconciliation to swap adjusted debt

As mentioned in the note above, the Group has entered into various hedge transactions to mitigate interest rate and foreign exchange risks on the different debt instruments issued by the Group. Such instruments cover both the principal and the interests due on different debts (both debentures and loans from financial institutions).

A reconciliation between the carrying amount of the Group's financial debt and the due amount of the debts after considering the effect of the hedge operations (the "Swap adjusted debt") are given below:

Reconciliation to swap adjusted debt (€m)	**December 31, 2018**	**December 31, 2017**
Debentures and loans from financial institutions	**33,093.2**	**49,940.7**
Transaction costs	349.2	546.9
Fair value adjustments	-	150.0
Total (excluding transaction costs and fair value adjustments)	**33,442.4**	**50,637.6**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(35,351.1)	(25,971.6)
Conversion of debentures and loans in foreign currency (at hedged rates)	34,003.7	25,470.7
Total swap adjusted value	**32,095.0**	**50,136.7**

18.5. Available credit facilities

Available credit facilities (€m)	**Total facility**	**Drawn**
Altice France S.A.	1,125.0	-
Altice Financing S.A.	831.0	-
Altice Luxembourg S.A.	200.0	-
Revolving credit facilities	**2,156.0**	**-**

As at December 31, 2018, the facilities drawn under the available credit facilities amounted to nil.

18.6. Other financial liabilities

The main items within the caption "other financial liabilities" are summarized below:

Other financial liabilities	**December 31, 2018**			**December 31, 2017**		
(€m)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Collateralized debt - Comcast	-	-	-	-	1,122.5	1,122.5
Reverse factoring and securitisation	1,100.6	-	1,100.6	1,032.7	-	1,032.7
Accrued interest	661.8	-	661.8	1,001.9	-	1,001.9
Put options with non-controlling interests	-	161.6	161.6	-	301.6	301.6
Deposits received	37.2	162.7	200.0	52.0	148.0	200.0
Finance leases	40.4	92.9	133.3	56.8	95.3	152.1
Bank overdraft	39.2	-	39.2	80.3	-	80.3
Commercial paper	107.0	-	107.0	34.0	-	34.0
Carried unit plan - Altice USA	-	-	-	-	193.2	193.2
Deficom PEC's	-	-	-	-	45.3	45.3
Buy out minority interest ERT	-	42.0	42.0	-	-	-
Perpetual subordinated notes ("TSDI") - Altice France	-	50.0	50.0	-	49.5	49.5
Other	65.9	51.1	116.9	136.3	7.7	144.0
Total	**2,052.2**	**560.3**	**2,612.5**	**2,394.0**	**1,963.1**	**4,357.1**

The current portion of other financial liabilities amounts to €2,052.2 million as at December 3, 2018, a decrease of €341.8 million compared to December 31, 2017. The non-current portion of other financial liabilities amounts to €560.3 million as at December 31, 2018, a decrease of €1,402.9 compared to December 31, 2017. Details of the main items within the caption, and the movements from the prior period, are detailed below.

18.6.1. Collateralized debt – Comcast

This indebtedness in Altice USA was collateralized by the investment in the listed stock of Comcast. Due to the implementation of the Separation as at June 8, 2018, the Comcast collateralized debt is nil as at December 31, 2018.

18.6.2. Reverse factoring and securitization

Through the use of reverse factoring structures the Group improves the financial efficiency of its supply chain by reducing requirements for working capital. The year on year increase is due to the combination of an increase in

spending with existing suppliers and new suppliers having joined the various reverse factoring programmes that the Group maintains and due to Altice France securing certain B2B receivables, also reducing need of working capital flows.

18.6.3. Accrued interest

The decrease of the accrued interest is largely explained by the lower debt due to the implementation of the Separation as at June 8, 2018, the debentures and loans from financial institutions for Altice USA are nil as at December 31, 2018.

18.6.4. Put options with non-controlling interests

The Group executes agreements with the non-controlling interests in certain acquisitions whereby the non-controlling interests have the option to sell their non-controlling interests to the Group. These instruments are measured at their fair value at the balance sheet date (please refer to note 20.1.2 for further information). The reduction in the fair value of these instruments from the prior year is largely owing to the exercise of a call option on the Altice Content Luxembourg securities held by News Participations.

In December 2015, Altice Content Luxembourg (a company 75% owned by Altice Content and 25% owned by News Participations, a company controlled by Alain Weill) acquired, through Groupe News Participations SAS ("GNP"), the holding company of NextradioTV (the "NextradioTV Transaction"). In the context of the NextradioTV transaction, News Participations has granted to Altice Content a call option on the Altice Content Luxembourg securities held by News Participations. In addition, Altice Content has granted to News Participations a put option on the Altice Content Luxembourg securities held by News Participations. In May 2016, Altice transferred its participation in Altice Content Luxembourg, as well as the put option and the call option, to Altice France. On April 5, 2018, the call option has been exercised for an amount of €100.0 million, resulting in the derecognition of the put option.

18.6.5. Deposits received

Altice France receives deposits from customers largely in relation to equipment that it provides customers that Altice France retains ownership of.

18.6.6. Finance leases

Please refer to note 1.3.3 for further information regarding the implementation of IFRS 16 *Leases*, which becomes effective on January 1, 2019.

18.6.7. Commercial paper

During the year Altice France issued additional commercial paper for an amount of €73.0 million under its commercial paper programme.

18.6.8. Carried unit plan – Altice USA

The carried unit plan the US was remeasured to its fair value at December 31, 2017, of €193.2 million. Due to the implementation of the Separation as at June 8, 2018, the carried unit plan of Altice USA is nil as at December 31, 2018.

18.6.9. Deficom PEC's

Relates to the Preferred Equity Certificates in Deficom Telecom. Please also refer to note 3.1.12.

18.6.10. Buy out minority interest in ERT Lux

On August 29, 2018, ATS France signed sale and purchase agreements with each of the five minority shareholders of ERT Lux in order to acquire 253 shares of ERT Lux for a total price of €42.0 million. Four of the five sale and purchase agreements contemplated a transfer of the ERT Lux shares to ATS France upon signing. As a result, on the date thereof and as at December 31, 2018, ATS France owned 84.3 % of the share capital of ERT Lux. Upon completion of the sale under the fifth sale and purchase agreement, which occurred on January 31, 2019, ATS France owns 100% of the share capital of ERT Lux. The payment of this acquisition will be made in several instalments from January 2019 until January 2023.

18.6.11. Perpetual subordinated Notes ("TSDI") – Altice France

Related to the liability for the perpetual subordinated notes ("TSDI") recorded in Altice France.

18.6.12. Other

Other consists mainly of various other debts and liabilities recorded by Altice group companies.

18.7. Reconciliation of change in borrowings and other financial liabilities

Total borrowings and other financial liabilities decreased by €19,232.6 million compared to the prior year largely as a result of the refinance activities (as explained in note 18.1.3) and the Separation on June 8, 2018. The table below provides a full reconciliation of the movement in the balance sheet and a reconciliation to the cash payments as presented in the financing section of the cash flow statement.

Reconciliation of debt movements (€m)	December 31, 2017	Net cash flows	Non-cash transactions	Change in fair value	Change in foreign exchange	Altice USA Separation	December 31, 2018
Senior notes and term loans	36,750.7	(2,379.6)	1,112.5	-	(3.3)	(13,192.9)	22,287.4
Term loans	13,190.0	1,558.1	(79.8)	-	-	(3,862.5)	10,805.8
Derivative financial instruments	1,911.6	253.9	(589.2)	(79.7)	-	(225.5)	1,271.1
Other financial liabilities	4,357.1	(1,942.2)	1,974.4	(13.2)	(39.8)	(1,723.8)	2,612.4
Total	**56,209.4**	**(2,509.8)**	**2,417.9**	**(92.9)**	**(43.2)**	**(19,004.6)**	**36,976.8**

The net cash flows presented above can be reconciled to the financing activities in the cash flow statement as follows:

Reconciliation to financing cash flow	(€m)
Net cash flow (as above)	(2,509.8)
Consisting of:	
Proceeds from issuance of debts	6,333.0
Payments to redeem debt instruments	(7,154.4)
Net cash flows on derivatives	253.9
Net cash flows on commercial paper	72.5
Net cash flows from factoring/securitization	(9.3)
Interest paid	(1,822.1)
Other financing cash flow	(183.3)

The net cash flows from commercial paper and factoring/securitization are included in Other financing cash flows in the cash flow statement but are presented in a footnote to the main statement. Other items included in the Other financing cash flows are not related to the debt items presented in borrowings and financing activities. Similarly, the other cash flows presented in financing activities, and not identified in this reconciliation, are not related to borrowings or other financial liabilities.

18.8. Maturity of financial liabilities

Due to the application of IFRS 7 *Financial Instruments: Disclosure* paragraph 39 and consequently the disclosure of the interest payments until maturity date in the maturity of financial liabilities, the total nominal value of borrowings disclosed in the maturity of financial liabilities tables provided below does not reconcile to the total nominal value of financial liabilities disclosed in the balance sheet as at December 31, 2018 and December 31, 2017 respectively.

Maturity of financial liabilities (€m)	Less than 1 year	Between 1 and 5 years	More than 5 years	December 31, 2018
Loans, debentures and related hedging instruments	102.3	9,107.7	25,154.3	34,364.3
Finance leases	40.4	64.8	28.1	133.3
Accrued interest	661.8	-	-	661.8
Bank overdraft	39.2	-	-	39.2
Other financial liabilities	1,310.7	263.5	203.9	1,778.1
Interest payments until maturity date[1]	1,193.5	6,611.4	3,138.3	10,943.3
Nominal value of borrowings	**3,347.9**	**16,047.4**	**28,524.6**	**47,920.0**

Maturity of financial liabilities (€m)	Less than 1 year	Between 1 and 5 years	More than 5 years	December 31, 2017
Loans, debentures and related hedging instruments	1,792.9	13,140.6	36,918.8	51,852.3
Finance leases	56.8	78.8	16.6	152.1
Accrued interest	1,001.9	-	-	1,001.9
Bank overdraft	80.3	-	-	80.3
Other financial liabilities	1,255.0	1,656.2	211.6	3,122.8
Interest payments until maturity date[1]	933.2	7,128.8	4,476.3	12,538.3
Nominal value of borrowings	**5,120.1**	**22,004.3**	**41,623.3**	**68,747.7**

1 In accordance with IFRS 7 *Financial Instruments: Disclosure* paragraph 39, the maturity of financial liabilities includes the future contractual undiscounted interest payments related to the loans and debentures as at December 31, 2017 and December 31, 2018 respectively. These future contractual undiscounted interest payments have been prepared on the following basis:
- For loans and debentures at variable interest rates, the interest rates have been used which were applicable at balance sheet date December 31, 2017 and December 31, 2018 respectively;
- For loans and debentures in foreign currency, the exchange rates have been used which were applicable at balance sheet date December 31, 2017 and December 31, 2018 respectively;
- In case the interest payments have been hedged, the cash flows after hedge impact have been reported.

18.9. Currency of borrowings

Currency of borrowings (€m)	Euro	US Dollar	Israeli Shekel	Others	December 31, 2018
Loans, debentures and related hedging instruments	11,844.5	22,519.4	0.0	0.4	34,364.3
Finance leases	117.1	10.5	5.6	-	133.3
Accrued interest	330.2	331.6	-	-	661.8
Bank overdraft	39.2	-	-	-	39.2
Other financial liabilities	1,583.6	58.8	135.7	-	1,778.1
Nominal value of borrowings	**13,914.7**	**22,920.3**	**141.3**	**0.4**	**36,976.8**

Currency of borrowings (€m)	Euro	US Dollar	Israeli Shekel	Others	December 31, 2017
Loans, debentures and related hedging instruments	14,934.0	36,697.7	199.0	21.6	51,852.3
Finance leases	119.6	19.5	6.7	6.3	152.1
Accrued interest	265.9	733.4	2.6	-	1,001.9
Bank overdraft	79.8	-	-	0.5	80.3
Other financial liabilities	1,570.6	1,453.2	98.4	0.6	3,122.8
Nominal value of borrowings	**16,969.9**	**38,903.8**	**306.8**	**29.0**	**56,209.4**

18.10. Nature of interest rate

Nature of interest rate	December 31, 2018			December 31, 2017		
(€m)	Fixed	Floating	Total	Fixed	Floating	Total
Loans, debentures and related hedging instruments	23,557.8	10,806.5	34,364.3	36,357.3	15,495.0	51,852.3
Finance leases	133.3	-	133.3	145.2	6.9	152.1
Accrued interest	661.8	-	661.8	1,001.9	-	1,001.9
Bank overdraft	39.2	-	39.2	80.3	-	80.3
Other financial liabilities	1,778.1	-	1,778.1	3,037.0	85.7	3,122.8
Nominal value of borrowings	**26,170.2**	**10,806.5**	**36,976.8**	**40,621.7**	**15,587.7**	**56,209.4**

19. Financial risk factors

In the course of its business, the Group is exposed to several financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk) and other risks, including equity price risk. This note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Financial risk management is an integral part of the way the Group is managed. The Board of Directors establishes the Group's financial policies and the executive management establishes objectives in line with these policies.

The Group is not subject to any externally imposed capital requirements.

19.1. Credit risk

The Group does not have significant concentrations of credit risk. The credit risk may arise from the exposures of commitments under a number of financial instruments with one body or as the result of commitments with a number of groups of debtors with similar economic characteristics, whose ability to meet their commitments could be similarly affected by economic or other changes.

The Group's income mainly derives from customers in France, Portugal, Israel and the Dominican Republic. The Group regularly monitors its customers' debts and provisions for doubtful debts are recorded in the consolidated financial statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt.

Additionally, retail customers represent a major portion of revenues and these clients generally pay in advance for the services they buy, or in more significant regions, such as France, retail customers generally pay using direct debit, a practice that reduces the Group's credit risk.

The Group does not have significant concentration of credit risk, as a result of the Group's policy, which ensures that the sales are mostly made under standing orders or via credit cards.

19.2. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and optimizing the cash generation of existing businesses. As all external debt is issued and managed centrally, executive Directors of the Group have a significant amount of control and visibility over the payments required to satisfy obligations under the different external debts.

Additionally, the Group has access to undrawn revolving credit facilities for an aggregate amount of €2,156.0 to cover liquidity needs not met by operating cash flow generation.

19.3. Market risks

The Group is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

19.3.1. Interest rate risk

Interest rate risk comprises the interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates.

The Company has an exposure to changes of interest rate in the market, deriving from long-term loans that have been received and which bear variable rate interest.

Interest structure of non-current financial debt (€m)	December 31, 2018	December 31, 2017
Financial debt at fixed rates	26,170.2	40,621.7
Financial debt at variable rates	10,806.5	15,587.7
Total	**36,976.7**	**56,209.4**

The Group's proportion of variable rate debt increased from 28% for the year ended December 31, 2017 to 29.2% for the year ended December 31, 2018. When it can, the Group endeavors to issue fixed rate debt (which also typically offers longer maturities).

The Group has entered into different hedging contracts to manage interest rate risk related to debt instruments with variable interest rates. See note 18.3 for more information.

A sensitivity analysis was performed on the impact of an increase of interest rates applicable to floating rate debt: An Euribor/Libor rate increase by 1 percentage point would result in an additional annual interest expense of €28 million.

19.3.2. Foreign currency risk

The Group is exposed to foreign currency risk from transactions and translation. Transactional exposures are managed within a prudent and systematic hedging policy in accordance with the Company's specific business needs. Translation exposure arises from the consolidation of the financial statements of foreign operations in euros, which is, in principle, not hedged. The Group's objective is to manage its foreign currency exposure using currency forwards, futures and swaps.

The Group estimates that a 10% variation of foreign currencies against euro parity is a relevant change of variables and reasonably possible risk in any given year. The table below provides the assessment of the impact of a 10% change in foreign currencies against euro on net result and reserves.

Sensitivity to variations in exchange rates	**December 31, 2018**					
(€m)	**US Dollar**	**Israeli Shekel**	**Swiss Franc**	**Dominican Peso**	**Moroccan Dirham**	**Total**
Profit for the year						
Increase of 10% in exchange rate	57.6	(12.2)	n/a	(0.2)	n/a	**45.2**
Decrease of 10% in exchange rate	(57.6)	12.2	n/a	0.2	n/a	**(45.2)**
Equity						
Increase of 10% in exchange rate	20.1	(53.5)	n/a	(9.4)	n/a	**(42.8)**
Decrease of 10% in exchange rate	(20.1)	53.5	n/a	9.4	n/a	**42.8**

Sensitivity to variations in exchange rates	**December 31, 2017**					
(€m)	**US Dollar**	**Israeli Shekel**	**Swiss Franc**	**Dominican Peso**	**Moroccan Dirham**	**Total**
Profit for the year						
Increase of 10% in exchange rate	151.0	(7.7)	0.7	-	1.1	**145.1**
Decrease of 10% in exchange rate	(151.0)	7.7	(0.7)	-	(1.1)	**(145.1)**
Equity						
Increase of 10% in exchange rate	45.8	(171.1)	(2.4)	(57.7)	7.4	**(178.0)**
Decrease of 10% in exchange rate	(45.8)	171.1	2.4	57.7	(7.4)	**178.0**

Exchange differences recorded in the income statement amounted to a loss of €186.0 million (2017: nil).

Additionally, the Group is exposed to foreign currency risk on the different debt instruments that it has issued over time. The Board of Directors believes that the foreign currency price risk related to such debt issuance was limited because:

- Foreign currency debt issued in currencies other than Euros or USD is borne by companies that have issued such debt in their functional currencies.
- A portion of the USD debt issued by Altice France and other subsidiaries of the Group is hedged to manage the associated FX risk. A reconciliation between the nominal amount of the total debt measured at its balance sheet rate and the swap adjusted debt is presented in note 18.

19.3.3. Price risk

The Group has investments in listed financial instruments, shares and debentures that are classified as available-for-sale financial assets and financial assets at fair value through profit or loss in respect of which the Group is exposed to risk of fluctuations in the security price that is determined by reference to the quoted market price. As of December 31, 2018, the carrying amount of these investments was €388,2 million (€1,439.0 million as of December 31, 2017).

The main explanation for the reduction in the investments relates to the Comcast shares held by Altice USA, which were measured at a fair value of €1,431.0 million as at December 31, 2017. Due to the implementation of the Separation as at June 8, 2018, this investment is nil as at December 31, 2018. For further details please also refer to note 10.1.1.

20. Fair value of financial assets and liabilities

20.1. Fair value of assets and liabilities

Fair values of assets and liabilities	December 31, 2018		December 31, 2017 (revised*)	
(€m)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Cash and cash equivalents	1,837.0	1,837.0	1,239.0	1,239.0
Restricted cash	141.6	141.6	168.1	168.1
Derivatives	38.1	38.1	88.8	88.8
Other financial assets	5.0	5.0	4.6	4.6
Current assets	**2,021.7**	**2,021.7**	**1,500.5**	**1,500.5**
Investment in Comcast	-	-	1,431.0	1,431.0
Derivatives	1,427.8	1,427.8	884.8	884.8
Call options on non-controlling interests	63.5	63.5	50.6	50.6
Other financial assets	548.3	548.3	179.1	179.1
Non-current assets	**2,039.6**	**2,039.6**	**2,545.5**	**2,545.5**
Short term borrowings and financial liabilities	102.3	102.3	1,729.3	1,729.3
Put options with non-controlling interests	-	-	-	-
Derivatives	1.2	1.2	63.6	63.6
Other financial liabilities	2,052.2	2,052.2	2,394.0	2,394.0
Current liabilities	**2,154.5**	**2,154.5**	**4,186.9**	**4,186.9**
Long term borrowings and financial liabilities	32,992.1	30,881.1	48,211.4	48,544.0
Collateralised debt - Comcast	-	-	1,122.5	1,122.5
Put options with non-controlling interests	161.6	161.6	301.6	301.6
Derivatives	1,270.0	1,270.0	1,848.0	1,848.0
Other financial liabilities	398.7	398.7	539.0	539.0
Non-current liabilities	**34,822.3**	**32,711.3**	**52,022.5**	**52,355.1**

During the year there were no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

20.1.1. Fair value hierarchy

The following table provides information on the fair values of financial assets and financial liabilities, their valuation technique, and the fair value hierarchy of the instrument given the inputs used in the valuation method.

Fair value measurement (€m)	Fair value hierarchy	Valuation technique	December 31, 2018	December 31, 2017
Financial Liabilities				
Collateralised Debt - Comcast	Level 2	Discounted cash flows	-	1,122.5
Derivative financial instruments	Level 2	Discounted cash flows	1,271.1	1,911.6
Minority Put Option - Teads	Level 3	Discounted cash flows	133.6	160.4
Minority Put Option - Intelcia	Level 3	Discounted cash flows	28.0	41.2
Minority Put Option - GNP	Level 3	Discounted cash flows	-	100.0
Financial Assets				
Derivative financial instruments	Level 2	Discounted cash flows	1,465.9	973.7
Investment in Comcast shares	Level 1	Quoted share price	-	1,431.0
Minority Call option - Teads	Level 3	Black and Scholes model	53.8	10.6
Minority Call option - Parilis	Level 3	Black and Scholes model	-	18.8
Minority Call option - Intelcia	Level 3	Black and Scholes model	9.7	21.2
Neptune US Holding shares	Level 2	Share price	242.6	-
Altice USA shares	Level 1	Quoted share price	140.0	-
Equity instruments at FVOCI - Wananchi	Level 3	Discounted cash flows	-	1.3
Equity instruments at FVOCI - Partner Co. Ltd.	Level 1	Quoted share price	5.5	6.7

20.1.2. Information on valuation techniques

20.1.2.1. *Investments in listed entities*

Quoted prices directly available from an active market are used to source the fair value, i.e. the quoted share price of the listed investments in Comcast and Partner Co. These valuations are directly observable in an open market and therefore the Group has concluded that these instruments should be classified within Level 1 of the fair value hierarchy.

20.1.2.2.*Derivative financial instruments*

Future cash flows are estimated using market observable data at the end of the reporting period (namely, forward exchange rates and interest rates) and the contracted rates of the derivative discounted at a rate that reflects the counterparty credit risk. Since model inputs can generally be verified and do not involve significant management judgement, the Company has concluded that these instruments should be classified within Level 2 of the fair value hierarchy.

20.1.2.3.*Put options*

Each contract has specific terms and conditions, and the valuation is performed using the contracted terms and assessment against market comparable information where appropriate. For example, the exercise price in the option may be determined based on an EBITDA multiple minus the net financial debt. In all instances, the probabilities of the option being exercised is determined using management's best estimate and judgement. The resulting fair value is discounted using appropriate discount rates of the related funding pool (5.1%). These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

20.1.2.4.*Call options*

The valuation is derived by calculating the intrinsic value, being the difference in the value of the underlying asset and the options exercise price, and time value of the option, which accounts for the passage of time until the option expires. Various inputs are used, including the price of the underlying asset and its volatility (45%), the strike price and maturity in the contract, and the risk-free rate (ranging between -0.705% and -0.488%) and dividend yield (0%). The model calculates the possible prices of the underlying asset and their respective probability of occurrence, given these inputs. These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

20.2. Level 3 instruments

20.2.1. Assumptions with management judgement used in fair value measurement

The instruments in Level 3 are the put and call options with the non-controlling interests in acquired entities. The valuation methods used to determine the fair value of these instruments include certain inputs that do not use publicly available information and therefore require management's judgement. Those with significant impact on the fair value of the instruments concerned are deemed to be categorized as Level 3 of the fair value hierarchy. Further details on these valuation methods and the associated inputs using judgements and which can have a significant impact on the fair value are presented below.

Valuation method	Inputs with significant judgement	How management determines inputs	Relationship to fair value
Black and Scholes model (call options)	Price of the underlying asset	Based on EBITDA multiple approach using business plans prepared by management to derive an appropriate EBITDA of the company to use in the valuation	An increase in projected EBITDA used in isolation would result in increase in the fair value
	Volatility of underlying asset	Based on analysis of peers' volatility to derive an appropriate volatility rate	A significant increase in the volatility used in isolation would result in significant increase in the fair value
Multiples approach (put options)	Projected group net sales	Projected sales are determined using internally produced budgets using management's best estimates of future operations of the entities concerned	A slight increase in the projected group net sales used in isolation would result in significant increase in the fair value
	Projected group financial net debt	Projected net debt is determined using internally produced budgets using management's best estimates of future operations of the entities concerned	An increase in the projected net debt used in isolation would result in decrease in the fair value
	Discount rate	Based upon the cost of debt of the funding pool	An increase in the discount rate used in isolation would result in decrease in the fair value

20.2.2. Reconciliation of movement in fair value of Level 3 financial instruments

Change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	December 31, 2018
Opening balance	**1.2**	**(301.6)**	**50.6**	**(249.8)**
Additions	-	(52.1)	-	(52.1)
Exercises	-	152.1	(18.8)	133.3
Change in value of minority put options recorded in equity	-	40.0	-	40.0
Gains or losses recognised in profit or loss	(1.2)	-	31.7	30.5
Closing balance	**-**	**(161.6)**	**63.5**	**(98.1)**

Change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	December 31, 2017
Opening balance	**1.3**	**(2,913.1)**	**28.4**	(2,883.4)
Additions	-	(160.4)	10.6	(149.8)
US put and call options cancelled	-	2,812.3	(1.7)	2,810.6
Re-measurement (variation)	-	(40.4)	-	(40.4)
Gains or losses recognised in profit or loss	(0.1)	-	13.3	13.2
Closing balance (revised*)	**1.2**	**(301.6)**	**50.6**	**(249.8)**

21. Obligations under leases

The Group leased certain of its office facilities and datacenters under financial leases. The Group has options to purchase the assets for a nominal amount at the end of the lease terms. Obligations under finance leases are secured by the lessors' title to the leased assets. In addition, the Group has operating leases relating to building space and other technical assets and other assets such as automobiles under long term contracts.

The future minimum lease payments in respect of the Group's operating and finance leases were as follows:

Obligations under leases	December 31, 2018		December 31, 2017 (*revised)	
(€m)	Operating leases	Finance leases	Operating leases	Finance leases
Less than one year	463.4	41.9	501.6	62.7
Between one and two years	361.7	34.6	393.1	51.5
Between two and three years	359.2	17.4	343.4	17.6
Between three and four years	322.7	16.0	299.8	6.2
Five years and beyond	2,085.8	26.0	1,240.1	20.7
Total minimum payments	**3,592.8**	**135.8**	**2,778.0**	**158.5**
Less: future finance expenses		(2.5)		(6.4)
Nominal value of contracts		**133.3**		**152.1**
Included in the consolidated financial statements as:				
- Current borrowings (note 18)		40.4		56.8
- Non-current borrowings (note 18)		92.9		95.3

The increase in minimum lease payments related to operating leases is mainly related to the master service agreements signed by PT Portugal and Altice Dominicana for respectively €1,091.5 million and €310.3 million with towers companies as a result of the disposal of the towers (please refer to notes 3.1.9 and 3.1.10).

The total rental expense recognised in the consolidated statement of income was €488.5 million (2017: €477.0 million).

In some cases, the rental space under contract may be sublet, which generates revenues and hence reduces the obligation under such leasing contracts. The minimum leases payments do not include such revenues that amount to €491.5 million (2017: €301.0 million).

22. Trade and other payables

Trade and other payables (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Trade payables	4,587.4	5,224.3
Fixed asset payables	1,001.5	1,198.4
Corporate and social security contributions	666.2	1,034.4
Indirect tax payables	811.9	906.6
Other payables	1.8	5.1
Total	**7,068.8**	**8,368.8**

Trade and other payables decreased to €7,068.8 million as of December 31,2018. The decrease was mainly due to the Separation, decreasing trade and other payables by €914.1 million, and lower corporate and social security payable in Altice France as a result of restructuring payouts of €315.2 million during 2018. The decrease was partially offset by increasing fixed asset payable in Altice TV, mainly related to the payable to UEFA for the Champions League and Europe League rights which amounted to €347.1 million in total as at December 31, 2018.

23. Other liabilities

Other liabilities (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017 (*revised)**
Other	201.2	305.0
Current liabilities	**201.2**	**305.0**
Fixed asset payables	560.7	74.0
Other	45.8	91.8
Non-current liabilities	**606.4**	**165.8**
Total	**807.6**	**470.8**

* Please refer to note 36 for details about the revised information.

23.1. Other liabilities

Other current liabilities decreased by €103.8 million, mostly caused by the Separation which lowered other current liabilities by €74.5 million and lower liabilities related to the acquisition of Teads (nil as at December 31, 2018 vs €109.1 million as at December 31, 2017). These are offset by the provisions for the penalties related to the gun jumping of €124.5 million.

Other non-current liabilities decreased by €46.0 million compared to 2017 due to the Separation (€23.4 million), liabilities held for sale related to SFR FTTH (€63.2 million), partially offset by increase in other non-current liabilities in PT Portugal which was the deferred capital gains related to the disposal of towers in PT Portugal.

23.2. Non-current fixed asset payables

Non-current fixed asset payables mainly related to payments due to suppliers of premium sports content (please refer to note 6) acquired by the Group in 2018. The increase in fixed asset payables as at December 31, 2018 compared to 2017 was mainly related to the non-current payables in Altice TV for the Champions League and Europe League, amounting to €500.1 million.

24. Taxation

Taxation (€m)	**Note**	**December 31, 2018**	**December 31, 2017 (*revised)**
Tax benefit recognised in the Statement of Income			
Current tax		(340.4)	(129.1)
Deferred tax		272.4	552.3
Income tax (expense)/benefit	24.1	**(68.0)**	**423.2**
Deferred tax balances recognised in the Statement of Financial Position			
Deferred tax assets		153.9	152.3
Deferred tax liabilities		(255.7)	(4,451.1)
Deferred tax	24.2	**(101.8)**	**(4,298.8)**

* Please refer to note 36 for details about the revised information.

24.1. Reconciliation to effective tax rate

Reconciliation between effective tax rate and theoretical tax rate (€m)	**December 31, 2018**	**December 31, 2017 (*revised)**
Loss for the year	**(916.4)**	**(1,681.6)**
Share of loss in associates	(10.3)	(16.7)
Tax charge (expense)/income	(68.0)	423.2
Loss before income tax and associates	**(838.1)**	**(2,088.0)**
Statutory tax rate in the Netherlands	25.0%	25.0%
Income tax calculated on theoretical tax	209.5	522.0
Impact of:		
Difference between Parent company and foreign income tax rates	22.5	141.2
Effect of permanent differences[1]	(145.5)	(63.3)
Recognition of tax losses and variation in related allowances[2]	(95.7)	(127.5)
French business tax	(49.9)	(48.7)
Effect of change in tax rate[3]	39.5	(81.4)
Other current tax adjustment[4]	(52.8)	78.0
Other deferred tax adjustment	4.4	3.0
Income tax (expense)/benefit	**(68.0)**	**423.2**
Effective tax rate	-8.1%	20.3%

* Please refer to note 36 for details about the revised information.

1 Permanent differences are mainly due to financial interests that are non-deductible, penalties (mainly related to gun jumping in Portugal, please refer to note 32.2.1) and other non-deductible expenses.

2 Recognition of tax losses and variation in tax allowance line is related mainly to the non-recognition of the tax losses of holding companies.

3 During 2018, change in tax rate is mainly due to France (article 84 of law 2017-1837 of December 30, 2017 that introduced a reduction of the income tax rate over the five next years to 25.83%, including the social surtax of 3.3%) and is explained by the application of the different tax rates on the long term temporary differences and in the change in the timing of long term temporary differences.
During 2017, change in tax rate is mainly due to Portugal (increase in deferred tax rate from 27.5% to 31.5%) and France (article 84 of law 2017-1837 of December 30, 2017 that introduced a reduction of the income tax rate over the five next years to 25.83%, including the social surtax of 3.3%)

4 During 2017, other current tax adjustment includes mainly the reversal of the tax provision VTI in France for an amount of € 124 million, as described in note 24.4.1.2.

24.1.1. Effect of US tax reform

Pursuant to the enactment of the Tax Cuts and Jobs Act (H.R.1) ("Tax Reform Bill") on December 22, 2017, Altice USA recorded a noncash deferred tax benefit of €2,070.6 million to remeasure the net deferred tax liability to adjust for the reduction in the corporate income tax rate from 35% to 21% which is effective on January 1, 2018. This adjustment results primarily from a decrease in the deferred tax liabilities regarding fixed assets and intangibles, partially offset by a decrease in the deferred tax asset for the federal net operating loss carry forward ("NOL"). The impact of the tax reform is included in the profit after tax for the period from discontinued operations in the consolidated statement of income.

24.2. Deferred tax

The following tables show the deferred tax balances before netting deferred tax assets and liabilities by fiscal entity:

Components of deferred tax balances[1] (€m)	**December 31, 2018**	**December 31, 2017 (*revised)**
Employee benefits	281.8	361.3
Other temporary non-deductible provisions	114.4	229.2
Fair value adjustment (derivative)	119.3	256.2
Difference between tax and accounting depreciation	(1,249.4)	(6,223.8)
Other temporary tax deductions	249.2	142.2
Net operating losses and tax carry forwards	1,929.0	2,590.9
Valuation allowance on tax losses and tax carry forwards	(1,327.2)	(1,429.4)
Valuation allowance on deferred tax asset	(218.8)	(225.4)
Total	**(101.8)**	**(4,298.8)**
Comprising:		
Deferred tax assets	153.9	152.3
Deferred tax liabilities	(255.7)	(4,451.1)

* Please refer to note 36 for details about the revised information.

1 In 2018, the decrease in the components of deferred tax balances is mainly due to the Separation (please refer to note 3.1.4).

Variation in deferred tax balances (€m)	**December 31, 2018**	**December 31, 2017 (*revised)**
Opening balance	**(4,298.7)**	**(8,098.7)**
Deferred tax on income	272.3	552.3
Discontinuing operation	-	2,358.5
Deferred tax on shareholder's equity	(24.9)	189.7
Change in consolidation scope[1]	3,947.1	(18.5)
Currency translation adjustment	2.4	718.1
Closing balance	**(101.8)**	**(4,298.7)**

* Please refer to note 36 for details about the revised information.
1 During 2018, the change in consolidation scope includes the effect of the Separation (please refer to note 3.1.4)

24.3. Net operating losses and carried forward tax credits

Deferred tax assets related to carried forward tax credit on net operating losses expire in the following years:

Variation in deferred tax balances (€m)	**December 31, 2018**	**December 31, 2017**
Within one year	0.3	0.2
Between two and five years	0.8	42.2
More than five years	198.6	801.3
Unlimited	1,729.4	1,747.2
Net operating losses and tax carry forward, gross	**1,929.0**	**2,590.9**
Valuation allowance	(1,327.2)	(1,429.4)
Net operating losses and tax carry forward, net	**601.8**	**1,161.5**

* Please refer to note 36 for details about the revised information.

Net operating losses and tax carry forward as of December 31, 2018 were related mainly to holding companies as well as Altice France and PT Portugal (as of December 31, 2017, it included also the subsidiaries in the US). The decrease in net operating losses and tax carry forward was largely related to the effect of the Separation in 2018 (please refer to note 3.1.4). The Group does not believe that the unrecognised deferred tax losses can be used given the Group's current structure, but the Group will continue exploring opportunities to offset these against any future profits that the Company or its subsidiaries may generate.

Deferred tax assets have resulted primarily from the Group's future deductible temporary differences and NOLs. In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax asset will not be realized. In evaluating the need for a valuation allowance, management takes into account various factors, including the expected level of future taxable income, available tax planning strategies and reversals of existing taxable temporary differences. If such estimates and related assumptions change in the future, the Group may be required to record additional valuation allowances against its deferred tax assets, resulting in additional income tax expense in the consolidated income statement. As of December 31, 2018, and 2017, the Group recognised deferred tax asset on the basis of projections of future use of the loss carry forward deemed probable.

24.4. Tax litigation

This note describes the new proceedings and developments in existing tax litigations that have occurred since the publication of the consolidated financial statements for the year ended December 31, 2018 and that have had or that may have a significant effect on the financial position of the Group.

24.4.1. Altice France

24.4.1.1.*SFR Fibre (ex NC Numericable)*

The French tax authorities have conducted various audits since 2005 with respect mainly to the VAT rates applicable to the multi-play offerings, and to a lesser extent to the tax on telecommunication services. Pursuant to the French tax code, television services are subject to a reduced VAT rate at 10%, whereas internet and telecommunication services are subject to the normal VAT rate at 20%. French tax authorities have reassessed the application of VAT rates on certain multi-play offerings for fiscal years 2011 to 2015. The company is disputing all proposed assessments and has filed appeals and litigation at various levels depending on fiscal years adjusted.

The company has recognised a provision in its accounts for an amount of €101 million (of which €68 million recorded in "Provisions" and the remaining amount in "Trade and other payables") as of December 31, 2018. Finally, the company is subject to a tax audit regarding VAT for fiscal year 2016.

24.4.1.2.*SFR*

The French tax authorities have conducted audits on fiscal years 2012 to 2015. The main reassessments relate to corporate income tax (deduction of foreign tax credits on foreign dividends, deduction of exceptional amortization of 4G licenses), and VAT rate on certain TV services. The company is disputing the main reassessments and recognised a provision of €59.2 million at December 31, 2018 related to those tax disputes. Finally, the company is subject to a tax audit regarding VAT for 2016.

In addition, the CNC ("Centre National du Cinéma") has conducted an audit on SFR on the tax on television services ("TST") for 2014 to 2017, which led to a reassessment relating to the scope of such tax, which should include, according to the tax authorities, all services included in an offer and not only on those allowing the access to a television service. The Group is disputing this reassessment and recognised a provision of €31.4 million at December 31, 2018 related to this dispute.

In a proposed adjustment received on December 23, 2014, the tax authorities had contested the merger of Vivendi Telecom International (VTI) and SFR dated December 12, 2011 and therefore intended to challenge SFR's inclusion in the Vivendi tax consolidation group for fiscal year 2011. The tax authorities thus intended to tax SFR separately from the Vivendi tax consolidation group, leading to a corporate tax of €711 million (principal) plus late interest and surcharges amounting to €663 million, for a total adjustment of €1,374 million. In 2017, the proposed tax adjustment had been dropped by the tax authorities and therefore the provision had been reversed (please refer to note 4.3.2.5).

24.4.1.3.*Altice France*

The French tax authorities have conducted an audit on the taxable income of the tax group of Altice France for fiscal years 2014 and 2015. Main proposed tax reassessments relate to (i) the computation of non-deductible financial expenses pursuant to the French thin capitalization regime and (ii) the amount of the fiscal losses inherited from previous tax groups pursuant to the mechanism of imputation on a broad base ("mécanisme d'imputation sur une base élargie"). Altice France is disputing this reassessment and recognised a provision of €14 million at December 31, 2018 related to this dispute.

24.4.2. PT Portugal

MEO estimated that the probable tax contingencies arising from tax audits carried out by the Portuguese tax authorities on various Group companies amounted to €59.1 million. The provision covers risks related mainly to the deductibility of capital losses on the disposal of financial investments and VAT on indemnities charged as result of the breach of loyalty contracts entered with post-paid customers. The VAT contingency relates to both the fixed and mobile businesses and covers years since 2012. The claim for the VAT of the mobile company in 2012 was being discussed in an arbitral court, which decided to send the matter to the European Court of Justice (ECJ), that issued a decision on November 22, 2018 which was not favorable to MEO, concluding that, under certain circumstances, indemnities should be charged with VAT, and at the same time referring that ultimately VAT should only be assessed based on indemnities received from customers. The tax assessments of the fixed-line company in 2012 and both the mobile and fixed-line companies in 2013 and 2014, were submitted to the arbitral court as well, and all were suspended and waited for the decision of the ECJ. Following the ECJ decision, MEO was notified of the arbitral court decisions on the 2013 fixed and 2012 mobile actions, both unfavorable but both referring that VAT should only be assessed based on indemnities received from customers, which is less than 20% of the overall indemnities invoiced. MEO will be appealing from both these decisions to the Administrative Central Court. For the year 2015, the contingency was annulled following the voluntary tax payment of approximately €1million in 2018 made by MEO under that year tax inspection. There are still no tax assessments for the years 2016 to 2018.

24.4.3. Other tax jurisdictions

Tax assessments are conducted in other tax jurisdictions within the Group (Israel, Netherlands, Luxembourg). The provisions recorded in the consolidated financial statements are based on the assessment of the risk by the management's and its professional advisors.

25. Other operating expenses

Operating expenses (€m)	**Year ended December 31, 2018**	**Year ended December 31, 2017 (*revised)**
Technical and maintenance costs	(954.6)	(1,014.4)
Customer services	(525.4)	(529.0)
Business Taxes	(285.2)	(276.9)
Sales and marketing expenses	(899.6)	(828.8)
General and administrative expenses	(469.7)	(452.8)
Total	**(3,134.5)**	**(3,101.9)**

* Please refer to note 36 for details about the revised information.

26. Equity based compensation

For the year ended December 31, 2018, the Group recorded €42.9 million as expenses related to share-based expenses in the line item "staff costs and employee benefits" (2017: €30.6 million):

- €41.0 million at Altice Europe N.V. and Altice Management International combined (2017: €28.6 million),
- €1.7 million at Altice France (2017: €2.0 million),
- €0.2 million at Israel (2017: nil).

Increase in share-based expense is mainly due to the expense related to the preference shares B granted to Mr. Weill during 2018 which amounted to a total of €21.5 million and recorded in Altice Europe N.V..

Details of the plans across the Group, grants under these plans and the computation of the fair value of each grant is provided below.

26.1. Overview of the stock option plans

26.1.1. Altice Europe N.V.

The Company had two existing stock option plans as of January 1, 2017, the Stock Option Plan ("SOP") and the Long-Term Incentive Plan ("LTIP").

The purpose of the SOP is, amongst others, to provide prospective candidates to join the Group or prospective candidates for promotion within the Group with appropriate incentives and to support their retention. The number of options granted under the SOP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term. The grant of stock options under the SOP may be accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions.

The LTIP is mainly used by the Company to grant stock options to participants under the SOP whose options have partially vested, in order to support retention of such participants, such grant being accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions. The number of options granted under the LTIP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term.

During the year 2017, the following plans were adopted:

- On June 28, 2017, the Group adopted a new performance stock option plan (the "PSOP"). The PSOP is used to grant stock options to selected employees of the Group, including Executive Board Members, the vesting of which is subject to the achievement of a financial performance target. The number of options granted under the PSOP depends on the position, the importance of the role, the seniority and the anticipated contribution of the participant in the performance of the Group in the mid-term.
- On November 2, 2017, the Group adopted two new stock option plans (the "2017 SOP" and the "2017 LTIP"), the terms of which are substantially the same as those of the SOP and LTIP; the amendments are related to further support the retention of the participants.

The 2017 SOP and the 2017 LTIP were amended on May 18, 2018 by the annual General Meeting in order to extend their application to Executive Board Members.

Further, in May 2017, the Board approved a management proposal whereby the fee paid as part of the brand license and services agreement with Next Alt, which was entered into on November 15, 2016, would cease and would no longer be included in corporate costs. The fee was replaced with the grant of 30 million stock options issued by the Company to Next Alt, in three tranches of 10 million stock options:

- a first tranche of 10 million stock options will vest 50% after 2 years, 25% after 3 years and the final 25% after 4 years;
- a second tranche of 10 million stock options will vest in the event the share price doubles in value compared to the exercise price on or before January 31, 2021; and
- a third tranche of 10 million share options will vest in the event the share price triples in value compared to the exercise price on or before January 31, 2022.

26.1.1.1. *Grants of options under the stock option plans*

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the specific plan.

Employees of the Group and, in exceptional cases, individuals who are not employees of the Group but who, in view of their activities for the benefit of the Group, made an important contribution to the success of the business of the Group, are eligible to participate in the SOP, the 2017 SOP, the LTIP, the 2017 LTIP and the PSOP.

In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the SOP, the 2017 SOP, the LTIP, the 2017 LTIP or the PSOP as reward for their employment with or provision of services to Group Companies and in that case determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee.

Non-Executive Board Members are not eligible for participation in any of the stock option plans.

26.1.1.2. *Vesting conditions of the plans*

SOP and 2017 SOP
Options granted under the SOP and the 2017 SOP are subject to time-based vesting conditions. The stock options will vest as follows:

- a first tranche of 50% of the stock options a participant holds vests on the 2nd anniversary of the start date of the vesting period;
- a second tranche of 25% of the stock options a participant holds vests on the 3rd anniversary of the start date of the vesting period; and
- a third tranche of 25% of the stock options a participant holds vests on the 4th anniversary of the start date of the vesting period.

The Board, upon recommendation of the Remuneration Committee, may adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

LTIP and 2017 LTIP

Options granted under the LTIP and the 2017 LTIP plans are subject to time-based vesting conditions. All stock options will vest on the third anniversary of the start date of the vesting period. The Board may, upon recommendation of the Remuneration Committee, adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

PSOP

The vesting of options granted under this plan is subject to the achievement of a financial performance target (the "Target"). The Target is set at the date of grant and will be achieved if Adjusted EBITDA less CAPEX of the third full financial year following the date of grant is equal to or superior to the Target. The Board, based on a recommendation of the Remuneration Committee (or the General Meeting, as the case may be), may adjust the Target to reflect recapitalization events, acquisitions, divestitures, or any other corporate events or actions, which require an adjustment to the Target. All stock options shall lapse if the Group does not achieve the Target. The participant needs

to be employed, or to provide services to the Company or to any Group Company, at the moment that it is determined that the Group has achieved the Target. Participants who leave the Group before the vesting date forfeit their stock options.

26.1.1.3. *Consideration and exercise price*

No consideration is payable for the allocation of stock options.
The exercise price of stock options granted under the plans is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding certain dates, which differ by stock option plan as follows:

	SOP and 2017 SOP	**LTIP, 2017 LTIP and PSOP**
i	the date of the offer made to and accepted by the employee to join the Group, or	the date on which the decision was made to grant the participant stock options, or
ii	the date on which the employee is promoted to a new function within the Group, or	an alternative date determined by the Board.
iii	for an existing employee within the Group, the date on which the decision was made to grant him stock options.	

The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

26.1.1.4. *Adjustment of the terms and conditions of the stock options in connection with the Separation*

On April 30, 2018, the Board resolved, on the recommendation of the Remuneration Committee, to amend the terms and conditions of the stock options issued under the stock option plans (other than the PSOP), which was approved by the General Meeting on June 11, 2018. The General Meeting approved the modification for the Board Members but the same principles were applicable for all participants under the stock option plans (other than the PSOP): the exercise price of the stock options granted under the stock option plans (other than the PSOP)[2] was adjusted to reflect the Separation and a gross cash compensation corresponding to the value of a stock option on 0.4163[3] Altice USA share, multiplied by the number of stock options held by the participant under the relevant stock option plan, was granted to the participants who had unexercised stock options granted under the stock option plans (other than the PSOP), subject to vesting of the relevant stock options.

In addition, on May 29, 2018, the Board resolved, on the recommendation of the Remuneration Committee; to amend the terms and conditions of the stock options granted to Mr. Okhuijsen under the PSOP, which was approved by the General Meeting on July 10, 2018. The General Meeting approved the amendment for Mr. Okhuijsen, in its capacity of Board Member, but the same principles were applicable for all participants under the PSOP: the exercise price of the stock options granted under the PSOP, as well as the financial performance target to be achieved for the stock options to vest, were adjusted to reflect the Separation.

26.1.1.5. *Stock option plan – impact of the Separation*

On April 30, 2018 the Board decided to amend the stock option plans and this decision was approved in the extraordinary general meeting (EGM) on June 11, 2018. The EGM approved the modification for the Board members, but same principles are applicable for all employees in the plans. In addition, for the performance SOP, a decision has been taken on July 10, 2018 by the EGM.

The modification has been treated based on the provisions of IFRS 2 *Share based Payments*:

(1) For the Altice Europe part of the stock option plans:
The part of the Altice Europe plans was repriced in order to take into account the spin-off of Altice USA and has been considered as a replacement of cancelled options. Altice Europe continues to expense the portion of the initial fair value not yet recognised over the original vesting period, after taking into account the decrease related to the Altice USA stock option part (based on 24.33% ratio).

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[2] Including the stock options issued pursuant to the brand license and services agreement.
[3] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.

(2) For the Altice USA part of the stock option plans:
For specific reasons related to market regulations in the USA, it was decided to replace Altice USA stock option by payment in cash based on vesting dates of existing plans (no change in vesting conditions).

The treatment of a change from equity settled to cash settled is treated according to IFRS 2 B43:

(1) The vested part of the liability was recognised as a liability with a corresponding reduction of equity for an amount of $96.7 million (€82.9 million) at the Separation date June 8, 2018. Of this $32.9 million relates to Patrick Drahi/Next Alt and $32.9 million relates to Dexter Goei.

(2) The unvested liability will be recorded in the statement of income over the vesting period.

26.1.2. Altice France (formerly known as SFR Group)

The Board of Directors of SFR Group adopted, starting from 2013, stock option plans for its employees and key management personnel. The exercise of options is subject to conditions of presence and performances (based on consolidated revenue and EBITDA-capex).

The vesting occurs is time based as follows:
- A first tranche of 50% vests two years after the allocation of the options;
- A second tranche of 25% vests three years after the allocation of the options; and
- The final tranche of 25% will vest four years after the allocation of the options.

As part of the squeeze out of the remaining SFR Group shares on October 9, 2017, the material SOP holders agreed to renounce their option plans in exchange for a cash settlement.

26.2. Grants of awards

Details of movements in the number of awards outstanding under each of the Group's various stock option plans are provided in the following tables:

Altice Europe N.V.	**Number granted (m)**	**Weighted average exercise price[1] (€)**
Options outstanding as at January 1, 2017	**43.2**	**2.2**
Granted	34.5	4.7
Exercised	-	-
Cancelled, lapsed	(1.6)	3.6
Options outstanding as at December 31, 2017	**76.1**	**3.3**
Granted	9.8	2.0
Exercised	-	-
Cancelled, lapsed	(2.9)	4.1
Options outstanding as at December 31, 2018	**82.9**	**3.1**

Altice France	**Number granted (m)**	**Weighted average exercise price (€)**
Options outstanding as at January 1, 2017	**3.1**	**18.4**
Granted	-	-
Exercised	(1.2)	12.7
Cancelled, lapsed	(2.0)	24.8
Options outstanding as at December 31, 2017	**-**	**-**

1 The weighted average exercise price for stock option plans of the Company as at December 31, 2018 correspond to the repriced and adjusted weighted average exercise price following the Separation. Please refer to note 26.1.1.5.

26.3. Fair value of options granted

All stock options are initially measured based on the fair value of the award at grant date. An option pricing model was used to determine the fair value, which requires subjective assumptions; changes in these assumptions could materially affect the fair value of the options outstanding. The details of each material grant (or summary of grants) per the date of grant are set out below.

Altice Europe N.V.	January 31, 2018	January 31, 2018	January 31, 2018	Summary of 3 grants
Units granted (million)	5.00	1.75	1.75	1.26
Expiry date	January 31, 2028	January 31, 2028	January 31, 2028	Nov 2017 - Jan 2028
Unit fair value at the grant date (€)[1]	0.66	0.66	0.66	0,32 - 0,66
Share price at the grant date (€)[2]	8.66	8.66	8.66	10,25 - 8,66
Exercise price of the option (€)[2]	8.22	8.22	8.22	18.90 - 8,22
Anticipated volatility (weighted average)[3]	24.7%	24.7%	24.7%	26,69% - 24,67%
Anticipated dividends[4]	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.77%	0.77%	0.77%	0,41% - 0,77%

Altice Europe N.V.	January 31, 2017	January 31, 2017	January 31, 2017	January 31, 2017	Summary 19 grants
Units granted (million)	2.84	10.00	10.00	10.00	1.67
Expiry date	January 31, 2027	January 31, 2027	January 31, 2027	January 31, 2027	Nov 2026 - Dec 2027
Unit fair value at the grant date (€)[1]	2.77	2.47	0.71	0.54	0.22 - 3.41
Share price at the grant date (€)[2]	20.28	20.28	20.28	20.28	8.18 - 22.50
Exercise price of the option (€)[2]	19.36	19.36	19.36	19.36	13.45- 20.67
Anticipated volatility (weighted average)[3]	24.7%	24.7%	24.7%	24.7%	24.3%
Anticipated dividends[4]	2.50%	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.44%	0.44%	0.44%	0.44%	0.21% - 0.47%

1 The expected life of the options used in determining the fair value of the stock options is assumed to be the same as the expiry date (10 years).
2 The share price at the grant date and the exercise price of the option have not been adjusted for the Separation. Please refer to note 26.1.1.5.
3 The anticipated volatility is based on the average historical volatility of a select peer group over the last 10 years, given that the Company's shares have been traded just over 5 years.
4 Anticipated dividends are based on a consistent 2.5% policy over a 10-year horizon, in line with the Company's policy. With the exception of the special distribution in kind of its 67.2% interest in Altice USA to its shareholders out of its share premium reserve on June 8, 2018, the Company has not paid any dividends since its incorporation. However, the Company will at times consider returning capital to shareholders through ordinary and exceptional dividends as well as share buybacks if deemed adequate based on its review of the opportunity set for acquisitions or development projects.

26.4. Grant of free Preference Shares B

On July 10, 2018, the General Meeting determined the remuneration of Mr. Weill to include the right to acquire in aggregate up to 50,000,000 Preference Shares B with the following characteristics:

- granted number of Preference Shares B: 25,000,000;
- vesting period: earliest of four years from the grant date of the Preference Shares B and the Company's annual General Meeting to be held in 2022;
- performance criteria: on the financial year ending on December 31, 2021, the Company having generated an annual consolidated EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated EBITDA in the 4-year business plan adopted by the Company;
- number of Preference Shares B, each convertible into one Common Share A, ranging between 0% and 200% of the number of granted Preference Shares B, to be assessed at the end of the vesting period, according to a predetermined allocation key linked to performance criteria.

In addition, in connection with the Separation, the General Meeting approved an adjustment of the terms and conditions governing Mr. Weill's existing right to acquire in aggregate 1,855,664 Preference Shares B as granted on July 7, 2016 and amended on May 29, 2018, as follows:

- Tranche 1: 1,103,096 Preference Shares B, each upon vesting convertible into one newly to be issued Common Share A as well as 0.4163 existing shares of Class A Common Stock in Altice USA;
- Tranche 2: 752,568 Preference Shares B, each upon vesting convertible into a number of newly to be issued Common Shares A depending on the share price of the Common Shares A during the 5 trading days preceding the conversion request;
- a gross cash compensation of a maximum aggregate amount of $839,991.15.

As of December 31, 2018, 827,322 Preference Shares B Tranche 1 and 564,426 Preference Shares B Tranche 2 had vested.

27. Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses (€m)	December 31, 2018	December 31, 2017 (*revised)
Amortization of intangible assets	(1,968.4)	(2,349.3)
Amortization of contract costs	(252.3)	(243.5)
Depreciation of tangible assets	(1,892.3)	(1,769.2)
Impairments	(11.5)	(8.7)
Depreciation, amortization and impairment	**(4,124.5)**	**(4,370.6)**

* Please refer to note 36 for details about the revised information.

Depreciation, amortization and impairment expenses for the year ended December 31, 2018 were lower compared to 2017 mainly due to lower amortization of brand and licenses following the postponed adoption of the Group's global brand as announced in December 2017. This decrease was partially offset by an increase in amortization of content right in Altice TV.

In 2017, the Group recorded an accelerated amortization of brand name and customer relations of €881.8 million (of which €408.5 million was related to Altice USA and thus reclassed to results from discontinued operations) as a consequence of an announcement made on May 23, 2017 whereby the Group announced the adoption of a global brand which will replace the local brands in the future (except for the media brands), reducing the remaining useful lives of these trade name intangibles. The Company has estimated the remaining useful lives to be between one and three years from the date of adoption, which reflects one year as an in-use asset and in certain cases an additional two years as a defensive asset. Amortization expense is calculated on an accelerated basis based on the Company's estimate of the intangible asset during the in-use period. The remaining estimated value of the defensive asset once it is no longer in use will be amortized over the defensive period. In December 2017, the Group decided to postpone the adoption of the global brand. This decision had the effect of increasing the useful life of the existing brands, from the date of this decision, to their previous useful life of 5 years, and reducing the future annual amortization expense related to the brand names.

28. Net finance costs

Net finance costs (€m)	Year ended December 31, 2018	Year ended December 31, 2017 (*revised)
Interests charges on borrowings	(2,007.2)	(2,023.0)
Mark-to-market effect on borrowings	192.9	(305.5)
Interest relative to gross financial debt	**(1,814.3)**	**(2,328.5)**
Other financial expenses	(209.3)	(223.1)
Net foreign exchange gains/(losses)	(186.0)	-
Impairment of available for sale financial assets	(4.1)	(5.5)
Other financial expenses	**(399.4)**	**(228.6)**
Interest income	25.0	72.7
Other financial income	72.3	251.5
Finance income	**97.3**	**324.2**
Net result on extinguishment of financial liabilities	**(148.6)**	**(134.7)**
Finance costs, net	**(2,265.0)**	**(2,367.4)**

* Please refer to note 36 for details about the revised information.

28.1. Interest relative to gross financial debt

The decrease in interest expense for the year ended December 31, 2018 was primarily due to increasing mark-to-market gain in Altice France of €222.1 million and Altice Financing of €261.0 million compared to 2017.

As of December 31, 2018, the pre-tax weighted average cost of debt of the Group was 5.7% (2017: 5.9%).

28.2. Other financial expenses

The significant contributors to other financial expenses for the year ended December 31, 2018 were:

- net foreign exchange losses of €186.0 million, mostly linked to the change in the effectiveness of Altice Financing's derivative,
- other financial expense consisted mainly accrued/paid interest for €42 million in Altice France, €26 million of other non-cash expenses in Altice France (of which €15 million related to the acquisition of the minority

interests by ERT Lux, please refer to note 3.1.7), unwinding of discounts in Altice France of €27.0 million, unwinding of discount in PT Portugal of €6.0 million, other financial expenses in Altice TV by €25.3 million (mainly related to financial expenses of UEFA), interest expenses in HOT (€8.2 million).

28.3. Financial income

The significant contributors to other financial income in 2018 were:

- other financial income in Altice France of €6.7 million for the year ended December 31, 2018 whilst it recorded total net gains of €203.1 million related to the repricing of certain CCIRS instruments during 2017,
- the changes in the fair value of the minority call option of Teads that amounted to €43.2 million,
- other financial income in Altice Holdings of €17.0 million related to reversal of a debt with Codilink S.à r.l..

28.4. Net result on extinguishment of financial liabilities

The refinancing transactions of the Altice France credit pool resulted in a net loss on extinguishment of debt of €148.6 million for the year ended December 31, 2018 (please refer to note 18.1.3.5).

29. Average workforce

The workforce employed by the Group, expressed in the form of full-time-equivalent employees (FTE), is presented below. The full-time equivalence of each employee is calculated based on the number of hours worked by the employee in each period, compared to the maximum number of hours/period allowed as per the local law prevalent in the country of operation.

Average workforce	Year ended December 31, 2018	Year ended December 31, 2017
Managers	10,564	12,493
Technicians	5,559	8,765
Employees	19,205	25,885
Total	**35,328**	**47,143**

The decrease in average workforce (FTE) compared to 2017 of 11,815 was mainly due to the Separation (please refer to note 3.1.4); as of December 31, 2017, Altice USA and Altice Technical Services US had 11,995 FTE in total. In addition, further reduction in average workforce (FTE) was caused by restructuring in PT Portugal.

30. Related party transactions and balances

Transactions with related parties during 2018 are mainly related to transactions with Altice USA, transactions with associates of the various operating entities of the Group and payments for services rendered by the controlling shareholder of the Group. Such transactions are limited to:

- exchange of services between Altice France and PT Portugal and their associate companies (please refer to note 9 for more details on Altice France's and PT Portugal's associates);
- grant of stock options (in 2017) to the controlling shareholder of the Company;
- exchange of services between Altice USA, Teads, PT Portugal and Altice Dominicana;
- exchange of services like healthcare insurance, infrastructure services, management of emergency network and broadcasting of sport events between PT Portugal and its associate companies;
- services between HOT Telecom and Phi, its joint venture partner for mobile services;
- rental agreements entered into with Quadrans, a company controlled by the ultimate beneficial owner of the Group, for office space in France for the Altice France group.

The Group licenced the Altice brand from Next Alt as part of a brand licence and services agreement concluded in 2016. As part of this agreement, the Group has the exclusive right to use the Altice brand for corporate identification purposes and commercial purposes in the telecommunication, content and media sectors in the territory defined in the agreement (which, since the Separation, excludes North America). In 2017, the brand licence and services agreement was amended. Instead of a fee, Next Alt was granted 30 million stock options (reference is made to this grant in note 26). A total operating expense with the Company's equity holder of €56.3 million and €53.1 million was recognised in the consolidated statement of income for the year ended December 31, 2018 and December 31, 2017, respectively.

Transactions with related parties are not subject to any guarantees. The table below shows a summary of the Group's related party transactions for the year, and outstanding balances as at December 31, 2018 and December 31, 2017.

Related party transactions - income and expense	December 31, 2018				
(€m)	Revenue	Operating expenses	Financial expenses	Financial income	Capex
Equity holder	0.1	56.3	-	-	-
Altice USA and its subsidiaries	22.0	1.6	-	-	0.2
Executive managers	-	-	-	-	-
Associate companies and non-controlling interests	145.3	166.1	0.7	7.8	14.1
Total	**167.4**	**224.0**	**0.7**	**7.8**	**14.3**

Related party transactions - income and expense	December 31, 2017 (*revised)				
(€m)	Revenue	Operating expenses	Financial expenses	Financial income	Capex
Equity holder	-	53.1	-	-	-
Altice USA and its subsidiaries	30.8	0.8	-	56.0	-
Executive managers	-	-	-	-	-
Associate companies and non-controlling interests	142.0	137.5	29.0	1.0	14.3
Total	**172.8**	**191.5**	**29.0**	**57.0**	**14.3**

Related party balances - assets	December 31, 2018			December 31, 2017 (*revised)		
(€m)	Investment, loans and receivables	Trade receivables and other	Current accounts	Investment, loans and receivables	Trade receivables and other	Current accounts
Equity holder	12.4	7.4	0.1	11.3	-	-
Altice USA and its subsidiaries	385.0	9.8	11.2	-	22.3	-
Executive managers	-	-	-	-	-	-
Associate companies and non-controlling interests	85.4	51.8	25.0	72.6	44.5	11.4
Total	**482.8**	**69.1**	**36.3**	**83.9**	**66.8**	**11.4**

Related party balances - liabilities	December 31, 2018			December 31, 2017 (*revised)		
(€m)	Other financial liabilities	Trade payables and other	Current accounts	Other financial liabilities	Trade payables and other	Current accounts
Equity holder	-	39.5	-	-	4.0	-
Altice USA and its subsidiaries	-	2.3	13.0	-	41.6	10.8
Executive managers	-	-	-	-	-	-
Associate companies and non-controlling interests	0.9	93.0	0.6	-	70.3	0.4
Total	**0.9**	**134.7**	**13.6**	**-**	**115.8**	**11.2**

The revenue reported with associated companies and non-controlling interest mainly related to:

- Fibroglobal - Comunicações Electrónicas for €2.6 million (€2.9 million for the year ended December 31, 2017). The revenues are related to specialized works and the lease to Fibroglobal of ducts, posts and technical spaces through which its network passes;
- La Poste Telecom for mobile services delivered of €138.0 million (€117.1 million for the year ended December 31, 2017); and
- SIRESP for management of the emergency service network of €14.4 million for the year ended December 31, 2017 but zero for the year ended December 31, 2018 (SIRESP is no longer a related party in 2018, as it is consolidated due to increase of the Group's ownership).

The revenue reported with Altice USA and its subsidiaries for the year ended December 31, 2018 of €22.0 million mainly related to the sale of software licences and equipment from PT Portugal, online advertising services from Teads and long-distance traffic with Altice Dominicana. For the year ended December 31, 2017 the revenue of €30.8 million primarily related to management fee and long-distance traffic.

The operating expense reported with associated companies and non-controlling interest mainly related to:

- Fibroglobal - Comunicações Electrónicas for fibre network infrastructure management. The operating expenses of €9.2 million are related to a fee for any new customer installation and a monthly fee for PT Portugal's customer base through the network of Fibroglobal (€8.3 million for the year ended December 31, 2017);
- La Poste Telecom for the use of mobile services on their network of €14.2 million (€10.8 million for the year ended December 31, 2017);
- Sport TV for broadcasting of sports events of €65.3 million (€57.8 million for the year ended December 31, 2017);

- OMTEL for operating expenses related to infrastructure service fees for €18.5 million (zero for the year ended December 31, 2017);
- VOD Factory for providing VOD services of €14.7 million (€16.8 million for the year ended December 31, 2017); and
- Phi for operating expenses for a mobile network in Israel of €38.9 million (€38.9 million for the year ended December 31, 2017).

For the year ended December 31, 2018, the Group recorded an operating expense with its equity holder of €56.3 million (€53.1 million for the year ended December 31, 2017). This operating expense mainly relates to share-based compensation expense of €6.4 million and €49.8 million of rental expenses from Quadrans (which is majority owned by the Company's controlling shareholder). For the year ended December 31, 2017, the recorded operating expense of €53.1 million with its equity holder mainly related to management fees of €4.0 million, share-based expense of €13.4 million, rental expenses from Quadrans of €32.5 million and rental expenses from Green Datacenter Properties of €2.8 million (both entities were majority owned by the Company's controlling shareholder).

The financial expense with associated companies and non-controlling interest decreased from €29.0 million to €0.7 million for the year ended December 31, 2018. The financial expense of €29.0 million mainly related to interest on the loan with BC Partners and the Canada Pension Plan Investment Board (CPPIB) amounting to €24.0 million for both BC Partners and CPPIB for the first six months of 2017, as the loan was settled as part of the Altice USA IPO.

The financial income reported with Altice USA and its subsidiaries for the year ended December 31, 2017 of €56.0 million mainly related to loans granted to Altice USA which have been restructured as part of the Altice USA IPO.

The investment, loans and receivables of associated companies and non-controlling interests and with equity holder of December 31, 2018 mainly related to:

- a loan of €14.3 million granted to Fibroglobal - Comunicações Electrónicas that provides fibre network and infrastructure management services to PT Portugal (€14.2 million as of December 31, 2017);
- a loan receivable of €12.7 million with Synerail in relation to the GSMR project (€14.8 million as of December 31, 2017);
- subordinated loan with Wananchi of €57.6 million (€43.0 million as of December 31, 2017); and
- rental agreements for office space in France for the Altice France Group entered into by the Group with Quadrans, a company controlled by the ultimate beneficial owner of the Group. The Group has a deposit of €12.4 million with Quadrans (€11.3 million as of December 31, 2017).

The investment, loans and receivables with Altice USA and its subsidiaries as of December 31, 2018 mainly related to the Group's investment in Altice USA shares of €382.6 million. The trade receivables and other with Altice USA and its subsidiaries primarily relate to receivables from PT Portugal, Altice Dominicana and Teads for both 2018 and 2017.

The trade receivables and other and the current accounts of associated companies and non-controlling interests as of December 31, 2018 mainly related to:

- La Poste Telecom trade receivable of €19.2 million (€23.5 million as of December 31, 2017) and a current account of €24.2 million (€11.3 million as of December 31, 2017);
- Portugal Telecom - Associação de Cuidados de Saúde trade receivable of €13.5 million (€12.9 million as of December 31, 2017) related to the employee healthcare insurance in PT Portugal; and
- Sport TV trade receivable of €17.5 million (€0.9 million as of December 31, 2017).

The trade payables and other with equity holders as of December 31, 2018 mainly related to trade payable with Quadrans for rental of office space for the Altice France Group of €39.5 million (€4.0 million as of December 31, 2017).

The trade payables and other with Altice USA and its subsidiaries as of December 31, 2017 related to trade payable of €41.6 million which was settled during 2018.

The trade payables and other of associated companies and non-controlling interests as of December 31, 2018 mainly related to:

- Phi trade payable of €47.4 million (€47.7 million as of December 31, 2017). Phi is the joint venture with Partner that operates a mobile network in Israel;

- OMTEL trade payable related to infrastructure services of towers of €17.1 million (zero as of December 31, 2017);
- Sport TV, which provides broadcasting services of sport events to PT Portugal. PT Portugal has a trade payable of €12.3 million as of December 31, 2018 (€6.9 million as of December 31, 2017);
- VOD Factory, which provides VOD services to the Group for an amount of €4.8 million (€2.4 million as of December 31, 2017); and
- Portugal Telecom - Associação de Cuidados de Saúde, which provides healthcare insurance for the PT Portugal's active and retired employees. A trade payable of €6.3 million exists as of December 31, 2018 (€6.6 million as of December 31, 2017).

The total amount of transactions with the controlling shareholder of the Group amounted to €511.0 million as of December 31, 2018 (including future operating leases in France with Quadrans).

30.1. Compensation of key management personnel and Board members

30.1.1. Board members

Compensation paid to members of the Board of Directors of the Company is listed below. As per the guidelines of remuneration policy of the Company, compensation paid to executive members of the Board has a fixed and variable component that is determined and approved by the general meeting of the Company, upon a proposal of the Board based on a recommendation of the remuneration committee. Board members receive compensation from the Company for their roles on the Board, as follows:

Board Member	Amount (€)
President	200,000
Vice-President	150,000
CEO	180,000
Other Executive Board Member	150,000

The compensation of Non-Executive Board Members is currently set at €65,000 per annum per Non-Executive Board Member with further fixed compensation payable to reflect additional responsibilities and time commitment, such as chairmanship of Board committees. The members of the Audit Committee and the Remuneration Committee currently receive additional compensation of €20,000 and €5,000 per annum respectively. The chairmen of the Audit Committee and the Remuneration Committee currently receive additional compensation of €30,000 and €20,000 per annum respectively. The chairman of the Board currently receives additional compensation of €25,000 per annum.

Details of amounts paid to directors for the year ended December 31, 2018 are provided in the following table (reference is made to the management report of the Company; section 5.5.4 "Remuneration of the Board"):

Directors' remuneration €	Period on the Board in 2018	Fixed fee	Additional fee for services to the Group	Annual cash bonus	Other benefits & LPP collective plan	Committee fees	Cash settlement of USA part of stock option plans	Share-based expense	Total
P. Drahi	June 8 - December 31	112,698	-	-	-	-	27,843,348	6,650,000	34,606,047
D. Goei	January 1 - October 31	146,825	182,366	2,032,080	14,139	-	27,843,348	408,000	30,626,759
D. Okhuijsen	January 1 - October 31	133,333	156,157	1,000,000	44,893	-	2,404,009	614,000	4,352,393
A4 S.A.	January 1 - December 31	150,000	-	-	-	-	-	-	150,000
J. van Breukelen	January 1 - December 31	108,900	-	60,500	-	73,944	-	-	243,344
A. Weill	July 10 - December 31	85,909	996,829	500,000	-	-	-	21,500,000	23,082,738
T. Sauvaire	July 10 - December 31	31,023	-	-	-	10,606	-	-	41,629
P. Besnier	November 20 - December 31	7,403	-	-	-	2,847	-	-	10,250
N. Paulmier	November 20 - December 31	7,403	-	-	-	5,125	-	-	12,528
N. Marty	July 10 - December 31	71,591	24,167	300,000	11,741	-	51,169	51,000	509,667
S. Matlock	January 1 - July 10	34,247	-	50,000	-	23,710	-	-	107,957
J.-L. Allavena	January 1 - July 10	34,247	-	50,000	-	13,172	-	-	97,419
Closing balance		**923,580**	**1,359,519**	**3,992,580**	**70,772**	**129,404**	**58,141,875**	**29,223,000**	**93,840,731**

Details of amounts paid to directors for the year ended December 31, 2017 are provided in the following table:

Directors' remuneration €	Period on the Board in 2017	Fixed fee	Additional fee for services to the Group	Annual cash bonus	Other benefits & LPP collective plan	Committee fees	Equity based compensation	Total
D. Goei	January 1 - December 31	200,000	433,931	5,309,265	631,848	-	45,683,340	52,258,383
D. Okhuijsen	January 1 - December 31	160,000	190,000	1,350,000	43,255	-	305,008	2,048,263
A4 S.A.	January 1 - December 31	150,000	-	-	-	-	-	150,000
J. van Breukelen	January 1 - December 31	108,900	-	-	-	66,550	-	175,450
S. Matlock	January 1 - December 31	65,000	-	-	-	45,000	-	110,000
J.-L. Allavena	January 1 - December 31	65,000	-	-	-	25,000	-	90,000
M. Combes	January 1 - November 9	165,000	360,500	2,847,043	45,131	-	3,229,824	6,647,498
Closing balance		**913,900**	**984,431**	**9,506,308**	**720,235**	**136,550**	**49,218,172**	**61,479,595**

30.1.2. Key management personnel

Key management personnel include the executive directors of the Company and certain other members of the executive management team. The remuneration of key management personnel during the year was as follows:

Key management personnel (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Short-term benefits	7.8	14.5
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based expenses	96.8	60.1
Termination benefits	-	-
Total[1]	**104.6**	**74.6**

1 In addition to the Company's executive directors, the Group considers Mr. J. Bonnin, Mr. M. Corbin and Mr. A. Pereira as key management personnel.

30.1.3. Equity based compensation

The following tables summarizes the stock options granted to Executive Board Members under the different option plans (please refer to note 26.1 for a description of the different stock option plans):

SOP (1)

Name	Grant date	Tranches	Number of options granted	Current status	Initial exercise price (€)	Adjusted exercise price post-split (€)	Gross cash compensation (€)[2]	Value at the grant date (€)	Value at vesting (€)	Vesting[3]
		First (50%)	5,309,734	Vested	7.1	1.7		-	32,800,882	January 31, 2016
D. Goei	January 31, 2014	Second (25%)	2,654,867	Vested	7.1	1.7	27,843,348	-	35,090,705	January 31, 2017
		Third (25%)	2,654,867	Vested	7.1	1.7		-	4,230,530	January 31, 2018
		First (50%)	733,810	Vested	13.6	3.3	1,755,597	3,594,201	4,881,671	January 31, 2017
D. Okhuijsen[4]	January 31, 2015	Second (25%)	366,905	Vested	13.6	3.3		1,797,100	-	January 31, 2018
		Third (25%)	366,905	Unvested	13.6	3.3	585,199	1,797,100	N/A	January 31, 2019
		First (50%)	5,309,734	Vested	7.1	1.7		-	32,800,882	January 31, 2016
P. Drahi[5]	January 31, 2014	Second (25%)	2,654,867	Vested	7.1	1.7	27,843,348	-	35,090,705	January 31, 2017
		Third (25%)	2,654,867	Vested	7.1	1.7		-	4,230,530	January 31, 2018
		First (50%)	12,660	Vested	17.0	4.1	18,287	-	-	January 31, 2018
N. Marty[4]	January 31, 2016	Second (25%)	6,330	Unvested	17.0	4.1	9,144	-	N/A	January 31, 2019
		Third (25%)	6,330	Unvested	17.0	4.1	9,144	-	N/A	January 31, 2020
		First (50%)	17,975	Vested	13.9	3.4	32,882	18,638	2,624	June 23, 2018
	June 23, 2016	Second (25%)	8,987	Unvested	13.9	3.4	16,440	9,319	N/A	June 23, 2019
		Third (25%)	8,988	Unvested	13.9	3.4	16,440	9,319	N/A	June 23, 2020

1 The share option plan of Altice S.A. ("SOP SA") came into effect on January 31, 2014. The Company, as surviving entity in the Merger, has adopted a stock option plan which has replaced the SOP SA as of the effective date of the Merger, under (substantially) the same conditions as applicable to the SOP SA. Each option granted under the SOP SA was exchanged for four options, each entitling to one Common Share A in the share capital of the Company, at 25% of the applicable exercise price under the SOP SA.

2 In connection with the Separation, the exercise price of the stock options granted under the SOP was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163 Altice USA share, multiplied by the number of stock options held by the participant under the SOP, was granted to the participants who had unexercised stock options under the SOP, subject to vesting of the relevant stock options.

3 Vested options can be exercised at any time until the 10th anniversary of the grant date.

4 Subject to the deduction of the contributions to be made to the LPP collective plan, if any.

5 On July 5, 2018, the Board resolved that the payment of the cash compensation may be deferred if so agreed upon by the relevant participant and the Company and that the interest payable by the Company to the relevant participant in connection with the deferred payment would be: (i) if payment is deferred by six months, calculated as from the date on which the cash compensation is payable: EURIBOR plus 200 basis points and (ii) if payment is deferred by twelve months, calculated as from the date on which the cash compensation is payable: EURIBOR plus 300 basis points. The actual payment made to Next Alt in January 2019 was $33,225,284, including interest.

The following options are granted to Next Alt as part of a brand licence and services agreement concluded in 2016.

Name	Grant date	Tranches	Number of options granted	Current status	Initial exercise price (€)	Adjusted exercise price post-split (€)	Gross cash compensation (€)[1]	Value at the grant date (€)	Value at vesting (€)	Vesting[2]
	January 31, 2017	First (50%)	5,000,000	Unvested	19.36	4.71	7,190,441	4,579,000	N/A	January 31, 2019
		Second (25%)	2,500,000	Unvested	19.36	4.71	3,595,220	2,339,500	N/A	January 31, 2020
P. Drahi		Third (25%)	2,500,000	Unvested	19.36	4.71	3,595,220	2,339,500	N/A	January 31, 2021
	January 31, 2017		10,000,000	Unvested	19.36	4.71	6,506,115	0	N/A	latest by January 31, 20213
	January 31, 2017		10,000,000	Unvested	19.36	4.71	3,647,439	0	N/A	latest by January 31, 20224

1 In connection with the Separation, the exercise price of the stock options granted under the SOP was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163 Altice USA share, multiplied by the number of stock options held by the participant under the SOP, was granted to the participants who had unexercised stock options under the SOP, subject to vesting of the relevant stock options.
2 Vested options can be exercised at any time until the 10th anniversary of the grant date.
3 Subject to performance conditions: the options will vest in the event the share price doubles in value compared to the adjusted exercise price on or before January 31, 2021.
4 Subject to performance conditions: the options will vest in the event the share price triples in value compared to the adjusted exercise price on or before January 31, 2022.

Long-Term Incentive Plan

Name	Grant date	Number of options granted	Current status	Initial exercise price (€)	Adjusted exercise price post-split (€)	Gross cash compensation (€)[1]	Value at the grant date (€)	Value at vesting (€)	Vesting[2]
D. Goei	January 31, 2016	755,287	Unvested	13.2	3.2	1,387,291	-	N/A	January 31, 2019
	January 31, 2017	516,416	Unvested	19.4	4.7	742,652	472,934	N/A	January 31, 2020
D. Okhuijsen[3]	January 31, 2017	129,104	Unvested	19.4	4.7	185,663	118,233	N/A	January 31, 2020
P. Drahi	January 31, 2016	755,287	Unvested	13.2	3.2	1,387,290.9	-	N/A	January 31, 2019

1 In connection with the Separation, the exercise price of the stock options granted under the SOP was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163 Altice USA share, multiplied by the number of stock options held by the participant under the SOP, was granted to the participants who had unexercised stock options under the SOP, subject to vesting of the relevant stock options.
2 Vested options can be exercised at any time until the 10th anniversary of the grant date.
3 Subject to the deduction of the contributions to be made to the LPP collective plan, if any.

2017 LTIP

On November 2, 2017, the Board, upon recommendation of the Remuneration Committee, adopted the 2017 LTIP. Board Members are not eligible for participation in the 2017 LTIP.

PSOP

Name	Grant date	Number of options granted	Current status	Initial exercise price (€)	Adjusted exercise price post-split (€)[1]	Value at the grant date (€)	Vesting[2]
D. Okhuijsen	January 31, 2017	516,416	Unvested	19.4	4.71	-	December 31, 2020

1 The exercise price of the options granted under the PSOP were adjusted in connection with the Separation. No cash compensation is due in connection with the Separation with respect to options granted under the PSOP
2 Vested options can be exercised at any time until the 10th anniversary of the grant date.

31. Contractual obligations and commercial commitments

The Group has contractual obligations to various suppliers, customers and financial institutions that are summarized below. A detailed breakdown by operating entity is provided below. These contractual obligations listed below do not contain operating leases (detailed in note 21).

Unrecognised contractual commitments December 31, 2018	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	702.1	531.6	581.6	346.4	**2,161.6**
Investment commitments	817.0	82.0	142.0	408.3	**1,449.2**
Guarantees given to suppliers/customers	64.4	24.5	.5	31.8	**121.2**
Guarantees given to financial institutions	5.9	-	4.0	40.9	**50.8**
Guarantees given to government agencies	4.0	8.8	16.0	97.2	**126.1**
Indemnities related to sales of businesses	-	-	-	-	**-**
Other commitments	-	-	-	34.2	**34.2**
Total	**1,593.4**	**646.9**	**744.0**	**958.9**	**3,943.3**

Unrecognised contractual commitments December 31, 2017	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	3,129.0	2,323.7	2,915.3	586.3	**8,954.3**
Investment commitments	750.6	416.1	656.2	256.3	**2,079.2**
Guarantees given to suppliers/customers	51.1	14.1	33.6	68.0	**166.8**
Guarantees given to financial institutions	10.9	18.1	97.3	44.6	**170.9**
Guarantees given to government agencies	41.4	1.9	13.0	67.0	**123.3**
Indemnities related to sales of businesses	-	-	-	-	**-**
Other commitments	54.5	2.1	3.3	71.9	**131.8**
Total	**4,037.5**	**2,776.0**	**3,718.7**	**1,094.1**	**11,626.3**

The decrease in the unrecognised contractual commitments as of December 31, 2018 compared to December 31, 2017 is mainly due to the Separation (please refer to note 3.1.4).

31.1. Commitment to purchase goods and services

Commitments to purchase goods and services mainly refer to long term contracts that different operating entities have with suppliers of goods and services that are used to provide services to end customers:

- PT Portugal: commitments amounting to a total of €824.8 million include commitments to purchase inventory (mainly mobile phones, set-top-boxes and Home Gateways), commitments for other services, primarily related to maintenance contracts as well as commitments under football-related content agreements, namely:
  - agreements entered into in the end of 2015 for the acquisition of the exclusive broadcasting rights of home football games of several clubs (Porto, Vitória de Guimarães, Rio Ave, Boavista and Desportivo das Aves), including sponsorship agreement with Porto;
  - an agreement entered into with the other Portuguese telecom operators in July 2016 for the reciprocal sharing of broadcasting rights of football-related content for an eight year period, in accordance with which the acquisition cost of such rights is split between all operators based on their market share and accordingly PT Portugal has commitments to pay a portion of the acquisition cost of the rights acquired by its competitors based on PT Portugal's market share and is entitled to recharge other operators for a portion of the acquisition cost of its own exclusive rights based on the market share of such operators; and
  - a distribution agreement with the Portuguese sports premium channel (Sport TV) in July 2016, for a two-season period, in accordance with which PT Portugal is committed to pay a non-contingent fixed component.
- Altice Entertainment News and Sport: commitments include a total of €382.8 million related to content agreements, including mainly Discovery Communications and NBC Universal agreements.
- Altice France had total commitments amounting to €363.4 million related to broadcasting rights.
- Altice USA: as of December 31, 2017, commitments primarily include contractual commitments, for an amount of €7,006.9 million, with various programming vendors to provide video service to Altice USA customers. Amounts reflected relate to programming agreements and are based on the number of subscribers receiving the programming as of December 31, 2017 multiplied by the per subscriber rates or the stated annual fee, as applicable, contained in executed agreements in effect as of December 31, 2017.

31.2. Investment commitments

The commitments this year mainly refer to commitments made by different Group companies to suppliers of tangible and intangible assets (including content capex).

The investment commitments also include commitments made to government or local bodies to make certain investments in the context of Public-Private Partnerships ("PPP") entered by some subsidiaries of the Group. At Altice France, a total of €649.8 million was committed to suppliers of tangible and intangible assets over a period of over five years. Additionally, a total of €638.8 million has been committed to PPPs entered between various local governments in France and SFR Group to connect houses with Fiber to the Home (FTTH) sockets and to deploy FTTH in moderately dense areas.

During 2017, the Group acquired the exclusive rights to broadcast the UEFA Champions League and UEFA Europa League in France. The rights cover the period from August 2018 to May 2021. Those rights were recorded as intangible assets in 2018 (see note 6) and are not included in the Investments commitments as of December 31, 2018.

31.3. Guarantees given to suppliers/customers

This caption mainly consists of guarantees given to suppliers or customers by different Group companies as part of the normal course of the companies concerned.

31.4. Guarantees given to financial institutions

This caption mainly consists of bank guarantees given by different Group companies during their business. It mainly includes a commitment of €38.3 million made by Altice France as part of a Public Private Partnership that it has entered with Vinci, AXA and TDF along with Réseau Ferré de France (R.F.F.).

As of December 31, 2017, this caption included letters of commitments given by Altice USA to insurance and financial institutions for €97.3 million.

31.5. Guarantees given to government agencies

This caption mainly consists of guarantees given by different Group companies to government agencies as part of their regular operations. At PT Portugal, guarantees to government agencies for an amount of €61.8 million include a guarantee granted to the Portuguese telecom regulator (Anacom) under the acquisition of the 4G license and bank guarantees related to tax litigation.

As of December 31, 2017, this caption included guarantees were given to government agencies for an amount of €39.0 million at Altice USA.

31.6. Other commitments and guarantees

This caption mainly consists of guarantees given by different Group companies during their business.

31.7. Other commitments

31.7.1. Network sharing agreement

In the mobile segment, the Group has signed network sharing agreements in several subsidiaries. In France, on January 31, 2014, SFR and Bouygues Telecom signed a strategic agreement to share their mobile networks. They will deploy a new shared-access mobile network in an area covering 57% of the population. The agreement allows the two operators to improve their mobile coverage and to achieve significant savings over time. The deployment of the RAN sharing has started in September 2015 and 11,591 sites have been deployed as of December 31, 2018. SFR consider that the agreement's commitments given amount to approximately €1,194 million and commitments received amount to approximately €1,665 million, which results in a net commitment received of approximately €471 million over the long term agreement period.

31.7.2. Commitments linked to telecommunications activities

31.7.2.1.*France*

SFR is the holder of operating authorizations for its networks and the provision of its telecommunications services on the French territory, as presented below:

Band	Technology	Decisions	Start	End
700 MHz	4G (2 × 5 MHz)	ARCEP Dec. n° 15-1569	December 8, 2015	December 8, 2035
800 MHz	4G (2 × 10 MHz)	ARCEP Dec. n° 12-0039	January 17, 2012	January 17, 2032
900 MHz	2G/3G/4G (2 × 10 MHz)	ARCEP Dec. n° 06-0140 ARCEP Dec. n° 18-0683	March 25, 2006	March 25, 2021
	2G/3G/4G (2 × 8.7 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2031
1800 MHz	2G/4G (2 × 20 MHz)	ARCEP Dec. n° 15-0976	May 25, 2016	March 25, 2021
	2G/3G/4G (2 × 20 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2035
2.1 GHz	3G (2 × 14.8 MHz)	Dec. Issued on July 8, 2001	August 21, 2001	August 21, 2021
	3G (2 × 5 MHz)	ARCEP Dec. n° 10-0633	June 8, 2010	June 8, 2030
	2G/3G/4G (2 × 9.8 MHz)	ARCEP Dec. n° 18-1393	August 21, 2021	August 20, 2031
2.6 GHz	4G (2 × 15 MHz)	ARCEP Dec. n° 11-1171	October 11, 2011	October 11, 2031

The applicable financial terms are as follows:

- For the license in 900 MHz and 1800 MHz bands granted from March 25, 2016: annual payments for 15 years which are broken down each year into two parts, consisting of a fixed component amounting to €25 million per year (this discounted amount was capitalised as €278 million in 2006) and a variable component corresponding to 1% of the annual revenue generated by the use of those frequencies;
- For the license in the 2.1 GHz band granted from August 21, 2001: the fixed component paid in 2001, i.e., €619 million, was recognised in intangible assets and the variable component of the royalty amounted to 1% of the annual revenue generated by the use of this frequency. Additionally, under this license, SFR acquired new frequencies for €300 million in June 2010, for a 20-year period;
- For the licenses in the 2.6 GHz, 800 MHz and700 MHz bands: the fixed components paid in October 2011 (€150 million) and January 2012 (€1,065 million) were recognised in intangible assets on the license allocation dates respectively in 2.6 GHz, 800 MHz and 700MHz bands. SFR acquired new frequencies in December 2015, for €466 million, payable in four instalments. The variable portion of the royalty is 1% of the annual revenue generated by the use of those frequencies. The variable components of these license fees, which cannot be reliably measured in advance, are not recorded on the balance sheet but are recognised under expenses for the period in which they are incurred.
- For the license in 900 MHz and 1800 MHz bands granted from March 25, 2021: the fixed part of the annual license fee amounts to €1068 per kHz duplex allocated in the 900 MHz and €571 per kHz duplex allocated in the 1800 MHz band. The variable component corresponding to 1% of the annual revenue by the use of those frequencies.
- For the license in 2.1 GHz band granted from August 21, 2021: the fixed part of the annual license fee amounts to €571 per kHz duplex allocated. The variable component corresponding to 1% of the annual revenue by the use of those frequencies.

Furthermore, SFR Group is paying a contribution to the spectrum development fund for frequency bands which were thus developed, as decided by the French Government (700 MHz, 800 MHz, 2.1 GHz and 2.6 GHz,) as well as a tax to the National Frequencies Agency intended to cover the complete costs incurred by this establishment for the collection and treatment of claims of users of audiovisual communications services relating to interference caused by the start-up of radio-electric stations (700 MHz and 800 MHz).

31.7.2.2.*Portugal*

MEO is the holder of operating authorizations for its networks and the provision of its telecommunications services on the Portugal territory, as presented below:

Band	Technology	Decisions	Start	End
800 MHz	4G (2 × 10 MHz)	Usage Rights for Terrestrial ECS ICP-ANACOM Nº 02/2012	March 9, 2012	March 9, 2027
900 MHz	2G/3G/ 4G (2 × 8 MHz)		February 28, 2007	March 16, 2022
1800 MHz	2G/4G (2 × 6 MHz)		February 28, 2007	March 16, 2022
	2G/4G (2 × 14 MHz)		March 9, 2012	March 9, 2027
2.1 GHz	3G/4G (2 × 20 MHz)		April 21, 2018	April 21, 2033
2.6 GHz	4G (2 × 20 MHz)		March 9, 2012	March 9, 2027

Historically, there were no costs upon renewals except for further coverage obligations. Furthermore, MEO pays spectrum fees based on the MHz acquired in the several auctions.

32. Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative law suits. Provisions are recognised by the Group when management believe that it is more likely than not that such lawsuits will result in an expense being recognised by the Group, and the magnitude of the expenses can be reliably estimated. The magnitude of the provisions recognised is based on the best estimate of the level of risk on a case-by-case basis, considering that the occurrence of events during the legal action involves constant re-estimation of this risk.

The Group is not aware of other disputes, arbitration, governmental or legal action or exceptional fact (including any legal action of which the Group is aware, which is outstanding or by which it is threatened) that may have been, or is in, progress during the last months and that has a significant effect on the financial position, the earnings, the activity and the assets of the Company and the Group, other than those described below.

This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the consolidated financial statements and that have had or that may have a significant effect on the financial position of the Group.

32.1. France

32.1.1. Complaint by Bouygues Telecom against SFR and Orange

The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange claiming that the latter were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority decided to postpone its decision and remanded the case for further investigation. On August 18, 2011, SFR received a complaint claiming unfair pricing. On December 13, 2012, the Competition Authority fined SFR €66 million for abuse of dominant position, which SFR has paid.

SFR appealed the decision. The case was heard by the Paris Court of Appeal on February 20, 2014. The Paris Court of Appeal rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation, the French Supreme Court, by SFR on July 9, 2014; on October 6, 2015, the Court of Cassation rejected SFR's appeal) and asked the European Commission to provide an Amicus Curiae to shed light on the economic and legal issues raised by the case. The Court of Appeal postponed ruling on the merits of the case pending the Commission's opinion. The Commission rendered its opinion on December 1, 2014, which went against SFR. The hearing on the merits of the case was held on December 10, 2015. The Court of Appeal issued its ruling on May 19, 2016; it granted a 20% fine rebate to SFR due to the new nature of the infraction. The French treasury (Trésor Public) returned €13.144 million to SFR. SFR appealed on a point of law on June 20, 2016.

As a result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, Omea Telecom and EI Telecom (NRJ Mobile) brought suit against SFR in the Commercial Court for damages. In accordance with the transaction between SFR and Bouygues Telecom in June 2014, the closing hearing of the conciliation proceedings was held on December 5, 2014. The motion for discontinuance granted on September 11, 2014 ended the legal action between the two companies. With respect to the claim by Omea Telecom (€67.9 million) and EI Telecom (€28.6 million), SFR applied for stay on a ruling pending the decision of the Paris Court of Appeal and obtained it. Omea withdrew on May 24, 2016. EI Telecom decided to recommence its legal proceedings and updated its loss to €28.4 million. The procedure is pending.

32.1.2. eBizcuss.com against Virgin

eBizcuss.com filed a complaint against Virgin on April 11, 2012 before the French Competition Authority regarding an anticompetitive vertical agreement between Apple and its wholesale distributors (including Virgin). The case is pending.

32.1.3. Complaint by SFR Fibre (ex NC Numericable) to the French Competition Authority

On May 20, 2015, SFR Fibre (ex NC Numericable) filed a complaint against Groupe Canal+ before the French Competition Authority based upon an abuse of dominant position of Groupe Canal+ regarding its self-distribution. The complaint is pending.

32.1.4. Complaint against Orange to the Competition Authority regarding the market in mobile telephony services for businesses

On August 9, 2010, SFR filed a complaint against Orange with the Competition Authority for anticompetitive practices in the business mobile telephony services market. On March 5, 2015 the Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the Authority ordered Orange to pay a fine of €350 million.

On June 18, 2015, SFR filed a suit against Orange in the Commercial Court and is seeking €2.4 billion in damages subject to adjustment as remedy for the loss suffered as a result of the practices in question in the proceedings with the Competition Authority. On June 21, 2016, Orange filed an injunction to disclose several pieces of confidential data in SFR's economic report for July 21, 2016. On June 28, 2017, the judge ruled on this procedural issue.

Following this ruling, two Data Rooms were opened at Orange, the first one in September 2018 for the mobile services, and the second one in October 2018 for the fixed services. The substantive debate will only start after the analysis from Orange of the documents placed in Data Room.

32.1.5. Potential failure to meet commitments made by Altice France as part of the takeover of exclusive control of SFR relating to the agreement signed by SFR and Bouygues Telecom on November 9, 2010 (Faber)

Following a complaint from Bouygues Telecom, the Competition Authority officially opened an inquiry on October 5, 2015 to examine the conditions under which SFR Group performs its commitments relating to the joint investment agreement entered into with Bouygues Telecom to roll out fiber optics in very densely populated areas. A session before the Competition Authority board was held on November 22, and then on December 7, 2016.

On March 8, 2017, the Competition Authority imposed a financial sanction of €40 million against Altice and SFR Group, for not having respected the commitments set out in the "Faber Agreement" at the time of the SFR acquisition by Numericable. This amount was recognised in the financial statements as of December 31, 2016 and was paid during the second quarter of 2017. The Competition Authority also imposed injunctions (new schedule including levels of achievement, with progressive penalty, in order to supply all the outstanding access points).

A summary was lodged on April 13, 2017 before the Council of State. The judge in chambers of the Council of State said there is no matter to be referred. On September 28, 2017, the Council of State rejected the application for cancellation of the decision of the Competition Authority of Altice and SFR.

The Competition Authority is currently controlling the compliance by SFR of its commitments under the "Faber agreement". As of December 31, 2018, the Group considers that the risk is difficult to estimate reliably and is hence considered to be a contingent liability under IAS 37 *Provision, Contingent Liabilities and Contingent Assets*.

32.1.6. SFR against Orange: abuse of dominant position in the second homes market

On April 24, 2012, SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014, the Paris Court of Appeals overturned the Paris Commercial Court's ruling of February 12, 2014 and dismissed SFR's requests. The Court of Appeals ruled that it had not been proven that a pertinent market limited to second homes actually exists. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014, SFR received notification of the judgment of the Paris Court of Appeals of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014, SFR appealed the ruling.

On April 12, 2016, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange returned €52.7 million to SFR on May 31, 2016. Orange refiled the case before the Paris Court of Appeal on August 30, 2016. SFR filed its conclusion on September 6, 2017.

On June 8, 2018, the Paris Court of Appeal rejected Orange's appeal. On December 24, 2018, Orange refiled an appeal with the Supreme Court.

32.1.7. Orange against SFR and Bouygues Telecom (Sharing Agreement)

On April 29, 2014, Orange applied to the French Competition Authority to disallow the agreement signed on January 31, 2014 by SFR and Bouygues Telecom to share their mobile access networks, based on Article L. 420-1 of the French Commercial Code and Article 101 of the Treaty on the Functioning of the European Union (TFEU). In addition to this referral, Orange asked the Competition Authority for a certain number of injunctions against the

companies involved.

In a decision dated September 25, 2014, the Competition Authority dismissed all of Orange's requested injunctions to stop SFR and Bouygues Telecom from implementing the agreement that they had signed to share part of their mobile networks.

Orange appealed the Competition Authority's decision to dismiss its request for provisional measures. The Court of Appeal upheld this decision on January 29, 2015. Orange is now appealing the matter to the French Supreme Court. The Court of Cassation rendered a decision dismissing the appeal filed by Orange on October 4, 2016. The investigation of the merits continues.

32.1.8. SCT against SFR

On October 11, 2017, SCT summoned SFR before the Paris Commercial Court for some supposed dysfunctions and multiple failings in the delivery of its Fixe services, such as the loss of final clients as part of the supply of mobile services (MVNO).

For this reason, SCT asks, on various grounds, for an amount around €48 million (divided into €25 million on the fixed services, €15 million for the loss of clients, €2 million for loss of revenues, €1 million for deployment delays, €3.5 million for dysfunctions which led a negative impact on their internal management, €0.5 million for overcharging, €0.8 million for purchases with Orange and €0.2 million for damages to their image).

This case was subject to a conciliation proceeding between the parties. After the failure of this proceeding, the case was sent on the merits and SFR communicated its conclusions in response on March 13, 2018.

SFR concluded its defense pleadings on February 26, 2019. Hearings have been held on March 26, 2019 and SCT will provide its conclusions on May 7, 2019.

32.1.9. CLCV's summons and complaint against SFR

On January 7, 2013, the consumer association CLCV filed a complaint against SFR in the Paris Commercial Court. CLCV claimed that some of the clauses in SFR's general terms of subscription, and those of some other telephone operators, were unfair. It also asked for compensation for the collective loss suffered. The Paris District Court ruled that the clauses were unfair. SFR has appealed this ruling on April 16, 2015. The case was pleaded before the court of appeals of Paris on October 19, 2017.

On March 30, 2018, the court of Appeals of Paris ruled that seven (of the fifty or so clauses which the CLCV claimed were unfair/abusive) were unfair and demanded that SFR publish the entire ruling on its website preceded by the phrase 'legal communiqué' and ordered SFR to remove said clauses from the general terms of subscription with a penalty of up to 300 euros per day of delay. The procedure is in progress.

32.1.10. Free against SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court. Free challenged the subsidy used in SFR's "Carrés" offers sold over the web between June 2011 and December 2012, claiming that it constituted a form of consumer credit and, as such, SFR was guilty of unfair practices by not complying with the consumer credit provisions, in particular in terms of prior information to customers. Free asked the Paris Commercial Court to require SFR to inform its customers and to order it to pay €29 million in damages. On January 15, 2013, the Commercial Court dismissed all of Free's requests and granted SFR €0.3 million in damages. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Paris Court of Appeal confirmed the Paris Commercial Court's ruling and denied all claims filed by Free. The amount of damages payable by Free to SFR was increased from €0.3 million to €0.5 million. On May 6, 2016, Free filed an appeal. SFR's pleadings in defense were filed on November 8, 2016.

The Court of Cassation rendered a decision on March 7, 2018. This decision overturned and partially cancelled the decision rendered by the Court of Appeal and referred the case back to the Court of Appeal. The Court of Cassation considered that the Paris Court of Appeal had based its prior judgment on improper motives to exclude the mobile

subsidy provided by SFR on its subscriptions from the scope of consumer credit. In addition, the Court of Cassation reaffirmed the sentencing for Free mobile to pay € 0.5 million for the defamation suffered by SFR.

Free referred the matter to the Second Paris Court of Appeal and the case was pleaded on February 13, 2019. The Court will render a decision on April 17, 2019.

32.1.11. SFR against Iliad, Free and Free mobile: unfair competition by disparagement

On May 27, 2014, SFR filed a complaint against Iliad, Free and Free Mobile in the Paris Commercial Court for unfair competition claiming that when Free Mobile was launched and afterwards, Iliad, Free and Free Mobile were guilty of disparaging SFR services. SFR claimed €493 million in damages.

On September 9, 2016 by pleadings on counterclaims, Free requested the Court to judge that SFR denigrated their capacities and services and claimed €475 million in damages. The Paris Commercial Court rendered its judgment on January 29, 2018. The Court sentenced Free Mobile to pay to SFR €20 million as moral damage as a result of unfair competition made by disparagement.

In addition, the court sentenced SFR to pay to Free Mobile €25 million as moral and material damage as a result of unfair competition made by disparagement.
Accordingly, the court sentences, as compensation, SFR to pay to Free Mobile €5 million as damages. This decision was executed and the Group paid the €5 million net amount to Free Mobile in June 2018. SFR appealed this decision. The case is still pending.

32.1.12. Disputes regarding the transfer of customer call centers from Toulouse, Lyon and Poitiers

Following the transfer of customer call centers from Toulouse and Lyon to the company Infomobile and the Poitiers call centers to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at Labor Tribunals in each city to penalize what they claim were unfair employment contracts constituting fraud under Article L. 1224-1 of the French Labor Code and also contravening the legal provisions regarding dismissal for economic reasons. The rulings in 2013 were mixed as the Toulouse Court of Appeals penalized SFR and Téléperformance in half of the cases while the Lyon and Poitiers courts ruled in favor of SFR. The cases are now at different stages of proceedings: Labor Tribunal, Court of Appeals and Court of Cassation.

32.1.13. Litigation over distribution in the independent network (Consumer market and SFR Business Team)

SFR, like companies operating an indirect distribution model, faces complaints from a certain number of its distributors and almost routinely from former distributors. Such recurring complaints revolve around claims of sudden breach of contractual relations, abuse of economic dependency and/or demands for requalification as a sales agent as well as, more recently, demands for requalification as a contractual branch manager and requalification as SFR contracted point of sale staff.

32.1.14. Free against SFR

In July 2015, Free filed suit against SFR in order to stop it from using the word "Fiber," claiming that the solution marketed by SFR is not a fiber to the home (FTTH) solution; Free considers SFR's communication to be deceptive about substantial qualities and, on that basis, is asking the court to find there is parasitism and unfair competition.
On January 19, 2018, the court rendered a decision. The decision condemns SFR to:

- €1 million as moral damages;
- communicate, within 90 days following the date of the judgment notification, to each client having subscribed to SFR or Numericable, of an offer including the term « fibre » (excluding FTTH offers) on IT support and paper support information relating to : (i) the precise nature of its connection to optical fibre (ii) the number of subscribers sharing coaxial connection and (iii) the average connection speed at peak hours and off-peak hours;
- inform, within 90 days following the date of the judgment notification, each client having subscribed to SFR or NC to an offer including the term « fibre » (excluding FFTH offers) that they benefit from a possibility of immediate termination for default of previous information about the exact characteristics of the offer;
- €0.1 million as article 700 of the Civil Proceedings Code.

The Court considered having made a material error in failing to mention provisional enforcement in the judgment. Accordingly, the Court decided, by the judgment dated February 12, 2018, the provisional enforcement for all convictions in this case. Pending notification of judgments by Free, SFR is preparing the summons in summary proceedings for the First President of the Court of Appeal in order to cease provisional enforcement in this case.

Free notified the judgments on June 4, 2018. Provisional enforcement has been confirmed by the First President of the Court of Appeal on October 30, 2018. SFR communicated to each concerned clients on December 24 and 26, 2018 by mail and email, both mentioning information (i), (ii) and (iii) required. Only the email was mentioning the possibility of immediate termination of the contract.

Free went to Court to contest the proper enforcement of all convictions but lost its case before the Enforcement judge who confirmed that SFR properly enforced all convictions on March 19, 2019.

In the meantime, SFR appealed the Commercial Court's decision and filed its submissions on March 25, 2019. SFR is waiting for a hearing date.

32.1.15. Familles Rurales against SFR

In May 2015, Familles Rurales filed suit against SFR in the Paris District Court in the context of a class action seeking remedy for the loss allegedly suffered by consumers, claiming deceptive sales practices used by SFR in its communications about 4G. Familles Rurales requested a provision of €0.1 million.

On October 3, 2018, the Paris District Court has rejected the claim of Familles Rurales and the Court sentenced Familles Rurales for the payment of €15,000 under the article 700 of the Civil Proceedings Code (*Code de Procedure Civile*). On November 5, 2018, Familles Rurales appealed the decision. The closing ordinance will occur on April 11, 2019 and the case will be pleaded concomitantly in collegiate before the Court of Appeals of Paris.

32.1.16. Tracetel and Intermobility against SFR: Velib

In May 2017, Tracetel and Intermobility sued SFR before the Paris Commercial Court in order to obtain compensation for the damage allegedly suffered by the two contracting parties in the context of the response to the tender procedure of the Vélib DSP. They accuse SFR of not having filed the joint offer and are asking for the sentencing of SFR to the tune of €69 million for loss of tender. To date, the Group is challenging the merits of these claims.

In November 2018, at the time of the submission of summary conclusions, Tracetel and Intermobility requested that, in the event of rejection of their principal claim, SFR will be ordered to pay a minimum amount of €2.5 million. The conclusions of SFR in response were filed on January 25, 2019 and the date of hearings has not been scheduled yet.

32.1.17. In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities

On July 17, 2013, the European Commission signaled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to SFR Fibre (ex NC Numericable) was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives the latter an economic advantage not enjoyed by its competitors, and that it therefore constitutes government aid within the meaning of the rules of the European Union and that the free-of-charge transfer of the cable networks and ducts by 33 French municipalities to SFR Fibre (ex NC Numericable), they have argued, confers a benefit of this type and, as such, is government aid. The European Commission has expressed doubts about the compatibility of the alleged aid with the rules of the European Union. The Group firmly denies the existence of any government aid. In addition, the decision to open an investigation concerns a relatively small number of network connections (approximately 200,000), the majority of which have not been migrated to EuroDocsis 3.0 and only allow access to a limited number of the Group's television services. The European Commission's decision of July 17, 2013 was published in the Official Journal of the European Union on September 17, 2013. Since then, discussions have continued within the framework of this process both in terms of comments from third parties as well as those from the parties to the proceedings as to the allegation of the existence of aid and its extent, with the Group firmly challenging the existence of any government aid.

32.1.18. Dispute with Orange concerning certain IRUs

The Group signed four non-exclusive IRUs with Orange on May 6, 1999, May 18, 2001, July 2, 2004 and December 21, 2004, in connection with the Group's acquisition of certain companies operating cable networks built by Orange. These cable networks, accessible only through the civil engineering installations of Orange (mainly its ducts), are made available to the Group by Orange through these non-exclusive IRUs. Each of these IRUs covers a different geographic area and was signed for a term of 20 years.

Following ARCEP's Decision 2008-0835 of July 24, 2008, Orange published, on September 15, 2008, a technical and commercial offer made to telecommunication operators allowing them access to the civil engineering infrastructures of the local wire-based network, pursuant to which the operators can roll out their own fiber networks in Orange's ducts. The terms of this mandatory technical and commercial offer are more restrictive than the terms that the Group enjoys under the Orange IRUs.

As a result, in December 2011, SFR Fibre (ex NC Numericable) and Orange signed amendments to the IRUs in order to comply with the November 4, 2010 ARCEP decision and to align the operating procedures set out in the IRUs with the procedures set out in the Orange general technical and commercial offer.

Lastly, SFR Fibre (ex NC Numericable) initiated parallel proceedings against Orange before the Commercial Court of Paris on October 7, 2010 claiming damages of €2.7 billion for breach and modification of the IRUs by Orange. On April 23, 2012, the Commercial Court of Paris ruled in favor of Orange and dismissed the Group's claims for damages, ruling that there were no material differences between the original operational procedures and the new operational procedures imposed on SFR Fibre (ex NC Numericable) by Orange under the terms of its general technical and commercial offer, published on September 15, 2008. SFR Fibre (ex NC Numericable) appealed this decision before the Paris Court of Appeals and claimed the same amount of damages as it had before the Paris Commercial Court. Orange, in turn, claims that this proceeding materially impaired its brand and image, and is seeking an order to make SFR Fibre (ex NC Numericable) pay damages of €50 million. In a ruling dated June 20, 2014, the Paris Court of Appeals dismissed SFR Fibre's (ex NC Numericable) appeal, which was referred to the Court of Cassation on August 14, 2014. On February 2, 2015, the Court of Cassation set aside the ruling of the Paris Court of Appeals except in that it recognised NC Numericable's interest in acting and referred the case back to the Paris Court of Appeals.

32.1.19. Action by Colt, Free and Orange in the General Court of the European Union concerning the DSP 92 project

Colt, Free and Orange, in three separate motions filed against the European Commission before the General Court of the European Union seeking to annul the European Commission's final decision of September 30, 2009 (Decision C (2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute government aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French government and the department of Hauts-de-Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union.

32.1.20. Litigation between Sequalum and CG 92 regarding DSP 92

A disagreement arose between the Hauts-de-Seine General Council ("CG92") and Sequalum regarding the terms of performance of a utilities public service concession contract ("THD Seine") signed on March 13, 2006 between Sequalum, a subsidiary of the Group, and the Hauts-de-Seine General Council; the purpose of this delegation was to create a very-high-speed fiber optic network in the Hauts-de-Seine region. The Hauts-de-Seine General Council meeting of October 17, 2014 decided to terminate the public service delegation agreement signed with Sequalum "for misconduct by the delegatee for whom it is solely responsible".

Pursuant to two decisions rendered on March 16, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against two enforcement measures issued by the department of Hauts-de-Seine in respect of penalties, for amounts of €51.6 million and €45.1 million. Sequalum appealed the two decisions before the Administrative Court of Versailles but paid the amount of €97 million over the month of July 2017.

Sequalum claimed that the termination was unlawful and continued to perform the contract, subject to any demands that the delegator may impose. Should the competent courts confirm this interpretation of unlawful termination, Sequalum may primarily have (i) to repay the public subsidies received for the DSP 92 project, normally the outstanding component of the subsidies (the company received €25 million in subsidies from the General Council), (ii) to reimburse any deferred income (estimated at €32 million by the department) and (iii) to compensate the department for any losses suffered (amount estimated by the Department of €212 million).

In turn, the department of Hauts-de-Seine received the returnable assets of the DSP on July 1, 2015. Furthermore, the General Council will have to pay compensation to Sequalum, which essentially corresponds to the net value of the assets.

On October 16, 2014, Sequalum filed a motion in the Administrative Court of Cergy Pontoise requesting the termination of the public service concession because of *force majeure* residing in the irreversible disruption of the structure of the contract, with the resulting payment of compensation in Sequalum's favor.

At December 31, 2015, the assets were removed from Sequalum's accounts in the amount of €116 million. Income receivable in the amount of €139 million related to the expected indemnification was also recognised, an amount fully depreciated given the situation.

On July 11, 2016, the department of Hauts-de-Seine established a breakdown of all amounts due (in its opinion) by each party for the various disputes, and issued demands based on said breakdown. Each amount was subject to a decision by the public accountant dated July 13, 2016 (final amount established by the latter for a net amount of €181.6 million, taking into account the carrying amount due in his opinion to Sequalum). This breakdown, the various demands and the compensation decision were subject to applications for annulment filed by Sequalum with the Administrative Court of Cergy Pontoise on September 10, 12 and 14, 2016. These applications remain pending, except for the application for annulment relating to the breakdown (the Court having considered that the breakdown was not a measure which could be appealed. Sequalum appealed this decision before the Versailles Administrative Court of Appeals). SFR Group outlined that it had its own optical fibre in the Haut-de-Seine department enabling it to serve its customers.

In September 2017, the department issued three revenue orders (*titres de recette*) in order to minimize the balance due to Sequalum at the time of counting. These demands were contested:

- order of an amount of €23.2 million for the unamortized portion of the subsidies: SFR's appeal dismissed,
- order of an amount of €31.9 million for deferred income: successful appeal for SFR,
- order of an amount of €5.7 million for amounts received as prepayment for connections: SFR's appeal dismissed.

The department issued a revenue order of €212 million for damages suffered as a result of the faults based on which the contract was terminated. The judgment was rendered on February 15, 2018. It reduces the indemnity by €187 million and reduces, correlatively, the amount of the revenue order to €26 million. The department appealed this decision. The judgement rendered on July 5, 2018 granted Sequalum's request for cancellation of the compensation. On the other hand, the request for repayment was rejected. This rejection was appealed.

32.1.21. Group Canal+ (GCP) against SFR and SFR Fibre (ex NC Numericable)

On October 4, 2017, GCP summoned SFR and SFR Fibre (ex NC Numericable) before the Paris Commercial Court. GCP claimed that both SFR and SFR Fibre (ex NC Numericable) breached their contractual obligations and notably:

- the marketing of substitute products to the GCP allowing customer poaching from GCP offers to the benefit of the Group offers;
- the decrease of GCP's offers promotions;
- the promotion of migration of the subscribers base in favour of FTTB offer, which does not allow access to Canalsat offer;
- misleading advertising on contents (ex: « Le Grand Football est chez SFR »);
- the refusal to set up new offers;
- the modification of the GCP channels numbering;
- the GCP channels denigration on SC platforms.

GCP requested the termination of the above under financial penalty of thirty thousand euros per day, and damages in the amount of €174 million.

On September 18, 2018, the two parties signed a contract allowing GCP to distribute sports channels produced by the Group via satellite. As part of this agreement, both parties decided to mutually desist from all open legal proceedings, thus ending the aforementioned litigation.

32.1.22. Claim by Bouygues Telecom against SFR Fibre (ex NC Numericable) and Completel

In late October 2013, SFR Fibre (ex NC Numericable) and Completel received a claim from Bouygues Telecom regarding the "white label" contract signed on May 14, 2009, initially for five years and extended once for an additional five years for the supply to Bouygues Telecom of double- and triple-play very-high-speed offers. In its letter, Bouygues Telecom claimed damages totalling €53 million because of this contract. Bouygues Telecom alleges a loss that, according to Bouygues Telecom, justifies damages including (i) €17.3 million for alleged pre-contractual fraud (providing erroneous information prior to signing the contract), (ii) €33.3 million for alleged non-performance by the Group companies of their contractual obligations and (iii) €2.4 million for alleged damage to Bouygues Telecom's image. The Group considers these claims unfounded both in fact and in contractual terms and rejects both the allegations of Bouygues Telecom and the amount of damages claimed.

On July 24, 2015, Bouygues Telecom filed suit against SFR Fibre (ex NC Numericable) and Completel concerning the performance of the contract to supply very-high-speed links (2P/3P). Bouygues Telecom is accusing SFR Fibre (ex NC Numericable) and Completel of abusive practices, deceit and contractual faults, and is seeking nullification of certain provisions of the contract and indemnification of €79 million. On June 21, 2016, Bouygues Telecom filed revised pleadings, increasing its claims for indemnification to a total of €180 million.

In addition, in a counter-claim, SFR Fibre (ex NC Numericable) and Completel are seeking €10.8 million in addition to the contractual interest as well as €24 million in royalties due for fiscal years 2015, 2016 et 2017. SFR Fibre (ex NC Numericable) and Completel have made a new counterclaim based on the abrupt termination of business relations for an amount up to €32.6 million.

SFR Fibre (ex NC Numericable) and Completel have filed their pleadings on January 30, 2018.

On December 5, 2018, Altice France and Bouygues concluded a settlement in order to close this litigation.

32.1.23. Bouygues Telecom against SFR (Faber CCI)

On October 19, 2017, Bouygues Telecom submitted a request for arbitration to the secretary of the International Chamber of Commerce ("ICC") relating to a disagreement on the FTTH (Fiber to the Home) optical fiber network deployment.

Bouygues Telecom claimed that SFR had breached its contractual duties and the commitments made before the French Competition Authority for the Faber contract: SFR is mainly accused of some delays and of not having connected certain categories of buildings, and hence of having caused damage to Bouygues Telecom.

The ICC Arbitration Court has been constituted and the first mediations were held in mid May 2018.

In a document dated June 15, 2018, Bouygues Telecom alleged that it has suffered prejudices of € 164.9 million.

SFR submitted its response on October 15, 2018 and started preparing the analysis of its prejudice and analysing the prejudice mentioned by Bouygues Telecom.

On December 5, 2018, SFR and Bouygues reached a settlement agreement through which both parties agreed to mutually settle the dispute. As part of the agreement, both parties agreed to draw up new guidelines for the deployment of the fiber network under the terms of the Faber contract. Bouygues Telecom also agreed to cease and desist its proceedings before the ICC Arbitration Court and agreed to intervene on behalf of Altice France with the French Competition Authority. Bouygues Telecom received a one-off indemnity as part of the settlement, amounting to an aggregate amount of € 58 million.

32.1.24. Complaint by Orange Réunion and Orange Mayotte against SRR and SFR

Differential on-net/off-net pricing in the mobile telephony market in Mayotte and La Réunion

Orange Réunion, Orange Mayotte and Outremer Telecom filed a complaint with the French Competition Authority in June 2009 alleging unfair differential on-net/off-net pricing by SRR in the mobile telephony market on Mayotte and Réunion seeking conservatory measures from the Competition Authority. On September 15, 2009, the French Competition Authority announced provisional measures against SRR, pending its decision on the merits. SRR had to discontinue any price spread exceeding its actual "off-net/on-net" costs in the network concerned.

As the French Competition Authority found that SRR had not fully complied with its injunction, it fined SRR €2 million on January 24, 2012. In the proceedings on the merits, with regard to the “Consumers” component of the case, SRR requested and obtained a “no contest” on the complaints on July 31, 2013. On June 13, 2014, the Authority rendered its decision for the “Consumers” component of the case, fining SFR and its subsidiary SRR €45.9 million.

On June 18, 2018, the Group agreed on a settlement with Orange, whereby both parties mutually agreed to desist from certain ongoing legal actions.

Compensation disputes

Following the Competition Authority's decision of September 15, 2009 (provisional measures) and pending the Authority's decision on the merits, on June 17, 2013, Outremer Telecom filed a suit against SRR and SFR in the Commercial Court seeking remedy for the loss it believes it suffered as a result of SRR’s practices.

Outremer Telecom claimed €23.5 million in damages subject to adjustment for unfair practices by SRR in the consumer market in mobile telephony in La Réunion and Mayotte, and €1 million as damages in full for unfair practices by SRR in the business market in mobile telephony in La Réunion and Mayotte. Outremer withdrew from the proceedings against SRR and SFR on May 10, 2015.

On October 8, 2014, Orange Reunion sued SRR and SFR jointly and severally to pay €135.3 million for the loss suffered because of the practices sanctioned by the Competition Authority. Various procedural issues have been raised, on which a judgment is pending. The Court rendered its ruling on June 20, 2016 stating that the petitions of Orange Réunion cannot relate to the period preceding October 8, 2009 and therefore refused to exonerate SFR.

On December 20, 2016, following the Court’s judgment, Orange updated its estimate of the loss it believes it suffered after October 8, 2009 and reached the amount of €88 million (which represents the non-time-barred portion of the alleged loss).

As part of the agreement described above, on June 18, 2018, Orange has agreed to close this litigation.

Orange suit against SFR in the Paris Commercial Court (overflows case)

Orange filed a claim on August 10, 2011 with the Paris Commercial Court asking the Court to order SFR to immediately cease its unfair "overflow" practices and to order SFR to pay €309.5 million in contractual penalties. It accused SFR of deliberately organizing overflows onto the Orange network for the purpose of economically optimizing its own network (under designing the Primary Digital Block (PBN)). In a ruling of December 10, 2013, the Court ordered SFR to pay Orange €22.1 million. SFR and Orange both appealed the ruling. On January 16, 2015 the Paris Court of Appeals upheld the Commercial Court’s ruling and SFR paid the €22.1 million. On January 13, 2017, SFR appealed the ruling.

On August 11, 2014, SFR also petitioned the District Court enforcement judge, who rendered his decision on May 18, 2015 by ordering SFR to pay €0.6 million (assessment of penalty for 118 abusive overflows). On July 24, 2017, Orange summoned SFR before the Paris Commercial Court in order to obtain the payment of €11.8 million by application of contractual penalty clauses concerning misbehaviors between July 2011 and July 2014. At the same date, Orange summoned Completel before the same Court, for the same reasons and basis, but for an amount of €9.7 million.

By pleadings dated January 30, 2018, SFR and Completel asked for a ruling deferment in order to await the Court of Cassation judgment (second semester of 2018).

As part of the agreement described above, on June 18, 2018, Orange has agreed to drop this litigation.

32.2. Portugal

32.2.1. European Commission Investigation

After having approved the acquisition of PT Portugal by the Group on April 20, 2015, the European Commission initiated an investigation into infringement by the Group of the obligation of prior notification of concentrations under Article 4(1) of the Merger Regulation and/or of the stand-still obligation laid down in Article 7(1) of the Merger Regulation. The European Commission issued a statement of objections on May 18, 2017, informing the Group of the objections raised against it.

On April 24, 2018, the European Commission notified the Group of its decision to impose upon it two fines totalling €124.5 million. The Commission found that the Group infringed the prior notification obligation of a concentration under Article 4(1) of the EU Merger Regulation, and the stand-still obligation under Article 7(1) of the EU Merger Regulation. The Group fully disagrees with the Commission's decision, and in particular, it considers that this case differs entirely from the French Numéricable/Altice France/Virgin gun jumping case, in which the Group had agreed not to challenge the allegations brought against it. In the Group's opinion, the Commission's decision relies on a wrongful definition of the notion of "implementation" of a concentration. Further, the transaction agreement governing the management of the target during the pre-closing period provided the Group with a consultation right on certain exceptional matters relating to PT Portugal aimed at preserving the value and integrity of the target prior to closing and was in accordance with well-established M&A market practice.

In any event, the Group considers that the elements in the Commission's file do not establish the exercise of influence, as alleged by the Commission, by the Group over PT Portugal's business conduct neither prior to the merger notification to the Commission nor prior to the Commission's clearance.

On July 5, 2018, the Group filed an Application for annulment against the Commission's decision before the EU General Court to request that the decision as a whole be annulled or, at the very least, that the sanction be significantly reduced (Case T-425/18). The Commission's decision does not affect the approval granted by the European Commission on April 20, 2015 for the acquisition of PT Portugal by the Group.

On November 6, 2018 the Council of the European Union filed an Application to intervene in the case before the EU General Court. Both the Company and the European Commission confirmed they had no observations to the Council’s Application to intervene. The Council requested an extension of the time-limit to file its Statement of intervention. The Court granted that extension until February 25, 2019.

On November 30, 2018 the European Commission filed its Defence requesting the Court (1) to dismiss the Company’s Application and (2) to order the Applicant to pay the costs. The said Defence was notified to the Company on December 14, 2018. On December 20, 2018, the Company requested an extension of one month to lodge its Reply. The extension was granted on January 4, 2019, until February 25, 2019.

On February 25, 2019, the Company filed its Reply to the Commission’s Defence adhering to the conclusions and orders sought in its Application for annulment.

As of December 31, 2018, a liability of €124.5 million is recorded at Altice Portugal, as it is the acquiring entity of PT Portugal. On July 25, 2018, the Group issued a bank guarantee to the European Commission.

32.2.2. Vodafone – Network Sharing Agreement

Vodafone and PT Comunicações (currently MEO) signed, on July 21, 2014, an agreement for the acquisition of exclusive rights of use of the PON Network, which consisted in the possibility of access to the installed infrastructure owned by each of the parties to offer new generation services and integrated offerings (voice, internet and television) autonomously in the retail market. On November 4, 2015, MEO informed Vodafone that it has decided to individually develop a new, ambitious plan for the expansion of its fiber optic network, both in geographical areas already covered

by a new generation network and in other geographical areas, while continuing to comply with the agreed. Notwithstanding Vodafone states that this was a breach of the agreement and is claiming an amount of approximately €132 million from MEO for damages and losses allegedly caused by that non-compliance with the agreed.

MEO submitted its defense to these claims in June 2018, stating that (i) Vodafone did not have a contractual right to prevent MEO from developing its network autonomously and independently from the agreement, (ii) all of Vodafone rights, resulting from the agreement, were respected by MEO, and Vodafone was in no way limited by MEO in the investment in the construction of its own network, which it developed freely and voluntarily, choosing to invest where it found greater profitability for its business, and (iii) Vodafone´s claims for damages and losses were not factually sustainable.

The arbitral court should schedule the date for the preliminary hearing, the next steps of the action and any expert reports to be made.

32.2.3. TV Tel - Restricted access to the telecommunication ducts

In March 2004, TV TEL Grande Porto - Comunicações, S.A. ("TVTEL", subsequently acquired by NOS), a telecommunication company based in Oporto, filed a claim against PT Comunicações in the Lisbon Judicial Court. TV TEL alleged that, since 2001, PT Comunicações has unlawfully restricted and/or refused access to its telecommunication ducts in Oporto, thereby undermining and delaying the installation and development of TV TEL's telecommunications network. TV TEL is claiming an amount of approximately €15 million from MEO for damages and losses allegedly caused and yet to be sustained as a result of the delay in the installation of its telecommunications network in Oporto. PT Comunicações submitted its defense to these claims in June 2004, stating that (1) TV TEL did not have a general right to install its network in PT Comunicações's ducts, (2) all of TV TEL's requests were lawfully and timely responded to by PT Comunicações according to its general infra-structure management policy, and (3) TV TEL's claims for damages and losses were not factually sustainable.

In the end of 2016, MEO was notified to present the list of witnesses, which it did, and the witnesses were heard in the trial that took place in April and May 2017. In September 2017, MEO was notified of a unfavourable decision (for an amount significantly lower than the gross claim and for which there is a provision), as a result of which it has filed an appeal. In June 2018, MEO was notified of the unfavourable decision of the appeal to the Lisbon Court of Appeal, which confirmed the previous decision from the first instance court. MEO filed an appeal to the Supreme Court in July 2018.

In December 2018, MEO received the Supreme Court decision with the final conviction of MEO in the amount of €0.7 million (€ 1.6 million with interest added). Payment by MEO to NOS occurred in January 2019.

32.2.4. Optimus - Interconnection agreement

This legal action is dated from 2001 and relates to the price that Telecomunicações Móveis Nacionais ("TMN", PT Portugal's mobile operation at that time) charged Optimus - Comunicações S.A. ("Optimus", one of MEO's mobile competitors at that time, currently NOS) for mobile interconnection services, price that Optimus did not agree with. TMN transferred to PT Comunicações (PT Portugal's fixed operation at that time, currently named MEO) the receivables from Optimus, and subsequently PT Comunicações offset those receivables with payables due to Optimus. NOS argues for the annulment of the offset made by PT Comunicações and accordingly claims from PT Comunicações the settlement of the payables due before the offset plus accrued interest. In August 2015, the court decided that the transfer of the interconnection receivables from TMN to PT Comunicações and consequently the offset of those receivables with payables due by PT Comunicações to Optimus were not legal and therefore sentenced MEO to settle those payables plus interest up to date in the total amount of approximately €35 million. MEO appealed this decision in October 2015 to the Court of Appeal of Lisbon. In September 2016, MEO was notified of the decision from the Court of Appeal of Lisbon, which confirmed the initial ruling against MEO, as a result of which MEO decided to appeal to the Supreme Court. On March 13, 2017, MEO was notified of the Supreme Court's decision of dismissal of its appeal and as a result MEO decided to appeal to the Constitutional Court. In January 8, 2018, MEO was notified of the Constitutional Court decision of dismissal of the appeal, after which MEO appealed to the Constitutional Court Conference. MEO was notified that the Constitutional Court Conference did not accept and consequently will not analyse the appeal. In July 2018, MEO paid €41 million to settle the action which had been accrued for in 2015.

NOS claimed an additional amount of interests during the judicial procedure and is now claiming an additional payment of €5 million. The contestation of the legal action by MEO was submitted and preliminary hearing should be scheduled.

32.2.5. Anacom litigation

MEO has several outstanding proceedings filed from Anacom, for some of which MEO has not yet received formal condemnations. This litigation includes matters such as the violation of rules relating to portability, TDT, the non-compliance of obligations under the universal service (public phones) and regulated offers (ORAC). Historically, MEO paid amounts significantly lower than the administrative fines set by Anacom in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued.

32.2.6. Zon TV Cabo Portugal – Violation of portability rules

Zon TV Cabo Portugal (currently NOS) claims that MEO has not complied with the applicable rules for the portability of fixed numbers, as a result of which claims for an indemnity of €22 million corresponding to profits lost due to unreasonable rejections and the delay in providing the portability of the number. An expert indicated by each party and a third-party expert evaluated this matter and presented the final report to the court, which decided to change the scope of the work to be performed by the experts, and accordingly the action moved back again. The experts presented the new final report to the court in January 2019 and the parties are waiting for the appointment date of the preliminary hearing.

32.2.7. Municipal taxes and rights-of-way

Pursuant to a statute enacted on August 1, 1997, as an operator of a basic telecommunications network, MEO was exempt from municipal taxes and rights-of-way and other fees with respect to its network in connection with its obligations under the Concession. The Portuguese Government has advised MEO in the past that this statute confirmed the tax exemption under MEO's former Concession and that it will continue to take the necessary actions in order for MEO to maintain the economic benefits contemplated by the former Concession.

Law 5/2004, dated 10 February 2004, established a new rights-of-way regime in Portugal whereby each municipality may establish a fee, up to a maximum of 0.25% of each wireline services bill, to be paid by the customers of those wireline operators which network infra-structures are located in each such municipality. Meanwhile, Decree-Law 123/2009, dated 21 May 2009, clarified that no other tax should be levied by the municipalities in addition to the tax established by Law 5/2004. This interpretation was confirmed by the Supreme Administrative Court of Portugal in several legal actions. Some municipalities continue to perceive that the Law 5/2004 does not expressly revoke other taxes that the municipalities wish to establish, because Law 5/2004 is not applicable to the public municipality domain.

Currently, there are legal actions with some municipalities regarding this matter and some of the municipalities have initiated enforcement proceedings against MEO to demand the payment of those taxes.

32.2.8. Invesfundo II - Disposal of plots of land

Invesfundo II, acquired from one of MEO's former pension fund assets, has a group of plots of land for a total amount of €41 million, including one plot of land that Invesfundo II argues was not MEO's property, as a result of which Investfund II had to acquire that plot of land from a third party for €4 million, amount that is claiming from MEO. The parties are waiting for a judicial decision.

32.2.9. Opway– Construction of Covilhã Data Center

In connection with construction of the Data Center in Covilhã, PT Data Center had contracted Opway-Somague consortium as its main contractor responsible for the project, while Opway-Somague contracted Isolux as a subcontractor. Isolux filed an action against the Opway-Somague consortium for alleged delays in the construction works and changes to the initial project that resulted in higher costs for Isolux. The amount of this action is approximately €17.4 million. PT Data Center is only an accessory intervener in this action and thus no amount can be directly claim from it as a result of this action. Following the action filed by Isolux, the Opway-Somague consortium filed an action against PT Data Center in late 2016 for an amount of €16.7 million, claiming that PT Data Center

orientations caused changes to the work plan and other vicissitudes in the realization of the construction plan that were never paid and caused damages to the Opway-Somague consortium.

By an extra judicial agreement between Opway and the PT Data Center, closed in December 2018, with a broader scope than the facts that were being discussed in the judicial process, it was possible to close all the issues that involved the construction of the Covilhã Data Center, and the final reception of the contract took place. PT Data Center made a single payment, in face of the commitment of both parties that there was nothing more to claim from each other, and that they would desist from all legal proceedings.

The process has been finalized since the beginning of February 2019, as the request by Opway to the court for the process to be terminated occurred.

32.3. Altice USA

32.3.1. Altice USA and the Company – securities lawsuit

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Altice USA common stock in the Altice USA's IPO pursuant to the Registration Statement and Prospectus, filed complaints (seven in New York State Supreme Court, one in United States District Court for the Eastern District of New York). The lawsuits name as defendants Altice USA, Altice Europe, and the Altice USA's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. Plaintiffs claim that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA's stock. The New York State Supreme Court lawsuits are presently being consolidated into one action. Altice USA intends to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Group's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Group or the ability of the Group to meet its financial obligations as they become due.

33. Going concern

As of December 31, 2018, the Group had net current liability position of €3,269.4 million (mainly due to trade payables amounting to €7,068.8 million) and a negative working capital of €2,137.0 million. During the year ended December 31, 2018, the Group registered a net loss of €916.4 million from continued operations and generated cash flows of €4,059.8 million from continued operations.

As at December 31, 2018, the Group had a negative equity position of €2,904.7 million compared to €363.5 million as at December 31, 2017. The equity position decreased from the prior period mainly due to the special distribution in kind of the Group's 67.2% interest in Altice USA to the Company's shareholders out of the Company's share premium reserve as part of the Separation.

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding and suppliers are paid under standard commercial terms, thus generating a negative working capital. This is evidenced by the difference in the level of receivables and payables; €4,509.6 million and €7,068.8 million for the year ended December 31, 2018, as compared to €4,932.0 million and €8,368.8 million for the year ended December 31, 2017. Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of December 31, 2018, the Group's short-term borrowings comprised mainly loans from financial institutions for Altice France and Altice Financing for €77.8 million and €18.8 million respectively. As of December 31, 2017, the Group's short-term borrowings amounted to €1,792.9 million, of which €1,379.3 million was related to Altice USA. The short-term obligations are expected to be covered by the operating cash flows of the operating subsidiaries. As at December 31, 2018, the amount drawn on the revolving credit facilities at Altice France and Altice Financing amounted to nil. A listing of available credit facilities by silo is provided in note 18.5 and the amounts available per segments are sufficient to cover the short-term debt and interest expense needs of each of these segments if needed.

Given the above, the Board of Directors has considered the following elements in determining that the use of the going concern assumption is appropriate:

- The Group's performance on Adjusted EBITDA and operating cash flows:
  - Adjusted EBITDA for the year ended December 31, 2018 amounted to €5,137.2 million, a decrease of 10.8% compared to the Adjusted EBITDA for the year ended December 31, 2017. This decrease in adjusted EBITDA is mainly linked to lower performance in the Portugal, Israel, the Dominican Republic and Altice TV segments.
  - Operating cash flows for the year ended December 31, 2018 were €4,059.8 million.
- The Group had unrestricted cash reserves of €1,837.0 million as of December 31, 2018, compared to €1,239.0 million as of December 31, 2017, which would allow it to cover any urgent cash needs. The Group can move its cash from one segment to another under certain conditions as allowed by the covenants under its various debentures and loan agreements. Cash reserves in operating segments carrying debt obligations were as follows:
  - France: €1,068.5 million
  - Altice International: €597.3 million
- Additionally, as of December 31, 2018, the Group had access to revolving credit facilities of up to €2,156.0 million (of which nil was drawn as at December 31, 2018) and has access to an equity market where it can issue additional equity.
- In 2019, the Group has limited scheduled debt repayment of only €0.2 billion.

The Group's senior management team tracks operational key performance indicators (KPIs) on a weekly basis, thus tracking top line trends closely. This allows the Board and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and help to ensure that the budgeted targets are met.

In addition, on November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients, and OMERS Infrastructure regarding the sale of a minority equity stake of 49.99% in SFR FTTH. This transaction, which closed on March 27, 2019 brought an additional €1.7 billion of cash to Altice France and is expected to give access to cheap lines of credit.

Based on the above, the Board is of the view that the Group will continue to act as a going concern for twelve months after December 31, 2018 and has hence deemed it appropriate to prepare the Consolidated Financial Statements using the going concern assumption.

34. Auditors' remuneration

Audit fees paid to the Group's auditors (Deloitte) were:

Audit fees (€m)	**December 31, 2018**	**December 31, 2017**
Audit services	5.5	5.5
Other assurance services	0.6	0.2
Non-audit services	1.6	3.3
Total	**7.7**	**9.0**

35. Events after the reporting period

35.1. Voluntary employee reduction program in Portugal

In connection with their transformation process and their innovation and business process simplification, some of the Group companies in Portugal have launched a voluntary employee reduction program in January 2019. This program was aimed at employees of 50 years old or more; accordingly, their employment agreements shall be terminated, and those employees will be entitled to receive a monthly fixed compensation up to retirement age corresponding to a percentage of their previous remuneration that varies based on the age of the employees. In connection with this program, the Group companies in Portugal have reached agreements with approximately 800 employees up to the end of March 2019, as a result of which these Group companies will recognise in the first quarter of 2019 a liability corresponding to the present value of salaries payable to those employees up to retirement age.

35.2. Closing of the sale of 49.99% in SFR Fibre to the Home (SFR FTTH)

On March 27, 2019, the Group announced the closing of the transaction with a consortium led by OMERS Infrastructure and including AXA IM - Real Assets, and Allianz Capital Partners, regarding the sale of a minority equity stake of 49.99% in SFR FTTH. The consideration received was €1.7 billion based on a €3.4 billion equity value. Please refer to note 3.1.13.

36. Revised information

The statement of income had been revised as of and for the year ended December 31, 2017 to take into account the impacts of the classification of Altice USA as discontinued operations as per IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* and the adoption of IFRS 15 *Revenue from Contracts with Customers* by the Group.

Consolidated Statement of Income (€m)	**Year ended December 31, 2017 reported**	**Revision IFRS 5 discontinued operation**	**Revision IFRS 15**	**Year ended December 31, 2017 revised**
Revenues	**23,499.8**	**(8,230.2)**	**(118.0)**	**15,151.6**
Purchasing and subcontracting costs	(7,391.5)	2,682.4	(31.0)	(4,740.1)
Other operating expenses	(4,267.8)	1,107.9	58.0	(3,101.9)
Staff costs and employee benefits	(2,709.7)	1,125.9	-	(1,583.8)
Depreciation, amortization and impairment	(6,961.2)	2,599.3	(8.7)	(4,370.6)
Other expenses and income	(1,221.1)	145.3	-	(1,075.9)
Operating profit/(loss)	**948.5**	**(569.4)**	**(99.7)**	**279.4**
Interest relative to gross financial debt	(3,688.0)	1,359.5	-	(2,328.5)
Other financial expenses	(450.3)	221.7	-	(228.6)
Finance income	487.3	(163.0)	-	324.2
Net result on extinguishment of a financial liability	(199.4)	64.7	-	(134.7)
Finance costs, net	**(3,850.4)**	**1,483.0**	**-**	**(2,367.4)**
Net result on disposal of business	**-**	-	**-**	**-**
Share of earnings of associates	(23.1)	6.4	-	(16.7)
Loss before income tax from continuing operations	**(2,925.0)**	**919.9**	**(99.7)**	**(2,104.7)**
Income tax benefit/(expense)	2,730.2	(2,342.9)	35.9	423.2
Loss for the period from continuing operations	**(194.8)**	**(1,423.0)**	**(63.7)**	**(1,681.6)**
Discontinued operations				
Profit after tax for the period from discontinued operations	-	1,423.0	-	1,423.0
Loss for the period	**(194.8)**	**-**	**(63.7)**	**(258.6)**
Attributable to equity holders of the parent	(546.0)	-	(63.7)	(609.7)
Attributable to non-controlling interests	351.1	-	-	351.1

Table below presents the revised statement of financial position as of December 31, 2017 to take into account the adjustments to reflect the impact of new accounting standards IFRS 15 *Revenue from Contracts with Customers*, IFRS 9 *Financial instruments* and a reclassification adjustment. With regards to IFRS 9, the Group adopted the IFRS 9 standard based on the simplified retrospective approach; the transition impact was recorded in equity as of January 1, 2018 with no impact in 2017. An adjustment was made in Altice TV to reclassify the balance in current tax assets by €61.3 million to the caption trade and other receivable as it was incorrectly booked as current tax assets as of December 31, 2017.

Consolidated Statement of Financial Position (€m)	**As of December 31, 2017 Reported**	**Adjustment**	**Revision IFRS 15**	**As of December 31, 2017 Revised**	**Adjustment IFRS 9**	**As of January 1, 2018 Adjusted IFRS 9**
Non-current assets						
Goodwill	22,302.4	-	-	22,302.4	-	22,302.4
Intangible assets	24,502.3	-	(238.3)	24,264.0	-	24,264.0
Property, plant & equipment	15,161.4	-	-	15,161.4	-	15,161.4
Contract costs	-	-	256.7	256.7	-	256.7
Investment in associates	49.4	-	-	49.4	-	49.4
Financial assets	2,545.5	-	-	2,545.5	-	2,545.5
Deferred tax assets	157.3	-	(5.0)	152.3	19.6	172.0
Other non-current assets	466.9	-	-	466.9	(4.1)	462.7
Total non-current assets	**65,185.2**	**-**	**13.4**	**65,198.6**	**15.5**	**65,214.1**
Current assets						
Inventories	461.4	-	-	461.4	-	461.4
Contract assets	-	-	302.3	302.3	(13.3)	289.0
Trade and other receivables	4,870.6	61.3	-	4,932.0	(43.6)	4,888.4
Current tax assets	235.0	(61.3)	-	173.7	-	173.7
Financial assets	93.4	-	-	93.4	-	93.4
Cash and cash equivalents	1,239.0	-	-	1,239.0	-	1,239.0
Restricted cash	168.1	-	-	168.1	-	168.1
Total current assets	**7,067.5**	**-**	**302.4**	**7,369.9**	**(56.9)**	**7,313.0**
Assets classified as held for sale	*184.3*	-	-	*184.3*	-	*184.3*
Total assets	**72,437.0**	-	**315.7**	**72,752.7**	**(41.4)**	**72,711.3**
Issued capital	76.5	-	-	76.5	-	76.5
Treasury shares	(370.1)	-	-	(370.1)	-	(370.1)
Additional paid in capital	2,572.8	-	33.1	2,605.9	-	2,605.9
Other reserves	(807.7)	-	(3.7)	(811.4)	-	(811.4)
Accumulated losses	(3,296.7)	-	189.4	(3,107.3)	(11.4)	(3,118.7)
Equity attributable to owners of the Company	**(1,825.2)**	**-**	**218.8**	**(1,606.4)**	**(11.4)**	**(1,617.8)**
Non-controlling interests	1,244.2	-	(1.3)	1,242.9	-	1,242.9
Total equity	**(581.0)**	**-**	**217.4**	**(363.5)**	**(11.4)**	**(374.9)**
Non-current liabilities						
Long term borrowings, financial liabilities and related hedging instruments	50,059.4	-	-	50,059.4	(56.0)	50,003.4
Other financial liabilities	1,963.1	-	-	1,963.1	11.2	1,974.3
Provisions	1,484.0	-	(4.1)	1,479.8	-	1,479.8
Deferred tax liabilities	4,355.2	-	95.9	4,451.1	14.9	4,466.0
Contract liabilities	-	-	471.9	471.9	-	471.9
Other non-current liabilities	637.7	-	(471.9)	165.8	-	165.8
Total non-current liabilities	**58,499.4**	**-**	**91.7**	**58,591.1**	**(30.0)**	**58,561.1**
Current liabilities						
Short-term borrowings, financial liabilities	1,792.9	-	-	1,792.9	-	1,792.9
Other financial liabilities	2,394.0	-	-	2,394.0	-	2,394.0
Trade and other payables	8,368.8	-	-	8,368.8	-	8,368.8
Contract liabilities	-	-	811.9	811.9	-	811.9
Current tax liabilities	205.4	-	-	205.4	-	205.4
Provisions	542.4	-	-	542.4	-	542.4
Other current liabilities	1,110.4	-	(805.4)	305.0	-	305.0
Total current liabilities	**14,413.8**	**-**	**6.6**	**14,420.4**	**-**	**14,420.4**
Liabilities directly associated with assets classified as held for sale	*104.7*	-	-	*104.7*	-	*104.7*
Total liabilities	**73,018.0**	**-**	**98.2**	**73,116.2**	**(30.0)**	**73,086.2**
Total equity and liabilities	**72,437.0**	**-**	**315.7**	**72,752.7**	**(41.4)**	**72,711.4**

The following table provides the impact of IFRS 15 in the statement of financial position as of December 31, 2016 and the reconciliation to the published figures.

Consolidated Statement of Financial Position (€m)	**As of December 31, 2016 Published**	**Revision IFRS 15**	**As of January 1, 2017 Revised**
Non-current assets			
Goodwill	23,045.7	-	23,045.7
Intangible assets	29,412.1	(206.4)	29,205.7
Property, plant & equipment	16,256.8	-	16,256.8
Contract costs	-	232.9	232.9
Investment in associates	65.7	-	65.7
Financial assets	3,615.8	-	3,615.8
Deferred tax assets	113.6	-	113.6
Other non-current assets	182.4	-	182.4
Total non-current assets	**72,692.1**	**26.5**	**72,718.6**
Current assets			
Inventories	394.8	-	394.8
Contracts assets	-	398.0	398.0
Trade and other receivables	4,600.5	-	4,600.5
Current tax assets	179.2	-	179.2
Financial assets	758.6	-	758.6
Cash and cash equivalents	1,109.1	-	1,109.1
Restricted cash	202.0	-	202.0
Total current assets	**7,244.2**	**398.0**	**7,642.2**
Assets classified as held for sale	476.0	-	476.0
Total assets	**80,412.3**	**424.5**	**80,836.8**
Issued capital	76.5	-	76.5
Treasury shares	-	-	-
Additional paid in capital	738.0	-	738.0
Other reserves	(564.8)	-	(564.8)
Accumulated losses	(2,779.5)	246.1	(2,533.4)
Equity attributable to owners of the Company	**(2,529.8)**	**246.1**	**(2,283.7)**
Non-controlling interests	190.2	38.7	228.9
Total equity	**(2,339.6)**	**284.8**	**(2,054.8)**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	52,826.3	-	52,826.3
Other financial liabilities	4,480.0	-	4,480.0
Provisions	1,876.2	(4.1)	1,872.1
Deferred tax liabilities	8,074.3	138.1	8,212.4
Contract liabilities	-	394.0	394.0
Other non-current liabilities	878.4	(394.0)	484.4
Total non-current liabilities	**68,135.2**	**134.0**	**68,269.2**
Current liabilities			
Short-term borrowings, financial liabilities	1,342.3	-	1,342.3
Other financial liabilities	3,491.9	-	3,491.9
Trade and other payables	7,713.4	-	7,713.4
Contract liabilities	-	818.5	818.5
Current tax liabilities	298.4	-	298.4
Provisions	658.8	-	658.8
Other current liabilities	1,022.7	(812.8)	209.9
Total current liabilities	**14,527.5**	**5.7**	**14,533.2**
Liabilities directly associated with assets classified as held for sale	89.2	-	89.2
Total liabilities	**82,751.9**	**139.7**	**82,891.6**
Total equity and liabilities	**80,412.3**	**424.5**	**80,836.8**

The statement of cash flow had been revised for the year ended December 31, 2017 following the discontinued operation of Altice USA and IFRS 15 adjustments.

Consolidated Statement of Cash Flows (€m)	Year ended December 31, 2017 Reported	Elimination Altice USA For the year ended December 31, 2017	IFRS 15 adjustment For the year ended December 31, 2017	Year ended December 31, 2017 revised
Net (loss) including non-controlling interests	**(194.8)**	**(1,423.0)**	**(63.7)**	**(1,681.5)**
Adjustments for:				
Depreciation, amortization and impairment	6,961.2	(2,599.3)	8.7	4,370.6
Share in income of associates	23.1	(6.4)	-	16.7
Gains and losses on disposals	-	-	-	-
Expenses related to share based payment	282.2	(251.6)	-	30.6
Other non-cash operating (losses)/gains, net	(122.1)	196.2	-	74.1
Pension liability payments	(129.1)	-	-	(129.1)
Finance costs recognised in the statement of income	3,850.4	(1,483.0)	-	2,367.4
Income tax credit recognised in the statement of income	(2,730.2)	2,342.9	(35.9)	(423.2)
Income tax paid	(330.6)	25.7	-	(304.9)
Changes in working capital	455.2	129.0	93.7	678.0
Net cash provided by operating activities	**8,065.4**	**(3,069.3)**	**2.7**	**4,998.7**
Payments to acquire tangible and intangible assets and contract costs	(4,474.9)	926.2	(2.7)	(3,551.4)
Prepayments for content rights	(70.5)	-	-	(70.5)
Payments to acquire financial assets	(135.9)	90.4	-	(45.5)
Proceeds from disposal of businesses	345.1	-	-	345.1
Proceeds from disposal of tangible, intangible and financial assets	24.9	-	-	24.9
Payments to acquires interests in associates	(34.9)	-	-	(34.9)
Payment to acquire subsidiaries, net	(331.1)	41.3	-	(289.8)
Net cash used in investing activities	**(4,677.4)**	**1,058.0**	**(2.7)**	**(3,622.1)**
Proceeds from issue of equity instruments by a subsidiary	327.8	(309.9)	-	17.9
Proceeds from issuance of debts	14,777.4	(4,949.6)	-	9,827.8
Transactions with non-controlling interests	(882.4)	208.3	-	(674.1)
Payments to redeem debt instruments	(13,260.5)	5,433.9	-	(7,826.6)
Payments to acquire own shares	(371.0)	-	-	(371.0)
Transfers to restricted cash	(18.8)	-	-	(18.8)
Dividends paid to non-controlling interests	(259.8)	246.9	-	(12.9)
Interest paid	(3,627.7)	1,561.9	-	(2,065.9)
Other cash provided by financing activities	16.5	15.4	-	31.9
Net cash (used)/generated in financing activities	**(3,298.7)**	**2,206.9**	**-**	**(1,091.8)**
Classification of cash as held for sale	-	-	-	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	40.6	(83.6)	-	(43.1)
Net change in cash and cash equivalents	**129.9**	**111.9**	**-**	**241.8**
Cash and cash equivalents at beginning of the year	1,109.1	(386.3)	-	722.8
Cash and cash equivalents at end of the period	**1,239.0**	**(274.4)**	**-**	**964.6**

37. List of entities included in the scope of consolidation

The table on the following pages provides a list of all entities consolidated into the Group's financial statements. The method of consolidation is provided; fully consolidated ("FC") or consolidated using the equity method ("EM"), as is the percentage of capital held by the Group and the entity's country of incorporation.

Name of subsidiary	Country of incorporation	Method of consolidation	Economic Interest
Altice Europe N.V. (Ex. Altice N.V.)	Netherlands	Parent entity	Parent Entity
01 net Mag S.A.S. (Ex. Newsco Mag S.A.S.)	France	FC	100.0%
A Nous Paris S.A.S.	France	FC	100.0%
Agglo La Rochelle THD S.A.S.	France	FC	100.0%
Alsace Connexia S.A.S.	France	FC	70.0%
Altice Africa S.à r.l.	Luxembourg	FC	100.0%
Altice B2B France S.A.S.	France	FC	100.0%
Altice Bahamas S.à r.l.	Luxembourg	FC	100.0%
Altice Blue Two S.A.S.	France	FC	100.0%
Altice Caribbean S.à r.l.	Luxembourg	FC	100.0%
Altice Content Luxembourg S.A.	Luxembourg	FC	100.0%
Altice Content S.à r.l.	Luxembourg	FC	100.0%
Altice Corporate Financing S.à r.l.	Luxembourg	FC	100.0%
Altice Customer Services S.à r.l.	Luxembourg	FC	65.0%
Altice Dominicana, S.A.	Dominican Republic	FC	100.0%
Altice Entertainment News & Sport S.A.	Luxembourg	FC	100.0%
Altice Financing S.A.	Luxembourg	FC	100.0%
Altice Finco S.A.	Luxembourg	FC	100.0%
Altice France S.A.	France	FC	100.0%
Altice Group Lux S.à r.l.	Luxembourg	FC	100.0%
Altice Holdings S.à r.l.	Luxembourg	FC	100.0%
Altice International S.à r.l.	Luxembourg	FC	100.0%
Altice Labs, S.A.	Portugal	FC	100.0%
Altice Luxembourg FR Bis S.à r.l.	Luxembourg	FC	100.0%
Altice Luxembourg FR S.A.	Luxembourg	FC	100.0%
Altice Luxembourg S.A.	Luxembourg	FC	100.0%
Altice Management International S.A.	Switzerland	FC	100.0%
Altice Media Events S.A.S.	France	FC	100.0%
Altice Media Publicite S.A.S.	France	FC	100.0%
Altice Picture S.à r.l.	Luxembourg	FC	100.0%
Altice Portugal, S.A.	Portugal	FC	100.0%
Altice Teads S.A.	Luxembourg	FC	96.2%
Altice Technical Services France S.à r.l.	Luxembourg	FC	100.0%
Altice Technical Services S.A.	Luxembourg	FC	100.0%
Altice US Cable Holdings S.à r.l.	Luxembourg	FC	100.0%
Altice West Europe S.à r.l.	Luxembourg	FC	100.0%
Ariège Telecom S.A.S.	France	FC	100.0%
Auberimmo S.A.S.	France	FC	100.0%
Audience Square S.A.S.	France	EM	17.8%
Auto Venda Já, S.A.	Portugal	EM	50.0%
B3G International B.V.	Netherlands	FC	100.0%
Belmont Infra Holding S.A.	Portugal	EM	25.0%
BFM Business TV SASU	France	FC	99.7%
BFM Paris SASU	France	FC	99.7%
BFM Sport SASU	France	FC	99.7%
BFMTV SASU	France	FC	99.7%
BRTLC Holding S.A. (previously Portugal Telecom Brasil, S.A.)	Portugal	FC	100.0%
BRTLC Media, Ltda. (previously Pt Multimédia.Com Brasil, Ltda.)	Portugal	FC	100.0%
Business FM SASU	France	FC	99.7%
Cap Connexion S.A.S.	France	FC	100.0%
CID S.A.	France	FC	100.0%
City Call Ltd.	Mauritius	FC	99.0%
Coditel Holding II S.à r.l.	Luxembourg	FC	100.0%
Coditel Holding S.A.	Luxembourg	FC	100.0%
Completel S.A.S.	France	FC	100.0%
Comstell S.A.S.	France	FC	50.0%
Connect 76 S.A.S.	France	FC	100.0%
Contact Cabo Verde - Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100.0%
Cool Holdings Limited S.A.	Israel	FC	100.0%
Corsica Fibra S.A.S.	France	FC	100.0%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic Interest
CVC 3 B.V.	Netherlands	FC	100.0%
Debitex Telecom S.A.S.	France	FC	100.0%
Diversite TV France S.A.S.	France	FC	99.7%
DTV Holding S.A.S. (Ex. Pho Holding SASU)	France	FC	99.7%
Emashore S.A.	Morocco	FC	65.0%
Ericsson Inovação S.A.	Portugal	EM	49.0%
ERT Holding France S.A.S.	France	FC	100.0%
ERT Luxembourg S.A.	Luxembourg	FC	84.3%
ERT Technologies S.A.S.	France	FC	100.0%
Eure Et Loir Thd S.A.S.	France	FC	100.0%
Fischer Telecom S.A.S.	France	EM	34.0%
FOD SND	France	FC	100.0%
Foncière Rimbaud 1 S.A.S.	France	EM	50.0%
Foncière Rimbaud 2 S.A.S.	France	EM	50.0%
Foncière Rimbaud 3 S.A.S.	France	EM	50.0%
Foncière Rimbaud 4 S.A.S.	France	EM	50.0%
Foncière Velizy Sci	France	FC	100.0%
Gard Fibre S.A.S.	France	FC	100.0%
Global Interlink, Ltd.	Bahamas	FC	100.0%
Gravelines Network S.A.S.	France	FC	100.0%
Groupe L'express S.A. (Ex-Groupe Altice Media)	France	FC	100.0%
Groupe News Participations S.A.S.	France	FC	99.7%
Groupe Outremer Telecom S.A.	France	FC	100.0%
Groupe Tests Holding SASU	France	FC	99.7%
H. Hadaros 2012 Ltd.	Israel	FC	100.0%
Haut-Rhin Telecom S.A.S.	France	FC	100.0%
Hivory S.A.S.	France	FC	50.0%
Hot Eidan Holdings	Israel	FC	100.0%
Hot Mobile Ltd.	Israel	FC	100.0%
Hot Net Internet Services Ltd.	Israel	FC	100.0%
Hot Telecom Ltd.	Israel	FC	100.0%
Hot Telecom Ltd Partnership	Israel	FC	100.0%
Hot Telecommunications Systems Ltd.	Israel	FC	100.0%
Hungaro Digitel Kft (Hdt)	Portugal	EM	44.6%
Icart S.A.S.	France	FC	100.0%
Informatique Telematique Ocean Indien S.à r.l.	France	FC	50.0%
Infracos S.A.S.	France	JO	50.0%
Inolia S.A.	France	FC	60.0%
Inovendys S.A.	Morocco	FC	65.0%
Intelcia Cameroun S.A.	Cameroon	FC	45.5%
Intelcia Cote d'Ivoire S.A.S.	Cote d'Ivoire	FC	65.0%
Intelcia France S.A.S.	France	FC	65.0%
Intelcia Group S.A.	Morocco	FC	65.0%
Intelcia Maroc Inshore S.A.	Morocco	FC	65.0%
Intelcia Maroc S.A. (Ex. TWW S.A.)	Morocco	FC	65.0%
Intelcia Senegal S.A.S.	Senegal	FC	65.0%
Intelcia Service Client S.A. (Ex. SFR Service Client S.A.)	France	FC	65.0%
Iris 64 S.A.S.	France	FC	70.0%
Irisé S.A.S.	France	FC	25.0%
Isère fibre SASU	France	FC	100.0%
Isracable Ltd.	Israel	FC	100.0%
IT Rabat S.à r.l.	Marocco	FC	65.0%
Janela Digital-Informática E Telecomunicações, Lda.	Portugal	EM	50.0%
La Banque Audiovisuelle S.A.S.	France	FC	99.7%
La Poste Telecom S.A.S.	France	EM	49.0%
LD Communications Italie Srl	Italy	FC	100.0%
LD Communications Suisse S.A.	Switzerland	FC	100.0%
L'express Ventures S.A.S.	France	FC	68.5%
Liberation Medias S.à r.l.	France	FC	100.0%
Liberation S.à r.l.	France	FC	100.0%
Loiret Thd S.A.S.	France	FC	100.0%
Ltbr S.A.	France	FC	100.0%
Macs Thd S.A.S.	France	FC	100.0%
Manche Telecom S.A.S.	France	FC	70.0%
Martinique THD S.A.S.	France	FC	100.0%
Martinique TV Cable S.A.	France	FC	100.0%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic Interest
MCS S.A.S.	France	FC	100.0%
Medi@Lys S.A.S.	France	FC	70.0%
Media Consumer Group S.A.	France	FC	100.0%
Meo-Serviços De Comunicações E Multimédia, S.A.	Portugal	FC	100.0%
Milibris S.A.	France	FC	100.0%
Mobius S.A.S.	France	FC	100.0%
Moselle Telecom Part. S.A.S.	France	FC	56.0%
Moselle Telecom S.A.S.	France	FC	39.0%
Multicert - Serviços De Certificação Electrónica, S.A.	Portugal	EM	20.0%
NEW POST - Atividades e serviços de telecomunicações, de linha de apoio e de administração e operação de sistemas, A.C.E.	Portugal	FC	51.0%
Newco B SASU	France	FC	99.7%
Newco C SASU	France	FC	99.7%
Newco E SASU	France	FC	99.7%
Newco G SASU	France	FC	99.7%
Next Pictures SASU	France	FC	99.7%
Next Radio TV S.A.	France	FC	99.7%
Nextdev SASU	France	FC	99.7%
Nextinteractive SASU	France	FC	99.7%
Nextprod S.A.S.	France	FC	99.7%
Nextrégie SASU	France	FC	99.7%
Numergy S.A.S.	France	FC	100.0%
Numericable US LLC	USA	FC	100.0%
Numericable US S.A.S.	France	FC	100.0%
Ocealis S.A.S.	France	EM	25.0%
Oise Numérique S.A.S.	France	FC	100.0%
Omer Telecom Ltd.	UK	FC	100.0%
OMT Invest S.A.S.	France	FC	100.0%
OMT Océan 1	France	FC	100.0%
OMT Océan 2	France	FC	100.0%
OMT Océan 3 S.A.S.	France	FC	100.0%
OMT Ocean 4 S.A.S.	France	FC	100.0%
Opalys Telecom S.A.S.	France	FC	100.0%
Open Labs Pesquisa E Desenvolvimento Ltda.	Portugal	FC	100.0%
Openidea Tecnologias De Telecomunicações E Sistemas De Informação, S.A.	Portugal	FC	100.0%
Openidea, Tecnologias De Telecomunicações E Sistemas De Informação Lda. (Angola)	Portugal	FC	100.0%
OpenLabs S.A. (Brazil) (previously Portugal Telecom Inovação Brasil, S.A.)	Portugal	FC	100.0%
OPS S.A.S.	France	FC	99.0%
OTR2 S.à r.l.	Luxembourg	FC	100.0%
Outremer Télécom S.A.S.	France	FC	99.0%
Outremer-Telecom Ltee	Mauritius	FC	99.0%
Outremer-Telecom Madagascar	Madagascar	FC	99.0%
Pays Voironnois Network S.A.S.	France	FC	100.0%
Phi	Israel	EM	50.0%
Portugal Telecom Data Center, S.A.	Portugal	FC	100.0%
Prélude et Fugue S.A.S.	France	FC	100.0%
Previsão-Sociedade Gestora De Fundos De Pensões, Sa	Portugal	FC	82.1%
PT Blueclip -Serviços De Gestão, S.A.	Portugal	FC	100.0%
PT Cloud E Data Centers, S.A.	Portugal	FC	100.0%
PT Contact-Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100.0%
PT Imobiliária, Sa	Portugal	FC	100.0%
PT Móveis, Sgps, Sa	Portugal	FC	100.0%
PT Pay, S.A.	Portugal	FC	100.0%
PT Portugal, Sgps, S.A.	Portugal	FC	100.0%
PT Prestações - Mandatária De Aquisições E Gestão De Bens, S.A.	Portugal	FC	100.0%
PT Sales - Serviços De Telecomunicações E Sistemas De Informação, S.A.	Portugal	FC	100.0%
Redgreen S.A.	Luxembourg	FC	100.0%
Rennes Métropole Telecom S.A.S.	France	FC	100.0%
Rhon'telecom S.A.S.	France	FC	60.0%
Rimbaud Gestion B Sci	France	FC	100.0%
RMC - BFM Production SASU	France	FC	99.7%
RMC BFM Edition SASU	France	FC	99.7%
RMC Découverte S.A.S.	France	FC	99.7%
RMC S.A. Monegasque	France	FC	99.7%
RMC Sport SASU	France	FC	99.7%
S.G.P.I.C.E., S.A. (previously Yunit Serviços, S.A.)	Portugal	EM	33.3%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic Interest
Sadotel S.A.S.	Dominican Republic	FC	60.0%
Sequalum Participation S.A.S.	France	FC	100.0%
Sequalum S.A.S.	France	FC	100.0%
SFCM S.A.	France	FC	100.0%
SFR Business Distribution S.A. (Ex. Cinq Sur Cinq S.A.)	France	FC	100.0%
SFR Business Solutions Morocco S.A. (Ex. Telindus Morocco S.A.)	Morocco	FC	100.0%
SFR Collectivités S.A.	France	FC	99.9%
SFR Développement S.A.S.	France	FC	100.0%
SFR Distribution S.A. (Ex. SFD S.A.)	France	FC	100.0%
SFR Fibre S.A.S. (Ex. NC Numericable S.A.S.)	France	FC	100.0%
SFR Participation S.A.S.	France	FC	100.0%
SFR Presse Distribution S.A.S.	France	FC	100.0%
SFR Presse S.A.S.	France	FC	100.0%
SFR S.A.	France	FC	100.0%
SHD S.A.	France	FC	100.0%
Siresp, Gestão Redes Digitais Segurança E Emergência, S.A.	Portugal	FC	52.1%
Smartshore S.à r.l.	Morocco	FC	65.0%
Société Nouvelle de Télécommunication et Communication S.à r.l.	France	FC	99.9%
Sofialys S.A.S.	France	EM	23.8%
South Sharon Communications (1990) Ltd.	Israel	FC	100.0%
Sport TV Portugal, S.A.	Portugal	EM	25.0%
Sportinvest Multimedia S.A.	Portugal	EM	50.0%
Sportinvest Multimédia, Sgps, S.A.	Portugal	EM	50.0%
Sportscotv SASU	France	FC	99.7%
SRR SCS	France	FC	100.0%
Sud Partner S.à r.l.	France	EM	24.0%
Sudtel France SASU	France	FC	70.0%
Sudtel S.A.	Portugal	FC	70.0%
Synerail Construction S.A.S.	France	EM	40.0%
Synerail Exploitation S.A.S.	France	FC	60.0%
Synerail S.A.S.	France	EM	30.0%
TAT Ltd.	Israel	FC	51.0%
Teads Argentina S.A.	Argentina	FC	96.2%
Teads Brasil Solucoes Em Propaganda e Video Ltd.	Brazil	FC	96.2%
Teads Canada Inc.	Canada	FC	96.2%
Teads Colombia S.A.S.	Colombia	FC	96.2%
Teads Deutschland GmbH	Germany	FC	96.2%
Teads Espana SLU	Spain	FC	96.2%
Teads France S.A.S.	France	FC	96.2%
Teads Inc.	USA	FC	96.2%
Teads Italia SRL	Italy	FC	96.2%
Teads Japan	Japan	FC	96.2%
Teads Korea	Korea	FC	96.2%
Teads Latam LLC	USA	FC	96.2%
Teads Ltd.	UK	FC	96.2%
Teads Mexico SA de CV	Mexico	FC	96.2%
Teads Rus LLC	Russia	FC	96.2%
Teads S.A.	Luxembourg	FC	96.2%
Teads Schweiz Gmbh	Switzerland	FC	96.2%
Teads Sing. Pte	Singapore	FC	96.2%
Teads Studio Ltd.	United Kingdom	FC	96.2%
Teads Studio SRL	Romania	FC	96.2%
Teloise S.A.S.	France	FC	70.0%
The Marketing Group S.A.S.	France	FC	65.0%
TME France S.A.	France	FC	100.0%
TMG Succ	Marocco	FC	65.0%
Tnord S.A.	Portugal	FC	60.0%
TRC Belgium Sprl	Belgium	FC	100.0%
Valofibre S.A.S.	France	FC	100.0%
Vod Factory S.A.S.	France	EM	40.0%
WMC S.A.S.	France	FC	99.7%
World Satellite Guadeloupe S.A.	France	FC	100.0%
Ypso Finance S.à r.l.	Luxembourg	FC	100.0%
Ypso France S.A.S.	France	FC	100.0%
Zira Ltd.	Israel	EM	20.0%

II. STANDALONE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Altice Europe N.V.

(formerly Altice N.V.)

COMPANY-ONLY ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

Altice Europe N.V.
Prins Bernhardplein 200
1097JB Amsterdam
The Netherlands
Chamber of Commerce: 63329743

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Altice Europe N.V. company-only annual accounts

1. Balance sheet

Balance sheet (after appropriation of the result) As at December 31, 2018 (€m)	Notes	As of December 31, 2018	As of December 31, 2017
Financial fixed assets			
Participation in Group companies	4.1	7,062.9	10,766.0
Total financial fixed assets		**7,062.9**	**10,766.0**
Current assets			
Amounts due from Group companies	4.2	1,358.8	157.6
Current tax assets		0.1	-
Other receivables		-	0.1
Cash	4.3	38.2	200.9
Total current assets		**1,397.1**	**358.6**
Total assets		**8,460.0**	**11,124.6**
Shareholders' equity			
Share capital	4.4	68.3	76.5
Additional paid in capital	4.5	6,438.2	10,379.9
Other reserves	4.6	78.5	78.5
Retained earnings	4.7	1,438.6	241.2
Total shareholders' equity		**8,023.6**	**10,776.1**
Short-term liabilities			
Amounts due to Group companies	4.9	265.1	331.6
Accrued liabilities	4.10	165.8	8.9
Trade creditors		1.2	7.6
Current tax liabilities	4.11	-	0.4
Taxes and social security contributions		4.3	-
Total short-term liabilities		**436.4**	**348.5**
Total equity and liabilities		**8,460.0**	**11,124.6**

2. Profit and loss account

Profit and loss account For the year ended December 31, 2018 (€m)	**Notes**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Net turnover	5.1	125.7	52.7
Total operating income		**125.7**	**52.7**
Wages and salaries	5.2	(123.6)	(31.9)
Other operating expenses	5.3	7.4	(45.4)
Total operating expenses		**(116.2)**	**(77.3)**
Interest expense and similar charges		(28.9)	(4.9)
Interest income and similar income		1,189.4	299.3
Finance income, net	5.4	**1,160.5**	**294.4**
Result before taxation		**1,170.0**	**269.8**
Taxation		**-**	**-**
Net result		**1,170.0**	**269.8**

3. Notes to the company-only annual accounts

The company-only annual accounts have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. Altice Europe N.V. (the "Company") is the parent entity of the Altice Europe N.V. consolidated group (the "Group"). The Group's consolidated financial statements are prepared using IFRS. The annual accounts of the Company are prepared under Title 9 of the Civil Code, without using the option to apply the accounting principles the Company applied for the preparation of its consolidated financial statements (combination 2).

Valuation of assets and liabilities and determination of the result take place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realised on the balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the annual accounts.

3.1 About the Company

The Company is a public limited liability company ("*Naamloze Vennootschap*") incorporated in the Netherlands on May 18, 2015. The registered office of the Company is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and its registered number with the Chamber of Commerce is 63329743. The objectives of the Company are to act as a holding company. The ultimate majority controlling shareholder of the Company is Patrick Drahi (via Next Alt S.à r.l., "Next Alt"); as of December 31, 2018, Next Alt held 67.53% of the share capital of the Company.

On January 8, 2018, the Company announced that its Board has approved plans for the separation of Altice USA, Inc. ("Altice USA") from the Company (the "Separation"). On May 18, 2018, the shareholders of the Company approved the Separation in the annual General Meeting of the Company. On June 8, 2018, the Separation was effected by a special distribution in kind by the Company of its 67.2% interest in Altice USA to its shareholders out of its share premium reserve.

3.2 Financial instruments

Financial instruments include the primary financial instruments (such as receivables and debts). All financial instruments are recorded in the balance sheet. The notes to the annual accounts disclose the fair value of the related instrument if this deviates from the carrying amount.

For the principles of primary financial instruments, reference is made to the recognition per the line item of the balance sheet as per the 'Principles for the valuation of assets and liabilities'.

3.3 Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as of December 31, 2018 (the "balance sheet date").

Transactions in foreign currency during the financial year are recognised in the annual accounts at the exchange rates prevailing at the transaction date. Balances held in foreign currencies are translated at the closing rate on the balance date. Exchange differences resulting from the translation of foreign currency amounts are recognised in profit or loss in net finance income.

3.4 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the "other reserves".

Equity-settled share based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.5 Estimates

The preparation of the annual accounts requires Management to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

3.6 Principles of valuation of assets and liabilities

3.6.1 Financial fixed assets

Participations in Group companies

The Company has made use of article 389.9, Book 2 of the Civil Code, which enables departure from valuing subsidiaries at equity value if the Company forms part of an internationally entangled group that values its direct and indirect subsidiaries at cost less impairment.

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The Company recognises dividends received in profit and loss, as a direct result of measuring its subsidiaries at cost less impairment. If the investment in subsidiaries where measured using the net asset value method, the dividends received would have been recognised in the balance sheet, reducing the cost price of the investment. Additional investment in subsidiaries measured at cost price are capitalized to the cost price of the investment.

Dividends received are recognised on the payment date and measured at the face value of the amount received.

3.6.2. Receivables

Upon initial recognition the receivables are valued at fair value and subsequently measured at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted and are calculated by using an incurred loss model. These provisions are determined by individual assessment of the receivables.

Fair value is determined by reference to the market price at the end of the period, when the data is available. There are no instruments measured at fair value at the balance sheet date in these financial statements; all items are subsequently measured at amortized cost.

3.6.3 Cash

Cash is measured at face value. If cash is not freely disposable, this has been taken into account upon measurement.

3.6.4 Liabilities

Upon initial recognition, the loans and liabilities recorded are measured at their fair value and are subsequently measured at amortised cost.

3.7 Principles for the determination of the result

3.7.1 Net turnover

Net turnover represents amounts invoiced for services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to December 31, 2018, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

3.7.2 Wages and salaries

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.7.3 Taxation

Corporate income tax is calculated at the applicable rate (2018: 25%; 2017: 25%; 2016: 25%) on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax assets (if applicable) are recognised only to the extent that realisation is probable.

4. Notes to the balance sheet

4.1 Participations in Group companies

Name of Group company	Place of business	Note	Economic interest	Investment December 31, 2018 (€)	Investment December 31, 2017 (€)
Altice Group Lux S.à r.l.	Luxembourg, Luxembourg	4.1.1	100.0%	5,676.5	5,676.5
CVC 1 B.V.	Amsterdam, the Netherlands	4.1.2	0.0%	-	3,863.2
CVC 3 B.V.	Amsterdam, the Netherlands	4.1.3	100.0%	170.2	-
Altice France S.A.	Paris, France	4.1.4	100.0%[1]	1,216.2	1,216.2
i24news B.V.	Amsterdam, the Netherlands	4.1.5	0.0%	-	10.0
Altice Technical Services B.V.	Amsterdam, the Netherlands	4.1.6	0.0%	-	0.1
Altice Management Americas Corporation	Wilmington, Delaware, United States	4.1.7	0.0%	-	-
Total				**7,062.9**	**10,766.0**

1 The Company's investment in Altice France S.A. consist of a 9.32% direct share ownership, and a 90.68% indirect share ownership through its subsidiary, Altice Group Lux S.à r.l.

During the year, CVC 1 B.V. was dissolved on December 14, 2018, preceded by the dissolution of its subsidiary, CVC 2 B.V., on December 12, 2018. Further, i24news B.V. was dissolved on December 27, 2018 and the economic interest in Altice Technical Services B.V. increased from 70% to 100%, thereafter it was dissolved on December 15, 2018. Altice Management Americas Corporation was dissolved on December 21, 2018.

The movements in participations held in Group companies are as follows:

4.1.1 Altice Group Lux S.à r.l.

Altice Group Lux S.à r.l., Luxembourg, Luxembourg **(€m)**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Opening balance	5,676.5	6,881.2
Contributions	-	-
Transfer of SFR Group S.A. shares	-	1,099.4
Share premium reduction	-	(1,232.8)
Repayment of capital	-	(1,071.4)
Closing balance	**5,676.5**	**5,676.5**

4.1.2 CVC 1 B.V.

CVC 1 B.V., Amsterdam, The Netherlands **(€m)**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Opening balance	3,863.2	1,679.8
Contributions	0.2	2,183.4
Distributions of shares	(3,863.4)	-
Closing balance	**-**	**3,863.2**

During 2018, CVC 1 B.V. acquired all the shares in the share capital of CVC 3 B.V. from its subsidiary, CVC 2 B.V., being 3,453,000,977 shares, each with a par value of $1, by way of a distribution in kind of CVC 3 B.V.'s book value of $5,873,165,529.89. CVC 1 B.V. distributed the shares of CVC 3 B.V. to the Company for the same amount. CVC 1 B.V. was dissolved on December 14, 2018, whilst its only subsidiary, CVC 2 B.V., was dissolved on December 12, 2018.

4.1.3 CVC 3 B.V.

CVC 3 B.V., Amsterdam, The Netherlands **(€m)**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Opening balance	-	-
Contributions	5,016.4	-
Sale of shares	(4,846.2)	-
Closing balance	**170.2**	**-**

During 2018, the Company became the new shareholder of CVC 3 B.V., due to the distribution of all the shares of CVC 3 B.V. held by CVC 2 B.V. to CVC 1 B.V. and then by CVC 1 B.V. to the Company.

The investment in Altice USA by CVC3 B.V., a subsidiary of the Company, was distributed to the Company during the year, and subsequently distributed to the shareholders of the Company out of the share premium of the Company.

4.1.4 Altice France S.A. (formerly known as SFR Group S.A.)

Altice France S.A., Paris, France (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Opening balance	1,216.2	645.3
Acquisition of shares	-	1,670.3
Transfer of shares to Altice Group Lux S.à r.l.	-	(1,099.4)
Closing balance	**1,216.2**	**1,216.2**

4.1.5 i24news B.V.

i24news B.V., Amsterdam, The Netherlands (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Opening balance	10.0	-
Contributions	2.5	10.0
Repayment of capital	(6.2)	-
Impairment	(6.3)	-
Closing balance	**-**	**10.0**

During the year 2018, the Company contributed share premium amounting to €2,501,459 ($3.0m) to i24news B.V. and received a distribution amounting to €6,248,000 from i24news B.V. There was a loss of €6,292,065 due to the sale of i24 US Corporation by i24news B.V. i24news B.V. was dissolved on December 27, 2018.

4.1.6 Altice Technical Services B.V.

Altice Technical Services B.V., Amsterdam, The Netherlands (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Opening balance	0.1	0.1
Acquisition of shares	0.1	-
Liquidation	(0.2)	-
Closing balance	**-**	**0.1**

During the year 2018, the Company bought additional shares of Altice Technical Services B.V. for a price of €60,000, increasing its investment to €200,000. Due to the dissolution of Altice Technical Services B.V., the Company received a total cash amount of €198,815, of which €48,884 was used to settle the current account with the Company and the balance of €149,931 was used to partially settle the share capital, resulting in a liquidation loss of €50,069. Altice Technical Services B.V. was dissolved on December 15, 2018.

4.1.7 Altice Management Americas Corporation

Altice Management Americas Corporation, Delaware, United States (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Opening balance	-	-
Contributions	-	-
Closing balance	**-**	**-**

The Company incorporated Altice Management Americas Corporation on January 20, 2016 for an amount of $1. Altice Management Americas Corporation was dissolved on December 21, 2018.

4.2 Amounts due from Group companies

Amounts due from Group companies (€m)	December 31, 2018	December 31, 2017
Altice Corporate Financing S.A.	551.7	-
Altice Group Lux S.à r.l.	383.1	20.1
Altice Luxembourg S.A.	185.5	0.4
Altice Portugal S.A.	124.5	-
Altice Management International S.A.	111.9	92.8
Altice USA, Inc.	1.6	1.1
Altice Technical Services B.V.	-	41.7
Altice France S.A.	0.4	0.9
Others	0.1	0.6
Total	**1,358.8**	**157.6**

The amounts due from Group companies are all due from entities within the Company's control. None of these receivables are long-term in nature and they all are repayable on demand. Interest income of €15,504,670 was accrued on the amount due from Altice Luxembourg S.A., at a rate of 7% per year per facility agreement, and interest income of €20,980,286 was accrued on the amount due from Altice Corporate Financing S.A., at a rate of 8% per year per facility agreement. The other receivables are short term in nature and did not accrue any interest.

The management of the Company intends to convert the amounts due from Altice Corporate Financing S.A., Altice Group Lux S.à r.l., Altice Luxembourg S.A. and Altice Management International S.A. into equity during the 2019 financial year. The amount due from Altice USA was received on January 29, 2019 and the amount due from Altice France S.A. was received on January 18, 2019. The amount due from Altice Portugal directly relates to the provisional fine issued to the Company for gun jumping in connection with the Group's acquisition of PT Portugal in June 2015 (please refer to note 4.10).

4.3 Cash

Cash (€m)	December 31, 2018	December 31, 2017
Current accounts	38.2	200.9
Total	**38.2**	**200.9**

The current accounts are freely available to the Company.

4.4 Share capital

4.4.1 Share capital paid up and called up

Share capital December 31, 2018	Total shares authorized (number)	Total capital authorized (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common shares A	5,928,144,600	59.3	1,596,608,025	0.01	16.0
Common shares B	222,874,216	55.7	209,318,001	0.25	52.3
Preference shares A	4,700,000,000	188.0	-	0.04	-
Preference shares B	150,000,000	1.5	927,832	0.01	0.0
Total	**11,001,018,816**	**304.5**	**1,806,853,858**		**68.3**

Share capital December 31, 2017	Total shares authorized (number)	Total capital authorized (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common shares A	8,899,142,150	89.0	1,572,352,225	0.01	15.7
Common shares B	269,884,872	67.5	243,035,949	0.25	60.8
Preference shares A	4,700,000,000	188.0	-	0.04	-
Preference shares B	150,000,000	1.5	-	0.01	-
Total	**14,019,027,022**	**346.0**	**1,815,388,174**		**76.5**

As of December 31, 2018, the Company's authorized capital is €304,500,000, divided into the following shares:

- 5,928,144,600 Common Shares A, each with a nominal value of €0.01;
- 222,874,216 Common Shares B, each with a nominal value of €0.25;
- 4,700,000,000 Preference Shares A, each with a nominal value of €0.04; and
- 150,000,000 Preference Shares B, each with a nominal value of €0.01.

As of December 31, 2018, the Company's issued share capital consists of €68,304,858.82, divided into:

- 1,596,608,025 Common Shares A, of which 615,998,253 are held by the Company as treasury shares;
- 209,318,001 Common Shares B, of which zero are held by the Company as treasury shares and;
- 927,832 Preference Shares B, of which zero are held by the Company as treasury shares.

As of December 31, 2018, no Preference Shares A have been issued.

Common Shares A and Common Shares B

One Common Share A has one vote and one Common Share B has 25 votes. Common Shares A and Common Shares B must be paid up in full upon issuance and are equally entitled to dividends.

Preference Shares A

Each Preference A Share has four votes on all matters on which all voting shares have voting rights and, other than matters that require a class vote, form a single class with other voting shares in the capital of the Company for such purposes.

Pursuant to the Articles of Association, Preference Shares A may be issued against payment in cash of at least one quarter of their nominal value.

Preference Shares B

Each Preference Share B has one vote on all matters on which all voting shares have voting rights and, other than with respect to matters that require a class vote, form a single class with the other voting shares in the capital of the Company for such purposes.

Preference Shares B must be paid up in full upon issuance. Pursuant to the Articles of Association, the Board may at all times convert one or more Preference Shares B into one or more Common Shares A in accordance with the conversion ratio and other conditions as determined by the Board.

Issuance of shares

Shares are issued pursuant to a resolution of the General Meeting or pursuant to a resolution of the Board, to the extent so authorized by the General Meeting for a specific period not exceeding five years. The General Meeting will, for as long as any such designation of the Board for this purpose is in force, remain authorized to resolve upon the issuance of shares. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn.

The Board is irrevocably authorized in the Articles of Association to issue shares and to grant rights to subscribe for shares up to the amount of the Company's authorized capital for a period of five years from August 8, 2015. This authorization of the Board will expire on August 8, 2020. After that period, shares may be issued pursuant to (i) a resolution of the General Meeting, or (ii) a resolution of the Board, if so authorized by the General Meeting.

4.4.2 Treasury shares

The table below provides a reconciliation of treasury shares held by the Company and the movements in the period.

Reconciliation of treasury shares	**Note**	**Year ended December 31, 2018**	**Year ended December 31, 2017**
Opening		**625,385,229**	**107,324,976**
Share conversions	4.4.2.1	777,845,568	575,989,608
Share exchanges	4.4.2.2	(4,083,374)	(80,230,333)
Share buybacks	4.4.2.3	4,158,546	22,300,978
Share cancellations	4.4.2.4	(787,307,716)	-
Closing		**615,998,253**	**625,385,229**

4.4.2.1 Share conversions

For the year ended December 31, 2018, the Company received and executed conversion orders amounting to a total of 32,410,232 Common Shares B. Common Shares B are converted to 25 Common Shares A; 1 Common Share A is retained by the shareholder while 24 Common Shares A are acquired by the Company for nil consideration and retained as treasury shares.

4.4.2.2 Share exchanges

The treasury shares purchased during the year were mainly used by the Company for a share settlement with the management of OMT (also referred to as the French Overseas Territories). The total settlement amounted to €58 million, with €33.6 million settled in Company's shares and the remainder in cash.

4.4.2.3 Share buybacks

On May 18, 2018, the General Meeting authorised the Company to acquire shares in its own capital for a period of 18 months up to a maximum of 10% of the issued share capital at a price between the nominal value of the shares and 110% of the opening price at Euronext Amsterdam at the date of the acquisition.

On August 28, 2017, the Company announced that it commenced a share repurchase programme with the intention to purchase Common Shares A and Common Shares B on Euronext Amsterdam in open periods for an aggregate market value of up to €1.0 billion.

On October 16, 2017, the Company announced that its existing share repurchase programme was suspended and that a new safe harbour programme to repurchase shares also in closed periods would commence on October 16, 2017 and continue until November 2, 2017 (inclusive). On November 3, 2017, the Company resumed its discretionary share repurchase activity.

During the year ended December 31, 2018, the Company acquired 4,083,374 Common Shares A from Goldman Sachs and 75,172 Common Shares A as part of its share repurchase programme for an aggregate amount of €33.6 million, recognised as a reduction in the Company's share premium.

4.4.2.4 Share cancellations

On December 4, 2017, the Board resolved to cancel 416,000,000 Common Shares A and 1,307,716 Common Shares B held as treasury shares. The cancellation of these shares was not effective as of December 31, 2017. It became effective on February 10, 2018. Further, on January 26, 2018, the Board resolved to cancel 370,000,000 additional Common Shares A. The cancellation of these shares became effective on May 18, 2018.

4.5 Additional paid in capital

Additional paid in capital (€m)	**December 31, 2018**	**December 31, 2017**
Opening balance	10,379.9	9,118.7
Share buybacks from share premium	(33.6)	(371.3)
Share premium distribution	(3,949.0)	-
Additional investments	40.9	1,632.5
Total	**6,438.2**	**10,379.9**

The share premium distribution was made as a consequence of the spin-off of the Altice USA activities. All the shares in Altice USA held by CVC 3 B.V. were distributed to the shareholders of the Company.

4.6 Other reserves

Other reserves (€m)	**December 31, 2018**	**December 31, 2017**
Opening balance	78.5	49.9
Stock option expense	-	28.6
Total	**78.5**	**78.5**

4.7 Retained earnings

Retained earnings (€m)	**December 31, 2018**	**December 31, 2017**
Opening balance	241.2	(28.6)
Result for the period	1,170.0	269.8
Retained earnings SOP	27.4	-
Total	**1,438.6**	**241.2**

The Board of Directors proposes to the General Meeting to allocate the result for the 2018 financial year, amounting to €1,169,967,082.39, as follows: (i) €0.92 to the Retained Earnings Reserve Preference Shares B, for the benefit of the holders of Preference Shares B, as required by the Articles of Association of the Company, and (ii) €1,169,967,081.47 to Retained Earnings, and that no dividend be paid. This proposal has already been reflected in these annual accounts. The result for the 2017 financial year has been fully transferred to Retained Earnings as proposed by the Board of Directors to the General Meeting during the previous year.

4.8 Reconciliations to the consolidated financial statements

The difference between equity and net result according to the Company's annual accounts and those of the consolidated Group are due to the net asset value of the companies consolidated into the Group's consolidated financial statements. No declaration of liability or other securities have been provided for the Company.

		Reconciling items between consolidated equity and standalone equity													
Reconciliation of Group equity to company-only equity	**Group equity**	**Revision IFRS 15**	**Equity of Group companies at date of merger**	**Merger with Altice S.A.**	**Transactions with non-controlling interest**	**Group currency translation reserve**	**Group cash flow hedge reserve**	**Group stock option plan**	**Group available for sale reserve**	**Group employee benefits reserve**	**Accumulated losses of Group companies**	**Dividends paid by Group companies**	**Other movements in equity**	**Total**	**Standalone equity**
Opening balance	(363.5)	(216.7)	(5,224.1)	6,934.0	5,147.7	285.3	489.2	(127.2)	(1.7)	64.4	2,598.6	946.4	243.7	11,139.6	10,776.1
Consolidated loss for the period	(204.8)	-	-	-	-	-	-	-	-	-	1,374.8	-	-	1,374.8	1,170.0
Transactions recorded in comprehensive income in consolidated accounts[1]	(200.4)	-	-	-	-	292.5	(62.4)	-	(0.3)	(29.4)	-	-	-	200.4	
Share based payment	(50.0)	-	-	-	-	-	-	77.4	-	-	-	-	-	77.4	27.4
Dividends[2]	(416.2)	-	-	-	-	-	-	-	-	-	-	416.2	-	416.2	
Transactions with non-controlling interest	1,468.8	-	-	-	(1,469.7)	-	-	-	-	-	-	-	-	(1,469.7)	(0.9)
Other	(3,138.6)	-	-	-	-	-	-	-	-	-	-	-	(810.4)	(810.4)	(3,949.0)
Total Closing	**(2,904.7)**	**(216.7)**	**(5,224.1)**	**6,934.0**	**3,678.0**	**577.8**	**426.8**	**(49.8)**	**(2.0)**	**35.0**	**3,973.4**	**1,362.6**	**(566.7)**	**10,928.3**	**8,023.6**

1. These transactions are recorded in other comprehensive income in the Group's consolidated financial statements, there are no such transactions in the Company.
2. Dividends paid by Group companies during the period, no dividends were paid by the Company.

4.9 Amounts due to Group companies

Amounts due to Group companies (€m)	December 31, 2018	December 31, 2017
Altice Corporate Financing S.A.	-	220.2
Altice Luxembourg S.A.	262.5	68.1
Altice Technical Services B.V.	-	41.7
Altice Management International S.A.	2.6	1.6
Total	**265.1**	**331.6**

These liabilities all related to companies in which the Group has control. None of the payables were long-term in nature and they are repayable on demand. Interest expense of €21,095,873 was accrued on the amount due to Altice Luxembourg S.A. at a rate of 7% per year per facility agreement. The other payables are short term in nature and did not accrue any interest.

4.10 Accrued liabilities

Accrued liabilities (€m)	December 31, 2018	December 31, 2017
Accruals	124.9	8.7
Other employee benefits	40.9	0.2
Total	**165.8**	**8.9**

The current year accruals relate to legal, audit and other short-term payables mainly consisting of a provisional fine of €124.5m issued to the Company for gun jumping in connection with the Group's acquisition of PT Portugal in June 2015, for which a Company's subsidiary, Altice Financing S.A., issued a bank guarantee to the European Commission. None of these liabilities are long-term in nature.

Other employee benefits consist of accruals of €89.6m recognized for the granting of stock options during the 2018 financial year, related to the separation from Altice USA, of which €49.1m had already been paid in cash as at December 31, 2018 and employee bonusses amounting to €373,000; please refer to note 5.2. for details of the stock option grants.

4.11 Current tax liabilities

The current tax liabilities mainly consist of the VAT payable.

4.12 Non-recognised assets and liabilities and contingent assets and liabilities

As of April 1, 2016, the Company was the head of a fiscal unity with CVC 1 B.V. for corporate income tax purposes. The Company is charged as if it were liable for corporate income tax, unless the corporate income tax payable for the fiscal unity does not result in a payable position. The Company is charged as if it were liable for all liabilities of the fiscal unity as a whole. In case CVC 1 B.V. cannot pay its income tax position, the Dutch Tax Authorities will charge the Company for this. Due to the dissolution of CVC 1 B.V. on December 14, 2018, the Company is no longer a fiscal unity with CVC 1 B.V. as of December 14, 2018.

4.13 Litigation

In the normal course of its activities, the Company and its subsidiaries are accused in a certain number of governmental, arbitration and administrative law suits. Provisions are recognized by the Company when management believe that it is more likely than not that such lawsuits will result in an expense being recognized by the Company, and the magnitude of the expenses can be reliably estimated. The magnitude of the provisions recognised is based on the best estimate of the level of risk on a case-by-case basis, considering that the occurrence of events during the legal action involves constant re-estimation of this risk.

The Company is not aware of other disputes, arbitration, governmental or legal action or exceptional fact (including any legal action of which the Company is aware, which is outstanding or by which it is threatened) that may have been, or is in, progress during the last months and that has a significant effect on the financial position, the earnings, the activity and the assets of the Company and the Group, other than those described below.

This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the annual financial statements for the year ended December 31, 2017, and that have had or that may have a significant effect on the financial position of the Company.

4.13.1 *Altice USA and the Company – securities lawsuit*

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Altice USA common stock in the Altice USA's IPO pursuant to the Registration Statement and Prospectus, filed complaints as described below (seven in New York State Supreme Court, one in United States District Court for the Eastern District of New York). The lawsuits name as defendants Altice USA, Altice Europe, and the Altice USA's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. Plaintiffs claim that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA's stock. The New York State Supreme Court lawsuits are presently being consolidated into one action. Altice USA intends to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

4.13.2 *European Commission Investigation*

After having approved the acquisition of PT Portugal by an indirect subsidiary of the Company on April 20, 2015, the European Commission initiated an investigation into infringement by the Company of the obligation of prior notification of concentrations under Article 4(1) of the Merger Regulation and/or of the stand-still obligation laid down in Article 7(1) of the Merger Regulation. The European Commission issued a statement of objections on May 18, 2017, informing the Company of the objections raised against it.

On April 24, 2018, the European Commission notified the Company of its decision to impose upon it two fines totalling €124.5 million. The Commission found that the Company infringed the prior notification obligation of a concentration under Article 4(1) of the EU Merger Regulation, and the stand-still obligation under Article 7(1) of the EU Merger Regulation. In the Company's opinion, the Commission's decision relies on a wrongful definition of the notion of "implementation" of a concentration. Further, the transaction agreement governing the management of the target during the pre-closing period provided the Company with a consultation right on certain exceptional matters relating to PT Portugal aimed at preserving the value and integrity of the target prior to closing and was in accordance with well-established M&A market practice.

In any event, the Company considers that the elements in the Commission's file do not establish the exercise of influence, as alleged by the Commission, by the Company over PT Portugal's business conduct neither prior to the merger notification to the Commission nor prior to the Commission's clearance.

On July 5, 2018, the Company filed an Application for annulment against the Commission's decision before the EU General Court to request that the decision as a whole be annulled or, at the very least, that the sanction be significantly reduced (Case T-425/18). The Commission's decision does not affect the approval granted by the European Commission on April 20, 2015 for the acquisition of PT Portugal by the Group.

On November 6, 2018, the Council of the European Union filed an Application to intervene in the case before the EU General Court. Both the Company and the European Commission confirmed they had no observations to the Council's Application to intervene. The Council requested an extension of the time-limit to file its Statement of intervention. The Court granted that extension until February 25, 2019.

On November 30, 2018, the European Commission filed its Defence requesting the Court (1) to dismiss the Company's Application and (2) to order the Company to pay the costs. The said Defence was notified to the Company on December 14, 2018. On December 20, 2018, the Company requested an extension of one month to lodge its Reply. The extension was granted on January 4, 2019, until February 25, 2019.

On February 25, 2019, the Company filed its Reply to the Commission's Defence adhering to the conclusions and orders sought in its Application for annulment.

As of December 31, 2018, a liability of €124.5 million was recorded, which was recharged to Altice Portugal resulting in a corresponding receivable, as it is the acquiring entity of PT Portugal. On July 25, 2018, the Group issued a bank guarantee to the European Commission.

5. Notes to the profit and loss account

5.1 Net turnover

Net turnover (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Recharge share based expenses	-	28.6
Recharge Next Alt fees	-	4.0
Management fees	125.7	20.1
Total	**125.7**	**52.7**

The Company receives management fees from companies across the Group, largely based in Switzerland and Luxembourg. The management fees were for a variety of services that the Company provides. These services are primarily connected with general management services in relation to the Group's long-term strategy, acquisitions and divestments of investments and consulting services related to corporate development and general organization matters for the Group. During 2018 no recharge for the stock option plans is recognized as this is included in the management fees of 2018.

5.2 Wages and salaries

Wages and salaries (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Share based expenses[1]	121.3	28.6
Salaries[2]	1.1	1.0
Directors fee	1.2	2.3
Total	**123.6**	**31.9**

1 For the year ended December 31, 2018, the Company recorded €99.8m (2017: €28.6m) as share based compensation related to the stock option plans and €21.5m related to the Preference Shares B granted to Mr. Alain Weill.
2 Salaries includes €206,275 for social security costs.

During the year the Company employed 5 employees (2017: 4) in the Netherlands in the Finance sector. The Company has four executive directors and four non-executive directors; please refer to page 293 for the names of the directors.

5.2.1 Stock option plans

5.2.1.1 Overview of the stock option plans

The Company had two existing stock option plans as of January 1, 2017, the Stock Option Plan ("SOP") and the Long-Term Incentive Plan ("LTIP").

The purpose of the SOP is, amongst others, to provide prospective candidates to join the Group or prospective candidates for promotion within the Group with appropriate incentives and to support their retention. The number of options granted under the SOP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term. The grant of stock options under the SOP may be accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions.

The LTIP is mainly used by the Company to grant stock options to participants under the SOP whose options have partially vested, in order to support retention of such participants, such grant being accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions. The number of options granted under the LTIP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term.

During the year 2017, the following plans were adopted:

- On June 28, 2017, the Group adopted a new performance stock option plan (the "PSOP"). The PSOP is used to grant stock options to selected employees of the Group, including Executive Board Members, the vesting of which is subject to the achievement of a financial performance target.

The number of options granted under the PSOP depends on the position, the importance of the role, the seniority and the anticipated contribution of the participant in the performance of the Group in the mid-term.

- On November 2, 2017, the Group adopted two new stock option plans (the “2017 SOP” and the “2017 LTIP”), the terms of which are substantially the same as those of the SOP and LTIP; the amendments are related to further support the retention of the participants.

The 2017 SOP and the 2017 LTIP were amended on May 18, 2018 by the annual General Meeting in order to extend their application to Executive Board Members.

Further, in May 2017, the Board approved a management proposal whereby the fee paid as part of the Brand licence and services agreement with Next Alt, which was entered into on November 15, 2016, would cease and would no longer be included in corporate costs. The fee was replaced with the grant of 30 million stock options issued by the Company to Next Alt, in three tranches of 10 million stock options:

- a first tranche of 10 million stock options will vest 50% after 2 years, 25% after 3 years and the final 25% after 4 years,
- a second tranche of 10 million stock options will vest in the event the share price doubles in value compared to the exercise price on or before January 31, 2021; and
- a third tranche of 10 million share options will vest in the event the share price triples in value compared to the exercise price on or before January 31, 2022.

5.2.1.2 Grants of options under the stock option plans

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the specific plan.

Employees of the Group and, in exceptional cases, individuals who are not employees of the Group but who, in view of their activities for the benefit of the Group, made an important contribution to the success of the business of the Group, are eligible to participate in the SOP, the 2017 SOP, the LTIP, the 2017 LTIP and the PSOP.

In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the SOP, the 2017 SOP, the LTIP, the 2017 LTIP or the PSOP as reward for their employment with or provision of services to Group Companies and in that case determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee.

Non-Executive Board Members are not eligible for participation in any of the stock option plans.

5.2.1.3 Vesting conditions of the plans

SOP and 2017 SOP

Options granted under the SOP and the 2017 SOP are subject to time-based vesting conditions. The stock options will vest as follows:

- a first tranche of 50% of the stock options a participant holds vests on the 2nd anniversary of the start date of the vesting period;
- a second tranche of 25% of the stock options a participant holds vests on the 3rd anniversary of the start date of the vesting period; and
- a third tranche of 25% of the stock options a participant holds vests on the 4th anniversary of the start date of the vesting period.

The Board, upon recommendation of the Remuneration Committee, may adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

LTIP and 2017 LTIP

Options granted under the LTIP and the 2017 LTIP plans are subject to time-based vesting conditions. All stock options will vest on the third anniversary of the start date of the vesting period.

The Board may, upon recommendation of the Remuneration Committee, adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

PSOP

The vesting of options granted under this plan is subject to the achievement of a financial performance target (the “Target”). The Target is set at the date of grant and will be achieved if Adjusted EBITDA less CAPEX of the third full financial year following the date of grant is equal to or superior to the Target. The Board, based on a recommendation of the Remuneration Committee (or the General Meeting, as the case may be), may adjust the Target to reflect recapitalization events, acquisitions, divestitures, or any other corporate events or actions, which require an adjustment to the Target. All stock options shall lapse if the Group does not achieve the Target. The participant needs to be employed, or to provide services to the Company or to any Group Company, at the moment that it is determined that the Group has achieved the Target. Participants who leave the Group before the vesting date forfeit their stock options.

5.2.1.4 Consideration and exercise price

No consideration is payable for the allocation of stock options.

The exercise price of stock options granted under the plans is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding certain dates, which differ by stock option plan as follows:

	SOP and 2017 SOP	LTIP, 2017 LTIP and PSOP
i	the date of the offer made to and accepted by the employee to join the Group, or	the date on which the decision was made to grant the participant stock options, or
ii	the date on which the employee is promoted to a new function within the Group, or	an alternative date determined by the Board.
iii	for an existing employee within the Group, the date on which the decision was made to grant him stock options.	

The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

5.2.1.5 Adjustment of the terms and conditions of the stock options in connection with the Separation

On April 30, 2018, the Board resolved, on the recommendation of the Remuneration Committee, to amend the terms and conditions of the stock options issued under the stock option plans (other than the PSOP), which was approved by the General Meeting on June 11, 2018. The General Meeting approved the modification for the Board Members, but the same principles were applicable for all participants under the stock option plans (other than the PSOP): the exercise price of the stock options granted under the stock option plans (other than the PSOP)(1) was adjusted to reflect the Separation and a gross cash compensation corresponding to the value of a stock option on 0.4163(2) Altice USA share, multiplied by the number of stock options held by the participant under the relevant stock option plan, was granted to the participants who had unexercised stock options granted under the stock option plans (other than the PSOP), subject to vesting of the relevant stock options.

In addition, on May 29, 2018, the Board resolved, on the recommendation of the Remuneration Committee; to amend the terms and conditions of the stock options granted to Mr. Okhuijsen under the PSOP, which was approved by the General Meeting on July 10, 2018. The General Meeting approved the amendment for Mr. Okhuijsen, in its capacity of Board Member, but the same principles were applicable for all participants under the PSOP: the exercise price of the stock options granted under the PSOP, as well as the financial performance target to be achieved for the stock options to vest, were adjusted to reflect the Separation.

The modification of the terms and conditions of the stock options has been treated based on the provisions of IFRS 2 *Share based Payments*:

(1) Including the stock options issued pursuant to the Brand licence and services agreement.

(2) Corresponding to the number of Altice USA shares distributed to the Company’s shareholders in respect of each share in the Company in connection with the Separation.

(1) For the Altice Europe part of the stock option plans:
The stock options were repriced in order to take into account the Separation, and this repricing was considered as a replacement of cancelled options. The Company continues to expense the portion of the initial fair value not yet recognized over the original vesting period, after taking into account the decrease related to the Altice USA stock option part (based on 24.33% ratio).

(2) For the Altice USA part of the stock option plans:
For specific reasons related to market regulations in the USA, it was decided to replace Altice USA stock option by payment in cash based on vesting dates of existing plans (no change in vesting conditions).

The treatment of a change from equity settled to cash settled is treated according to IFRS 2 B43:

(1) The vested part of the liability was recognized as a liability with a corresponding reduction of equity for an amount of $93.3 million (€80.0 million) at the Separation date (June 8, 2018). Of this, $32.9 million relate to Patrick Drahi/Next Alt and $32.9 million relate to Dexter Goei.

(2) The unvested liability will be recorded in the statement of income over the vesting period.

5.2.2 Grants of awards

Details of movements in the number of awards outstanding under each of the Company's various stock option plans are provided in the following tables:

Altice Europe N.V.	Number granted (m)	Weighted average exercise price[1] (€)
Options outstanding as at January 1, 2017	**43.2**	**2.2**
Granted	34.5	4.7
Exercised	-	-
Cancelled, lapsed	(1.6)	3.6
Options outstanding as at December 31, 2017	**76.1**	**3.3**
Granted	9.8	2.0
Exercised	-	-
Cancelled, lapsed	(2.9)	4.1
Options outstanding as at December 31, 2018	**82.9**	**3.1**

[1] The weighted average exercise price for stock option plans of the Company as at December 31, 2018 correspond to the repriced and adjusted weighted average exercise price following the Separation of Altice USA.

5.2.3 Fair value of options granted

All stock options are initially measured based on the fair value of the award at grant date. An option pricing model was used to determine the fair value, which requires subjective assumptions; changes in these assumptions could materially affect the fair value of the options outstanding. The details of each material grant (or summary of grants) per the date of grant are set out below.

Altice Europe N.V.	January 31, 2018	January 31, 2018	January 31, 2018	Summary of 3 grants
Units granted (million)	5.00	1.75	1.75	1.26
Expiry date	January 31, 2028	January 31, 2028	January 31, 2028	Nov 2017 - Jan 2028
Unit fair value at the grant date (€)[1]	0.66	0.66	0.66	0.32 – 0.66
Share price at the grant date (€)[2]	8.66	8.66	8.66	10.25 – 8.66
Exercise price of the option (€)[2]	8.22	8.22	8.22	18.90 – 8.22
Anticipated volatility (weighted average)[3]	24.7%	24.7%	24.7%	26.69%-24.67%
Anticipated dividends[4]	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.77%	0.77%	0.77%	0.41% - 0.77%

Altice Europe N.V.	January 31, 2017	January 31, 2017	January 31, 2017	January 31, 2017	Summary 19 grants
Units granted (million)	2.84	10.00	10.00	10.00	1.67
Expiry date	January 31, 2027	January 31, 2027	January 31, 2027	January 31, 2027	Nov 2026 - Dec 2027
Unit fair value at the grant date (€)[1]	2.77	2.47	0.71	0.54	0.22 – 3.41
Share price at the grant date (€)[2]	20.28	20.28	20.28	20.28	8.18 – 22.50
Exercise price of the option (€)[2]	19.36	19.36	19.36	19.36	13.45- 20.67
Anticipated volatility (weighted average)[3]	24.7%	24.7%	24.7%	24.7%	24.3%
Anticipated dividends[4]	2.50%	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.44%	0.44%	0.44%	0.44%	0.21% - 0.47%

1 The expected life of the options used in determining the fair value of the stock options is assumed to be the same as the expiry date (10 years).
2 The share price at the grant date and the exercise price of the option have not been adjusted for the Separation.
3 The anticipated volatility is based on the average historical volatility of a select peer group over the last 10 years, given that the Company's shares have been traded just over 5 years.
4 Anticipated dividends are based on a consistent 2.5% policy over a 10-year horizon, in line with the Company's policy. With the exception of the special distribution in kind of its 67.2% interest in Altice USA to its shareholders out of its share premium reserve on June 8, 2018, the Company has not paid any dividends since its incorporation. However, the Company will at times consider returning capital to shareholders through ordinary and exceptional dividends as well as share buybacks if deemed adequate based on its review of the opportunity set for acquisitions or development projects.

5.2.4 Grant of free Preference Shares B

On July 10, 2018, the General Meeting determined the remuneration of Mr. Weill to include the right to acquire in aggregate up to 50,000,000 Preference Shares B with the following characteristics:

- granted number of Preference Shares B: 25,000,000;
- vesting period: earliest of four years from the grant date of the Preference Shares B and the Company's annual General Meeting to be held in 2022;
- performance criteria: on the financial year ending on December 31, 2021, the Company having generated an annual consolidated EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated EBITDA in the 4-year business plan adopted by the Company;
- number of Preference Shares B, each convertible into one Common Share A, ranging between 0% and 200% of the number of granted Preference Shares B, to be assessed at the end of the vesting period, according to a predetermined allocation key linked to performance criteria.

In addition, in connection with the Separation, the General Meeting approved an adjustment of the terms and conditions governing Mr. Weill's existing right to acquire in aggregate 1,855,664 Preference Shares B as granted on July 7, 2016 and amended on May 29, 2018, as follows:

- Tranche 1: 1,103,096 Preference Shares B, each upon vesting convertible into one newly to be issued Common Share A as well as 0.4163 existing shares of Class A Common Stock in Altice USA;
- Tranche 2: 752,568 Preference Shares B, each upon vesting convertible into a number of newly to be issued Common Shares A depending on the share price of the Common Shares A during the 5 trading days preceding the conversion request;
- a gross cash compensation of a maximum aggregate amount of $839,991.15.

As of December 31, 2018, 827,322 Preference Shares B Tranche 1 and 564,426 Preference Shares B Tranche 2 had vested.

5.3 Other operating expenses

Other operating expenses (€m)	Note	Year ended December 31, 2018	Year ended December 31, 2017
Impairment of Group company receivable	5.3.1	(9.5)	23.8
Termination of project fees		-	8.0
Brand licence and services agreement		-	4.0
Insurance fees	5.3.2	1.0	2.5
Other	5.3.3	1.1	7.1
Total		**(7.4)**	**45.4**

5.3.1 Impairment of Group company receivable

During 2017 the Group company receivable from Redgreen S.A. was fully impaired. In 2018 amounts were recovered from this entity and the impairment was partially reversed.

5.3.2 Insurance fees

The insurance fees relate to the directors and officer's liability insurance.

5.3.3 Other

Other fees include audit expenses the Company incurred with its principal auditor Deloitte, legal and advisory fees and general administration fees.

5.4 Net finance income

Net financial income (€m)	Year ended December 31, 2018	Year ended December 31, 2017
Dividend income	1,153.0	299.3
Interest income	36.4	-
Interest expense	(21.6)	-
Impairment	(6.6)	-
Loss on foreign exchange transactions	(0.6)	(4.9)
Liquidation distributions	(0.1)	-
Total	**1,160.5**	**294.4**

The dividend income relates to the dividend that is received from the Company's subsidiary CVC 1 B.V. In this dividend distribution, the Company received all shares of CVC 3 B.V.

The received interest relates to the interest on the current accounts receivable with Altice Corporate Financing S.A. and Altice Luxembourg S.A. The interest expenses relate to the interest to banks and current account payable of Altice Luxembourg S.A.

The impairment relates to the loss of selling i24 US Corp. by i24news B.V. The foreign exchange translation is related to balances held in US dollar at the bank at the balance sheet date. The liquidation distributions relate to losses incurred due to the liquidation of the subsidiaries CVC 1 B.V., CVC 2 B.V., i24news B.V and Altice Technical Services B.V.

6. Events after the reporting period

6.1. Closing of the sale of an equity stake in SFR FTTH

On November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients, and OMERS Infrastructure regarding the sale of a minority equity stake of 49.99% in SFR FTTH for a total cash consideration of €1.8 billion based on an estimated equity value at closing of €3.6 billion. The transaction closed on March 27, 2019. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion.

Directors

The Company has four executive directors and four non-executive directors.

Executive directors

P. Drahi	A. Weill
N. Marty	A4 S.A.

Non-executive directors

J. van Breukelen	T. Sauvaire
N. Paulmier	P. Besnier

Amsterdam, April 10, 2019

III. OTHER INFORMATION

3.1 External Auditor’s report on financial statements

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Independent auditor's report

To the shareholders and Board of Directors of Altice Europe N.V. (formerly Altice N.V.)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2018 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the accompanying financial statements 2018 of Altice Europe N.V. (formerly Altice N.V.) ("the Group" or "the Company"), based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Altice Europe N.V. as at December 31, 2018, and of its result and its cash flows for the year ended December 31, 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of Altice Europe N.V. as at December 31, 2018, and of its result for the year ended December 31, 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2018.

2. The following statements for the year ended December 31, 2018: the consolidated statements of income, the consolidated statements of other comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash flows.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at December 31, 2018.

2. The company profit and loss account for the year ended December 31, 2018.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

Deloitte Accountants B.V. is registered with the Trade Register of the Chamber of Commerce and Industry in Rotterdam number 24362853. Deloitte Accountants B.V. is a Netherlands affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited.

We are independent of Altice Europe N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 140 million (2017: EUR 230 million). The materiality is based on 2.7% (2017:2.5%) of Operating Income before depreciation, amortization, impairment and other expenses & income from continuing operations. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. The materiality decrease compared to prior year is mainly related to the separation and the deconsolidation of Altice USA Inc. The materiality benchmark is consistent with the one used in 2017.

Audits of the group entities (components) were performed using materiality levels determined by the judgment of the group audit team, taking into account the materiality of the financial statements as a whole and the reporting structure within the group. Component materiality did not exceed EUR 95 million.

We agreed with the Audit Committee that misstatements in excess of EUR 7 million (2017: EUR 11.5 million), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Altice Europe N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Altice Europe N.V.

Our group audit mainly focused on significant group entities. Our assessment of entities that are significant to the Group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of a material misstatement for significant account balances and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment. In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group audit team and by component auditors.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the financial statements as a whole. The group audit engagement team provided detailed audit instructions to all component auditors, directed the planning, visited the significant components (France, Portugal, Israel, the United States and Dominican Republic) several times, reviewed the audit files and the results of the work undertaken by component auditors, assessed and discussed the findings with the component auditors during conference calls and site visits. Any further work deemed necessary by the group audit team was subsequently performed.

The group consolidation, financial statements disclosures and a number of complex items were audited by the group audit engagement team. These include impairment testing on goodwill, the separation of Altice USA Inc., share-based payments, borrowings, related interests, valuation of derivative financial instruments, overall assessment of claims and litigations and critical accounting positions subject to management estimates. Specialists were involved at group and component level amongst others, in the areas of treasury, information technology, accounting and valuation.

As part of our yearend audit procedures we have considered our assessment of significant group entities in order to ensure that we have obtained appropriate coverage of the risks of a material misstatement for significant account balances and disclosures that we have identified.

In summary, the group audit engagement team has:

- Performed procedures at group level on the centralized key audit matters.
- Performed audit procedures at Altice Europe N.V. company-only.
- Used the work of component auditors when auditing or performing specified audit procedures at the (significant) components, being Altice France S.A., Portugal Telecom SGPS S.A., Cool Holding Ltd. S.A. Altice USA Inc. (until June 8, 2018), Teads S.A. and Altice Dominicana S.A.
- Performed analytical procedures or specific audit procedures at the other group entities.

The group entities subject to full-scope audits and audits of specified account balances comprise approximately 98% of consolidated revenues from continuing operations and approximately 99% of consolidated total assets. For the remaining entities we performed a combination of specific audit procedures and analytical procedures at group level relating to the risks of material misstatement for significant account balances and disclosures that we have identified.

Audit coverage	
Audit coverage of consolidated revenues from continuing operations	98%
Audit coverage of consolidated total assets	99%

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the previous year "Restructuring in France and the United States" was identified as a key audit matter. Since Altice Europe N.V. substantially finalized the restructuring programs and separated Altice USA Inc., this is no longer a key audit matter.

<table>
<tr><th>Key Audit Matter</th><th>How the Key Audit Matter was addressed in our audit</th></tr>
<tr><td>

Impairment of Goodwill

Reference is made to note 5 Goodwill of the consolidated financial statements.

At December 31, 2018, the Company's goodwill carrying balance is EUR 15,757.3 million.

Under IAS 36 "Impairment of Assets", the Group is required to annually perform an impairment test of goodwill. This annual impairment was significant to our audit because the assessment process involves significant management judgement and is based on assumptions that are affected by expected future market and economic conditions.

The key assumptions used in the preparation of cash flow forecasts are:
• EBIT margin;
• perpetuity growth rates;
• weighted average cost of capital.

Following our recommendations, the board engaged independent and qualified external experts in relation to the evaluation for impairments and related impairment tests and concluded that no impairment on goodwill was needed. The key assumptions and sensitivities are disclosed in note 5 to the consolidated financial statements.

Due to the size of the goodwill balance and its dependence on management judgement, we considered this area to be a key audit matter. We have pinpointed the risk to those areas that are particularly sensitive to changes in key assumptions.
</td><td>
Our audit procedures included amongst others:

• Obtaining an understanding of management's annual impairment tests, including relevant controls and questions from the Dutch regulator on the 2017 impairment test of the Group's cash generating unit France.

• Assessing the appropriateness of management's identification of the Group's CGUs based on management's reporting and organizational structure.

• Evaluating and benchmarking, with the assistance of our valuation experts, the assumptions and the valuation methodologies used to determine the recoverable amount in the annual impairment tests prepared by the Group.

• Challenging management's assumptions that were most sensitive including projected EBIT margin, weighted average cost of capital and perpetuity growth rates. These procedures included corroborating management's judgements by comparing the assumptions to historic performance, analyst reports, local economic development and industry outlook.

• Recalculating the carrying values, exchange rates and calculations used in the impairment test.

• Assessing the sensitivity of changes to the respective assumptions on the outcome of the impairment calculations.

We also assessed the adequacy of the company's related disclosures in note 5 to the consolidated financial statements.
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</table>

	Observation
	Our procedures did not identify material exceptions and we considered management's key assumptions to be within a reasonable range of our own expectations.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Provision for litigation and disclosures of litigation contingencies The Company and certain of its subsidiaries are involved as a party in governmental, arbitration and administrative lawsuits. Reference is made to note 16 "Provisions" and Note 32 "Litigation" of the consolidated financial statements. During 2018, the Group was fined EUR 124.5 million in penalties following the European Commission's investigation on infringement by the Group of the obligation of prior notification of concentrations and/or stand-still obligations of the Merger regulation relating to the acquisition of Portugal Telecom in 2015. Furthermore, the Group's component Altice France settled sizeable claims during 2018 with Bouygues Telecom (note 32.1), Orange (note 32.1) and Groupe Canal Plus (note 32.1). This area is significant to our audit, since the accounting and disclosure for (contingent) legal liabilities is complex and judgmental (due to the difficulty in predicting the outcome of the matter and estimating the potential impact if the outcome is unfavorable), and the amounts involved are, or can be, material to the financial statements as a whole.	Our audit procedures included amongst others: • Obtaining an understanding of management's process for the identification and evaluation of claims, proceedings and investigations at different levels in the Group, and the recording and continuous re-assessment of the related (contingent) liabilities and provisions and disclosures. • Performing substantive procedures on the underlying calculations supporting the provisions recorded; In particular, involving an anti-trust expert regarding the decision from the European Commission on Portugal Telecom. • Performing substantive procedures for claims settled during the year, such as verifying the cash payments, as appropriate, and reading the related settlement agreements in order to verify whether the settlements were properly accounted for. • Where relevant, reading external legal opinions obtained by management. • Meeting with Group and local management and reading relevant correspondence, such as minutes of meetings of the Audit Committee and Board of Directors. • Assessing management's conclusions through understanding precedents set in similar cases. • Circularization where appropriate of relevant third party legal representatives and direct discussion with them regarding certain material cases.

	We also assessed the adequacy of the Company's disclosure around legal claims, litigations, regulatory matters and contingencies as included in note 16 "Provisions" and note 32 "Litigation".
	Observation
	Our procedures did not result in material findings with respect to the provisions for litigation recorded or disclosures of litigation contingencies provided in the financial statements.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Significant transactions During 2018, the Group entered into and/or closed a number of significant transactions as disclosed in note 3.1 of the annual report. We focused our audit procedures on this area given the amounts, management judgment involved and the complexity of the relating accounting for these transactions, including the at arm's length nature of the transactions. These transactions, amongst others, include: • The separation of Altice USA Inc., effective June 8, 2018, through a special distribution in kind as disclosed in note 3.1.4 of the consolidated financial statements. • The sale of a minority stake in the tower portfolio of Altice France for a total consideration of EUR 1.8 billion. • The sale of a majority stake in the tower portfolio of Portugal Telecom for a total cash consideration of EUR 539.5 million. • The sale of the tower portfolio in the Dominican Republic for a total consideration of EUR 148.6 million.	Our audit procedures included amongst others: • Obtaining an understanding of the Company's relevant internal controls around the appropriate accounting, assessing the appropriateness of the Company's accounting policies in relation to assets held for sale, discontinued operations and the basis of (de)consolidation and assessment of compliance with the respective accounting policies. • Meeting with the Board of Directors and Audit Committee and other executive management representatives on a regular basis to understand the status of these transactions. • Assessing management's evaluation of the accounting for these transactions including the adequacy of Company's disclosures included in note 3.1. • Reviewing the signed agreements, contracts and other relevant documents that were prepared for the purpose of these transactions. • In particular, we investigated, with the assistance of forensic specialists, whether the transactions were performed with related parties of the Group.

• The intention to create a Fiber to the Home wholesaler in France, resulting in an asset held for sale classification of the related (non-current) assets for an amount of EUR 538.0 million as disclosed in note 3.1.13 of the annual report, with expected proceeds of EUR 1.7 billion.	**Observation** Our procedures did not result in material findings with respect to the recording of these transactions or disclosures of these provided in the financial statements.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Revenue recognition – accuracy of revenues recorded given complexity of systems The Company's revenues for the year 2018 amounts to EUR 14,255.2 million and consist of a high amounts of relatively small transactions in combination with multiple pricing plans. There is an inherent risk around the accuracy of revenue recorded given the complexity of systems, the impact of changes in pricing models and the first-time adoption of IFRS 15 (as disclosed in note 2.3 and 36 of the annual report). Moreover, processes are highly automated, emphasizing the importance of the reliability and security of the Group's IT systems and robustness of related controls. The magnitude as well as the increased risk, combined with control deficiencies identified, required substantial audit attention and effort with respect to the controls and substantive test procedures to be performed and assessment of management's mitigation and remediation of identified deficiencies. Therefore, we consider this a key audit matter.	Our audit procedures included amongst others: • Obtaining an understanding of the revenue processes, including relevant IT applications and controls. For the revenue processes and related IT applications the component auditors, with the assistance of IT specialists, tested the operating effectiveness of all relevant manual, automated and general IT controls. • Performing substantive analytical procedures based on historical revenues adjusted for changes in market conditions and other information obtained during the audit. Additionally, using test of details and where relevant, we verified the accuracy of the customer billing and the (subsequent) collection of the related revenue. • Performing reconciliations between the billing systems and accounting records, thereby specifically challenging manual journal entries in revenue that were not derived from the billing systems. • Assessing the remediation or mitigation of identified (IT) control deficiencies and amended our substantive audit procedures to address these deficiencies. Specifically, for IFRS 15 we obtained management's position papers on the adoption of IFRS 15, which we challenged on, amongst others, the impact assessment and the resulting changes to the processes and accounting methods.

	Lastly, we assessed the appropriateness of disclosures and proper revenue allocation over the various reportable segments as disclosed in note 2.3 and 4.3 respectively of the consolidated financial statements.
	Observation
	Our procedures did not result in material findings with respect to the accuracy of revenues recorded in the year.

Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
Corporate Governance In accordance with Dutch Standards on Auditing 315 "Identifying and assessing the risks of material misstatements through understanding the entity and its environment" we have obtained an understanding of the Group's control environment. The control environment includes the governance and management functions and the attitudes, awareness, and actions of those charged with governance and management concerning the entity's internal control and its importance in the entity. The Company is required to comply with the Dutch Corporate Governance Code. As disclosed by the Company in chapter 3.6, the Company complies with the majority of the articles of the Dutch Corporate Goverance Code. Reasons for non-compliance with the remaining articles have been explained by the Board of Directors in chapter in 3.6.2. The president of the Group, a function held by the controlling shareholder as of June 8, 2018, has power to control the decision making within the Board of Directors through: • Being entitled to cast a number of votes that equals the number of board members entitled to vote, excluding the president, that is present or represented at that meeting.	Our procedures or actions taken to address the attention areas within the Corporate Governance of the Company included amongst others: • Issuing clear and continuous recommendations to the Board of Directors around the improvements in the Company's corporate governance focused on the protection of stakeholders' (public) interests including bond- and minority shareholders. • Appointing additional experienced, senior, dedicated team-members. • Holding periodic private sessions with the non-executive board members. • Holding periodic private sessions with the head of internal audit. • Using (internal) experts in a number of areas, including IT, forensic, valuation, financing, derivatives, litigation, tax and going concern. • Appointing experienced, senior and dedicated quality reviewers. • Performing procedures around the operating effectiveness of related party mechanisms as included in the articles of association and board rules. • Using data analytical solutions to challenge the completeness of related parties and transactions.

	Observation
This will decide the outcome of the vote if the Vice-President votes in favor of the resolution. • Having the possibility to, as a shareholder with majority voting rights, impact the composition of the board. In 2018 the resolution regarding the approval of the remuneration for the Company's CEO was adopted despite the non-executives present at the meeting having voted against this resolution. We consider this as a key audit matter as the controlling shareholder has the power to control the decision making within the board.	During 2018, the Company took a number of actions to further strengthen its Corporate Governance following our recommendations made in that context and our system of quality control, being, amongst others: • The appointment of two additional non-executive directors (one independent and one will be independent from mid-2019 onwards) and the resignation of two executive directors from the board to ensure a better ratio of executives and non-executives. • Splitting the roles of Chairman of the Board and Chairman of the Audit Committee after completion of the 2018 financial statements. • Amending the board rules to allow non-executives to appoint their own legal or financial advisor when deemed necessary. • Amending the board rules to clarify that transactions with a related party who holds at least ten percent of the shares shall be agreed in the normal course of business. • Disclosing in the Management's Board report all matters for which the non-executives voted against the resolution (as disclosed in 3.6.2.2). In 2018 this was done regarding the approval of the remuneration for Altice's CEO. Furthermore, our procedures did not result in material findings with respect to the disclosures provided in the Management Board's report and financial statements.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contain other information that consists of:

- Management Board's report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Letter from the CEO.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Audit Committee as auditor of Altice Europe N.V. on August 7, 2015, as of the audit for the year 2015 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, April 10, 2019

Deloitte Accountants B.V.

Signed on the original: B.C.J. Dielissen

3.2 Statutory provisions concerning appropriation of result

According to article 30 of the Articles of Association:

- Out of the profits accrued in a financial year, primarily and insofar as possible, first a preferred amount of 0.01% per annum of the paid up part of the aggregate nominal value of all issued and outstanding Preference Shares A is added to the retained earnings reserve exclusively for the benefit of the holders of Preference Shares A (Retained Earnings Reserve Preference Shares A), and subsequently an amount equal to 0.01% per annum of the aggregate nominal value of all issued and outstanding Preference Shares B is added to the retained earnings reserve exclusively for the benefit of the holders of Preference Shares B (Retained Earnings Reserve Preference Shares B). If, in a financial year, no profit is made or the profits are insufficient to allow the addition to the Retained Earnings Reserve Preference Shares A, the deficit shall be added from profits earned in following financial years (Article 30.1).

- Each year the Board may determine which part of the profits after application of Article 30.1 shall be reserved (Article 30.2).

- The General Meeting may resolve to distribute any part of the profits remaining after reservation in accordance with Article 30.2, provided that out of such profits (i) no further additions shall be made to the Retained Earnings Reserve Preference Shares A and/or Retained Earnings Reserve Preference Shares B and (ii) no distributions shall be made on the Preference Shares A and Preference Shares B. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved (Article 30.3).

- Distributions may be made only up to an amount which does not exceed the amount of the Distributable Equity (Article 30.4).

- Distribution of profits shall be made after adoption of the Annual Accounts if permissible under the law given the contents of the Annual Accounts (Article 30.5).

- The Board may resolve to distribute interim dividend on the Shares with due regard to Articles 30.1 and 30.3 (Article 30.6).

- The Board may resolve that distributions on Shares are made from the Distributable Equity, provided that the holders of Preference Shares A shall not be entitled to any reserves other than the Retained Earnings Reserves Preference Shares A and the holders of Preference Shares B shall not be entitled to any reserves other than the Retained Earnings Reserves Preference Shares B (Article 30.7).

- The General Meeting may at the proposal of the Board resolve that a distribution on Shares shall not be paid in whole or in part in cash but in Shares or in any other form (Article 30.8).

- In calculating the amount of any distribution on Shares, Shares held by the Company, or Shares for which the Company holds depositary receipts shall be disregarded, unless such Shares or depositary receipts are encumbered with a right of usufruct or pledge (Article 30.9).

- Any and all distributions on the Common Shares shall be made in such a way that on each Common Share an equal amount or value will be distributed (Article 30.10).

- Sections 2:104 and 2:105 DCC shall apply to distributions (Article 30.11).

3.3 Appropriation of result for the year

The Board proposes to allocate the profit for the year, amounting to €1,169,967,082.39, as follows: (i) €0.92 to the Retained Earnings Reserve Preference Shares B, for the benefit of the holders of Preference Shares B, and (ii) €1,169,967,081.47 to the retained earnings, and that no dividend be paid.

3.4 Subsequent events

Events that occurred subsequent to the balance sheet date are detailed in Note 35 to the Consolidated Financial Statements.