



**NewStreet**  
Research

# Altice France Altice International

Post Q1 2024 results call

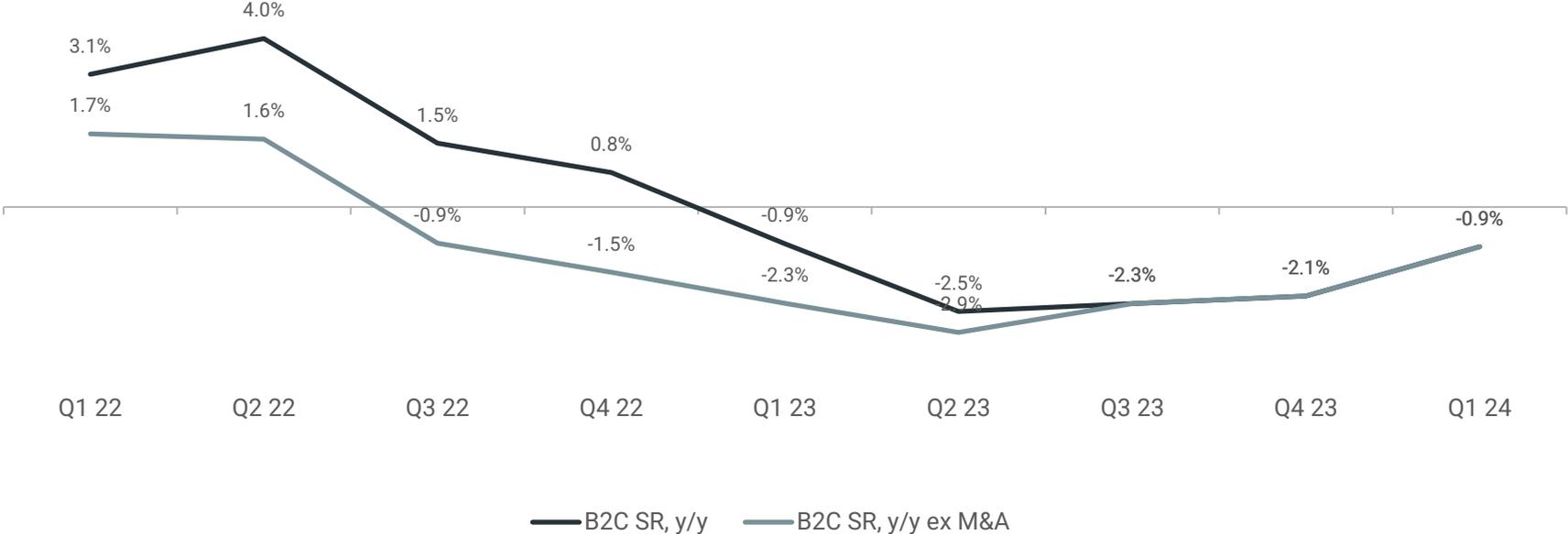
30 May 2024



**Altice France**

B2C SR: In >1pp better in terms of y/y trends

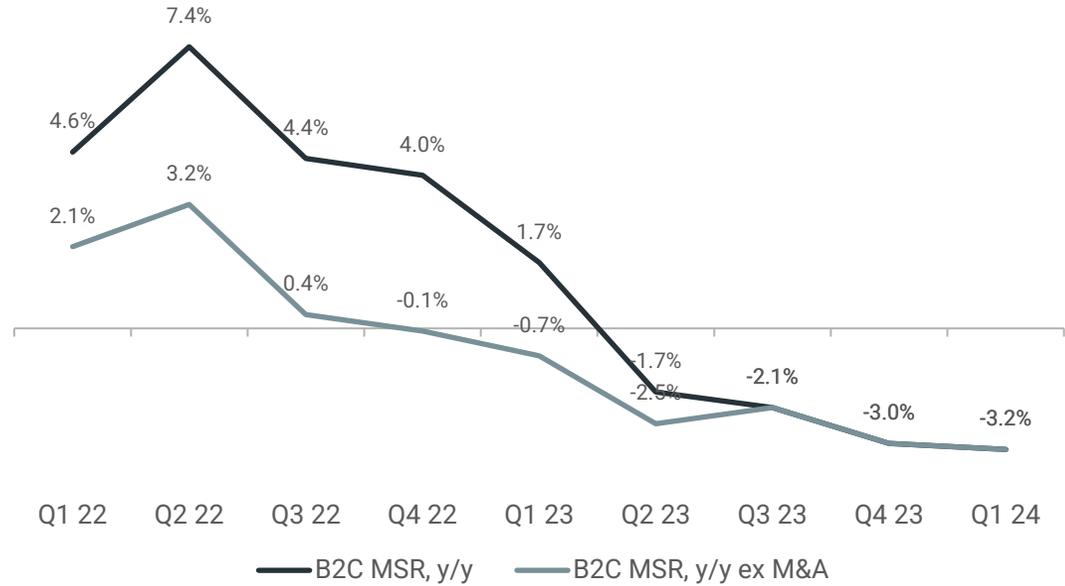
B2C SR  
y/y



# Breakdown of B2C SR: Fixed back to growth, mobile still tough

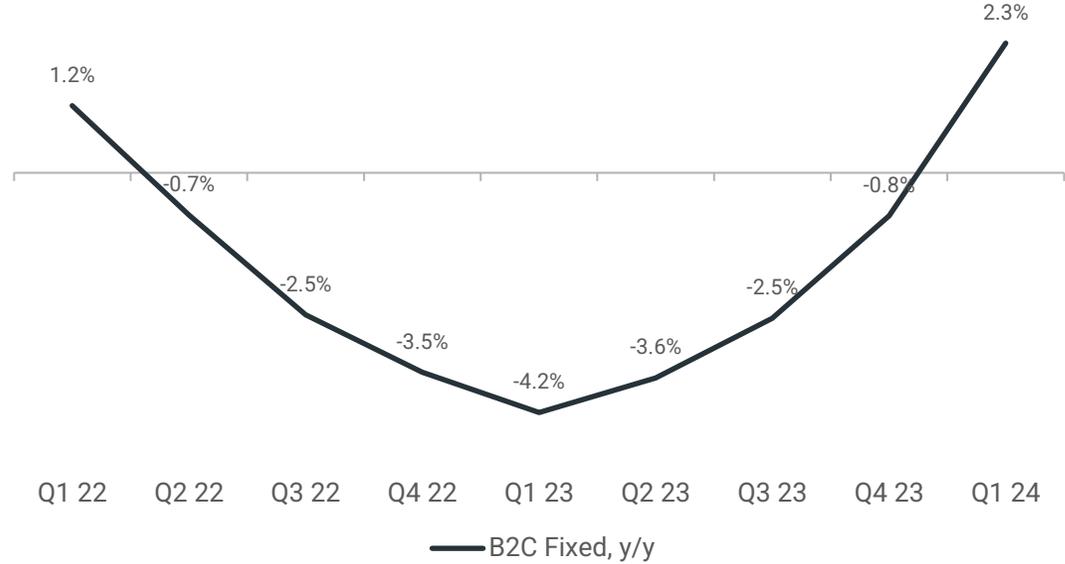
## B2C MSR

y/y



## B2C Fixed

y/y



## KPIs: Still tough in both fixed and mobile

### Summary of Altice France KPIs

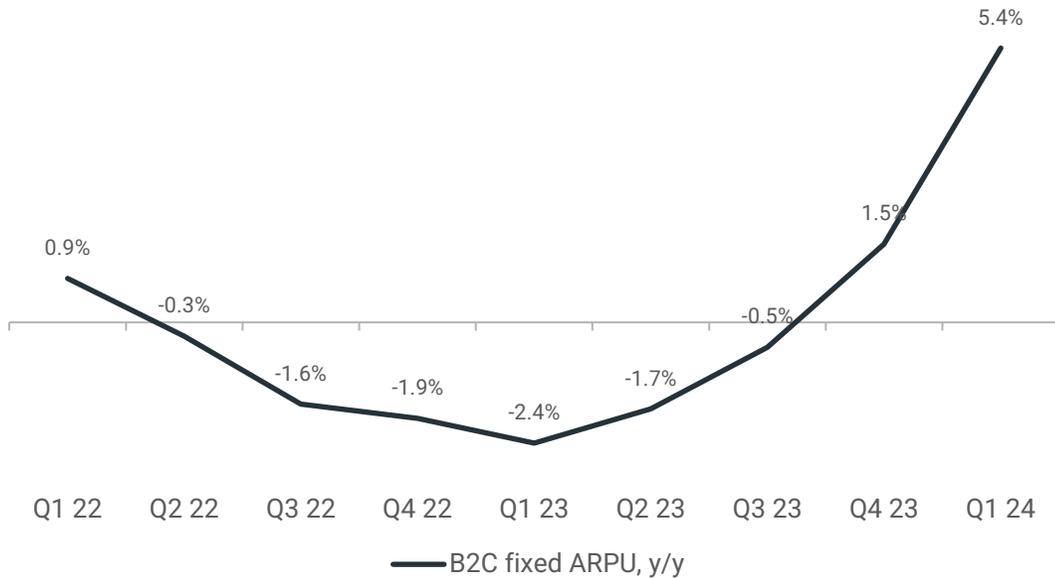
'000

France Summary	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
<b>KPIs</b>									
Fibre	121	141	103	107	138	105	91	69	69
4G Box (NSR estimate)									
DSL	-149	-100	-150	-230	-150	-134	-135	-142	-146
<b>Total fixed net adds</b>	<b>-28</b>	<b>41</b>	<b>-47</b>	<b>-123</b>	<b>-12</b>	<b>-29</b>	<b>-44</b>	<b>-73</b>	<b>-77</b>
M&A/Clean-up		48		-75					
<b>Organic</b>		<b>-7</b>	<b>-47</b>	<b>-48</b>	<b>-12</b>	<b>-29</b>	<b>-44</b>	<b>-73</b>	<b>-77</b>
Postpaid									
Prepaid									
<b>Total mobile net adds (inc dongles from Q3 23)</b>	<b>50</b>	<b>1,316</b>	<b>124</b>	<b>-274</b>	<b>-100</b>	<b>-135</b>	<b>151</b>	<b>-231</b>	<b>-487</b>
M&A/Clean-up/ex dongles		1,261		-260	0	0	-269	0	0
<b>Organic</b>	<b>50</b>	<b>55</b>	<b>124</b>	<b>-14</b>	<b>-100</b>	<b>-135</b>	<b>-118</b>	<b>-231</b>	<b>-487</b>
Fibre HP	27,226	28,398	29,874	31,392	32,779	33,954	35,114	36,717	37,911
<b>Fibre HP net adds</b>	<b>1,147</b>	<b>1,172</b>	<b>1,476</b>	<b>1,518</b>	<b>1,387</b>	<b>1,175</b>	<b>1,160</b>	<b>1,603</b>	<b>1,194</b>
ATS total HP	2,789	3,010	3,178	3,440	3,543	3,688	3,817	3,996	4,083
<b>ATS net adds</b>	<b>180</b>	<b>221</b>	<b>168</b>	<b>262</b>	<b>103</b>	<b>145</b>	<b>129</b>	<b>179</b>	<b>87</b>

**ARPU (proxy):** Strong growth in fixed, mobile better (as it should be if low end subs are leaving)

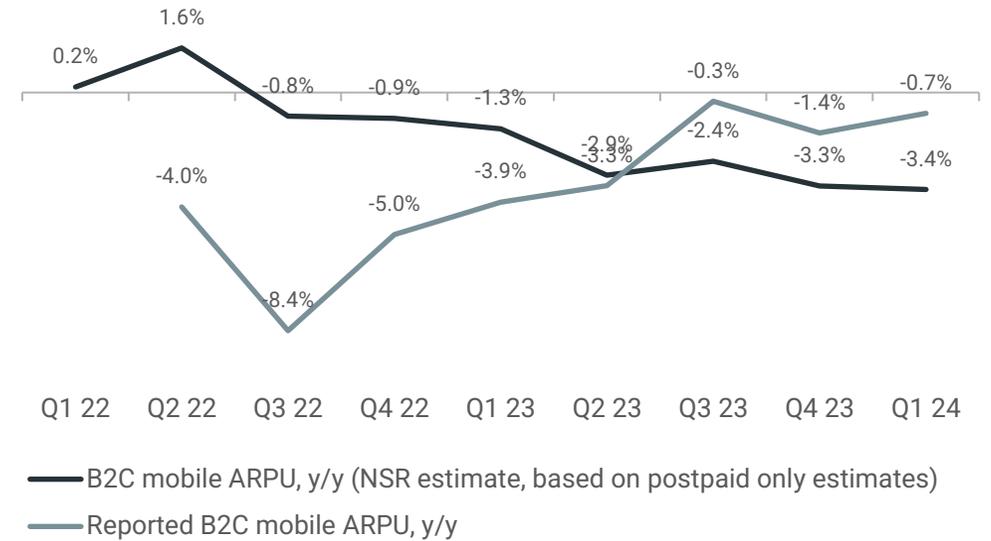
**Fixed ARPU**

y/y



**Mobile ARPU**

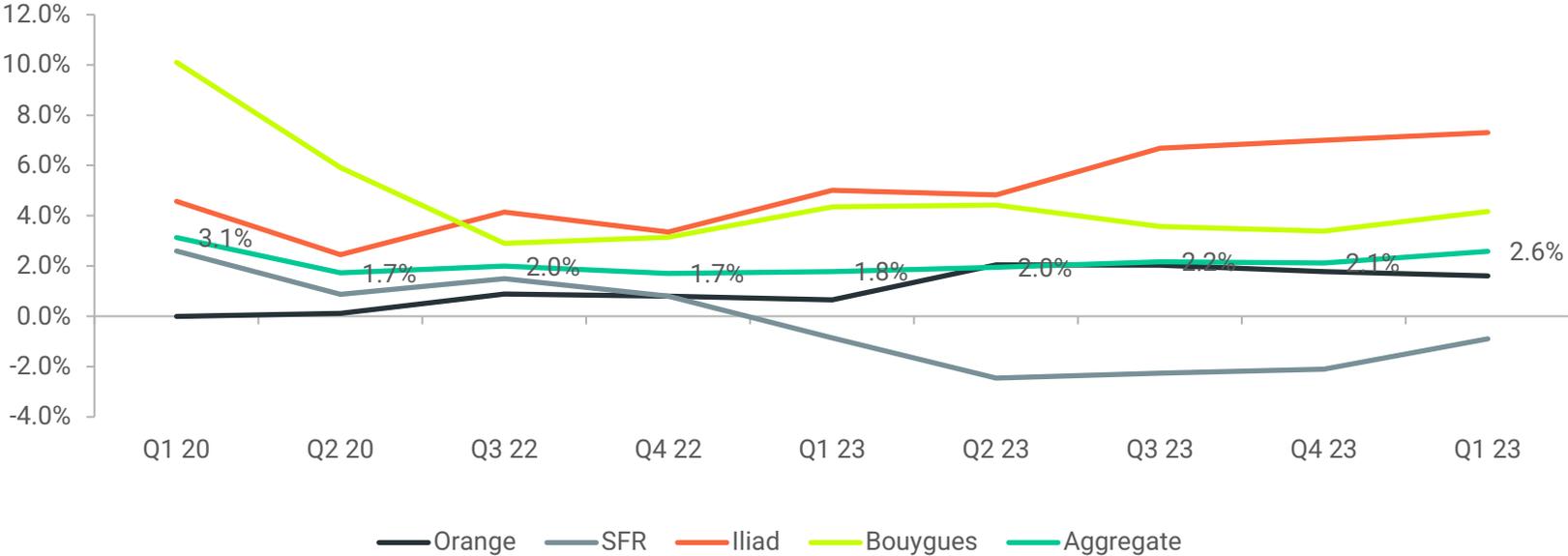
y/y



**French market: 0.5pp sequential improvement in y/y growth**

**French market B2C SR trends**

y/y



## French market: Weak KPI market in Q1

### Fixed Broadband Subscribers (Retail) Net Additions

'000	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Orange	47	46	(21)	(33)	(31)	(30)	(43)
SFR	(47)	(123)	(12)	(29)	(44)	(73)	(77)
Iliad	78	54	42	42	50	100	85
Bouygues	74	75	46	40	81	65	38
<b>Aggregate</b>	<b>152</b>	<b>52</b>	<b>55</b>	<b>20</b>	<b>56</b>	<b>62</b>	<b>3</b>

### Total Mobile Subscribers Net Additions

'000	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Orange	213	(78)	(272)	(43)	71	54	(60)
SFR	124	(274)	(100)	(135)	(118)	(231)	(487)
Iliad	184	176	172	128	274	213	212
Bouygues	174	64	14	87	121	12	2
<b>Aggregate</b>	<b>695</b>	<b>(112)</b>	<b>(186)</b>	<b>37</b>	<b>348</b>	<b>48</b>	<b>(333)</b>

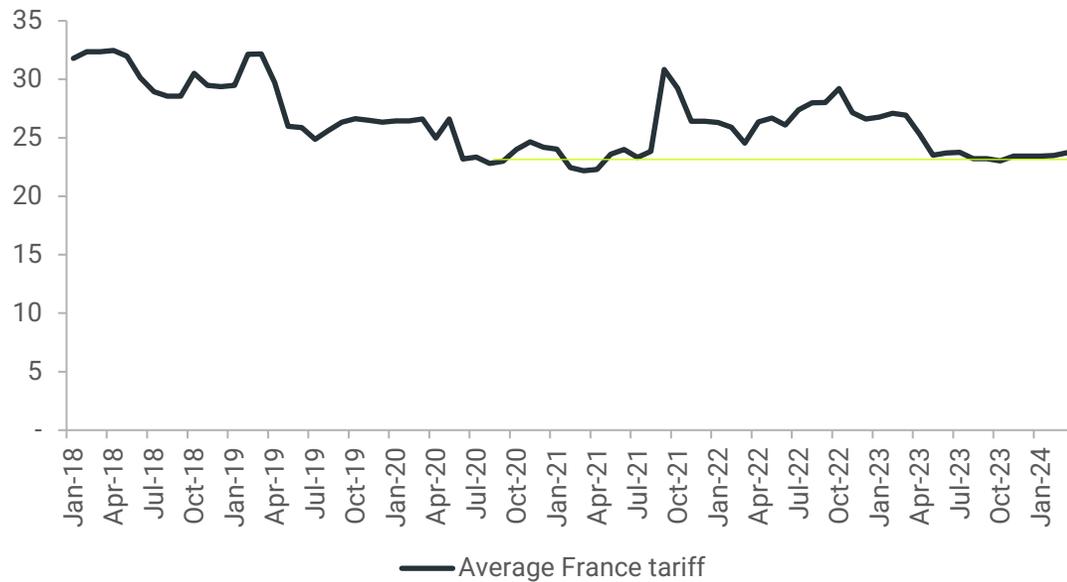
### Total Retail (B2C only) SR, y/y

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Orange	0.9%	0.8%	0.7%	2.0%	2.0%	1.8%	1.6%
SFR	1.5%	0.8%	-0.9%	-2.5%	-2.3%	-2.1%	-0.9%
Iliad	4.1%	3.3%	5.0%	4.8%	6.7%	7.0%	7.3%
Bouygues	2.9%	3.1%	4.4%	4.4%	3.6%	3.4%	4.2%
<b>Aggregate</b>	<b>2.0%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>2.0%</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.6%</b>
Q/Q delta	-0.9%	-0.3%	0.1%	0.2%	0.2%	-0.1%	0.5%

**Mobile tariffs:** Cyclical, flat in absolute terms since early 2020

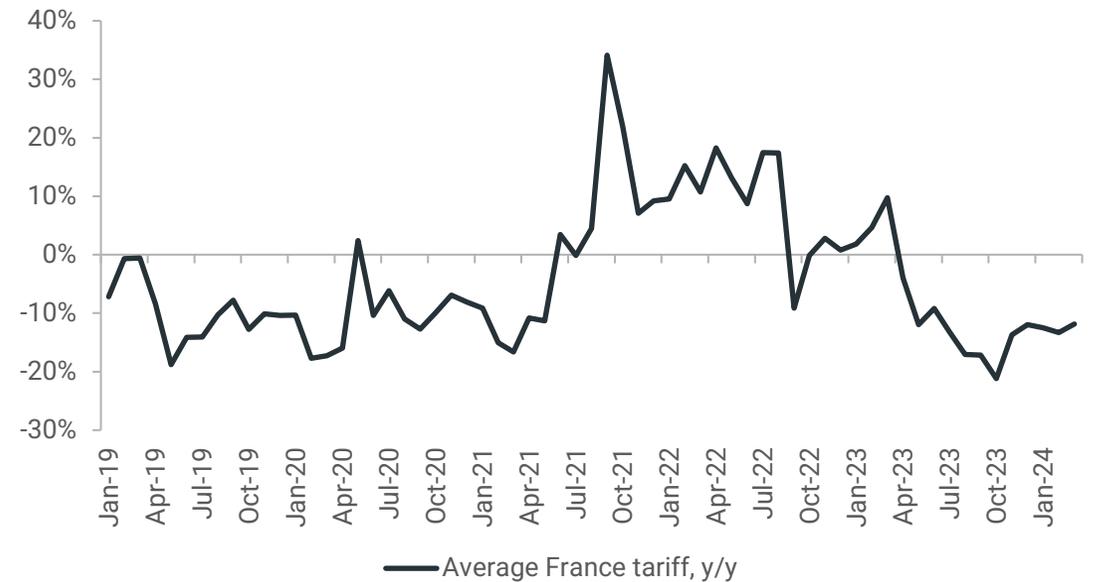
**Average French mobile tariff**

€ per month



**Average French mobile tariff**

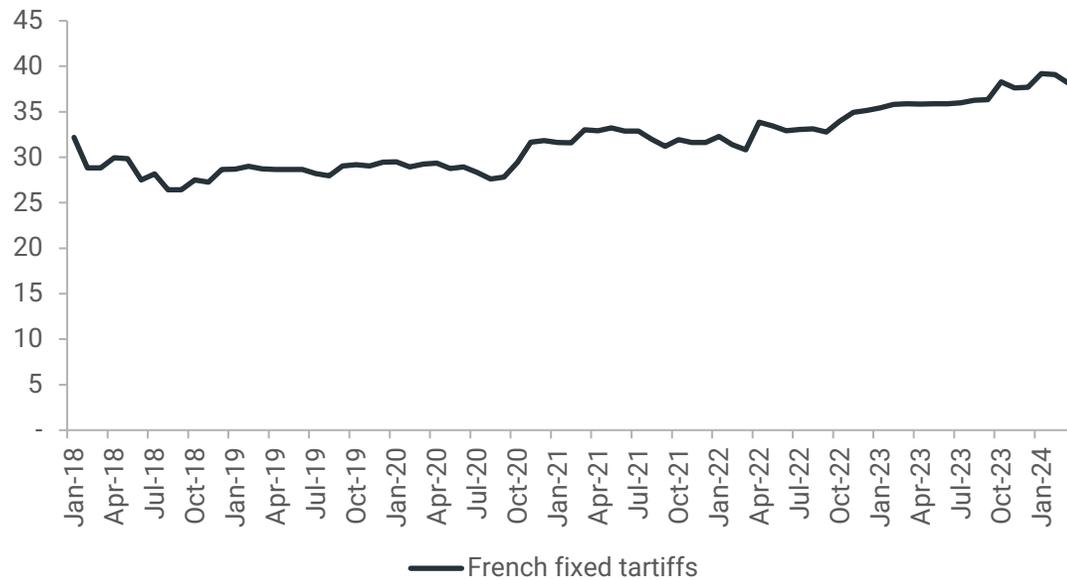
y/y



# Fixed tariffs: Growing since late 2020

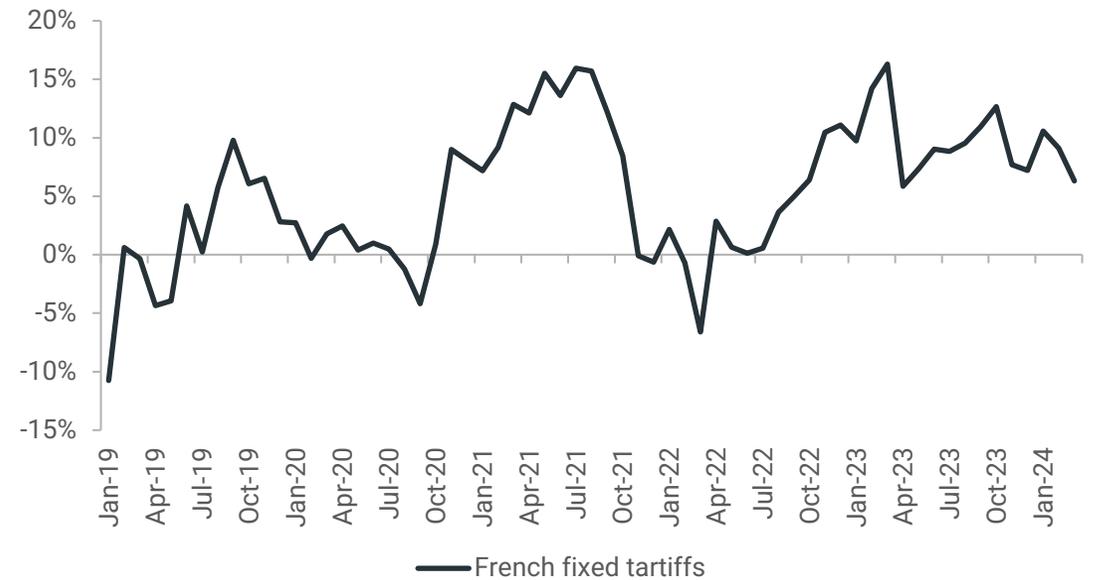
## Average French fixed tariff

€ per month



## Average French fixed tariff

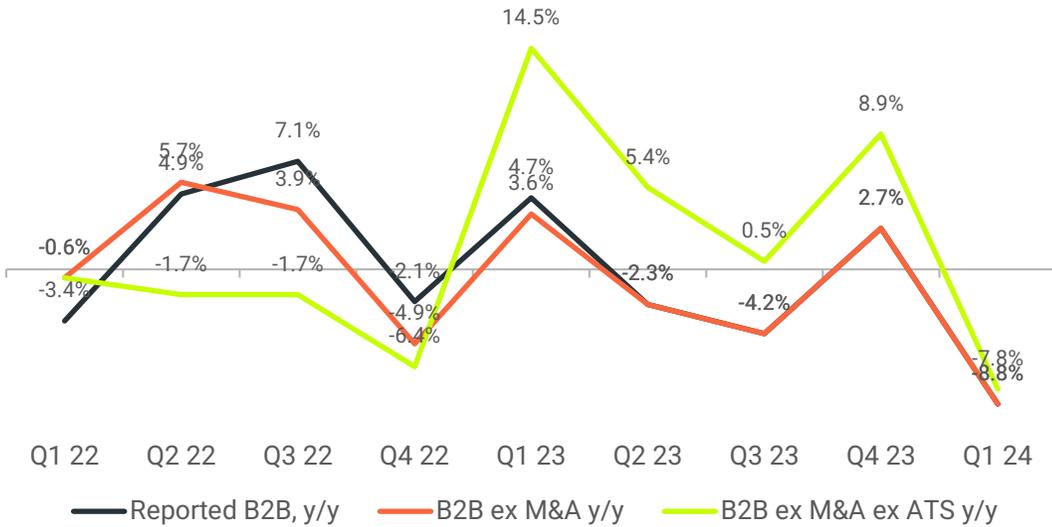
y/y



**B2B: ATS negative y/y; other B2B weak**

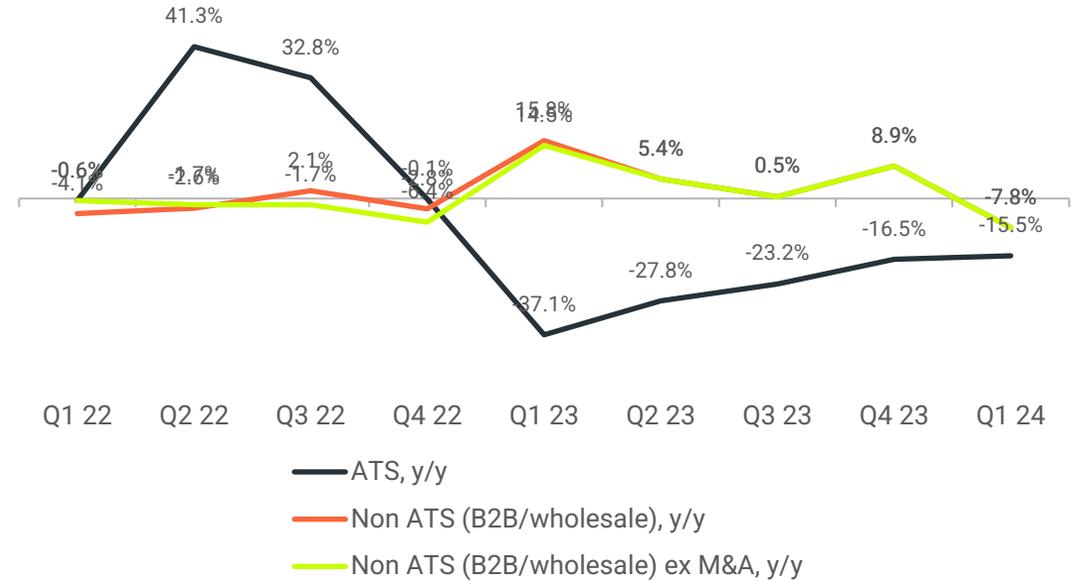
**Summary of B2B revenue**

y/y



**Breakdown of B2B revenue**

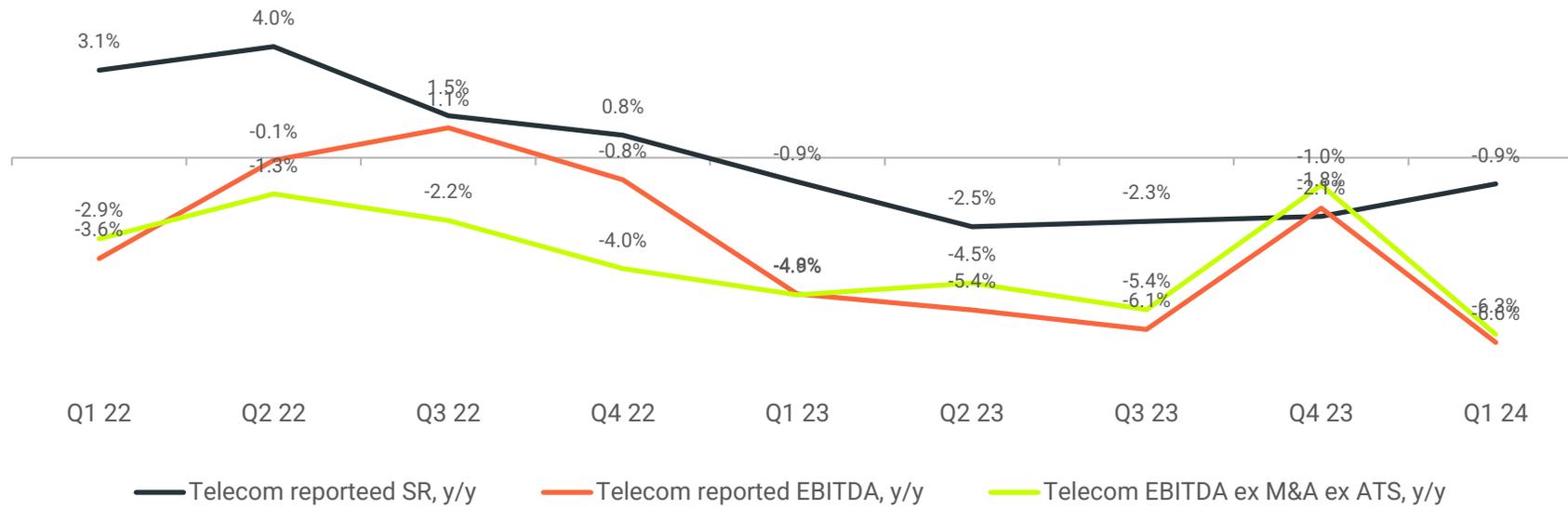
y/y



# EBITDA: Significantly worse y/y than in Q4

## SR and EBITDA trends

y/y



**Guidance:** EBITDA guidance has been cut

€m	
2023 EBITDA	3,922
Less: PF adjustments	220
2023 PF EBITDA (given by Altice)	3,702
PF adjustments	
of which: Media	112
of which: DC	30
implied LPM	78
y/y change (high single digit)	
	-9%
<b>Implied 2024 EBITDA</b>	<b>3,369</b>
Delta in PF EBITDA	-333
Delta in PF EBITDA: 50%	-167
<b>Implied Net debt on 4x</b>	<b>13,475</b>

**2024 Guidance**

<b>Revenue</b>	<ul style="list-style-type: none"> <li>Total revenue decline YoY notably due to the continued slowdown of construction activity</li> <li>Residential market in France remains competitive</li> </ul>
<b>EBITDA</b>	<ul style="list-style-type: none"> <li>High single digit decline YoY due to slowdown of construction contribution, additional FTTH line rental cost and no mechanical ability to push inflationary cost impacts to consumers</li> </ul>
<b>Cash Flow &amp; Leverage</b>	<ul style="list-style-type: none"> <li>Capex reduction YoY not sufficient to offset higher interest costs YoY</li> <li>Strong focus on deleveraging the balance sheet</li> </ul>

## Construction: Possibly now as much as 8% of PF 2023 EBITDA

Old	2022	2023	2024	2025	2026
€m					
Homes passed	831	556	250	250	33
Cost per HP	989	1,100	1,100	1,100	1,100
Revenue	822	612	275	275	36
Margin	22.5%	22.5%	22.5%	22.5%	22.5%
<b>EBITDA</b>	<b>185</b>	<b>138</b>	<b>62</b>	<b>62</b>	<b>8</b>
<b>Delta</b>		<b>-47</b>	<b>-76</b>	<b>0</b>	<b>-54</b>
<b>EBITDA as % of Telco PF EBITDA</b>		<b>4%</b>			

### Backsolving from delta: higher margin

€m	2022	2023	2024	2025	2026
Homes passed	831	556	250	250	33
Cost per HP	989	1,100	1,100	1,100	1,100
Revenue	822	612	275	275	36
Margin	50%	50%	50%	50%	50%
<b>EBITDA</b>	<b>411</b>	<b>306</b>	<b>138</b>	<b>138</b>	<b>18</b>
<b>Delta</b>		<b>-105</b>	<b>-167</b>	<b>-1</b>	<b>-120</b>
<b>EBITDA as % of Telco PF EBITDA</b>		<b>8%</b>			

### Backsolving from delta: higher margin

€m	2022	2023	2024	2025	2026
Homes passed	831	556	90	90	33
Cost per HP	989	1,100	1,100	1,100	1,100
Revenue	822	612	99	99	36
Margin	33%	33%	33%	33%	33%
<b>EBITDA</b>	<b>267</b>	<b>199</b>	<b>32</b>	<b>32</b>	<b>12</b>
<b>Delta</b>		<b>-68</b>	<b>-167</b>	<b>0</b>	<b>-20</b>
<b>EBITDA as % of Telco PF EBITDA</b>		<b>5%</b>			

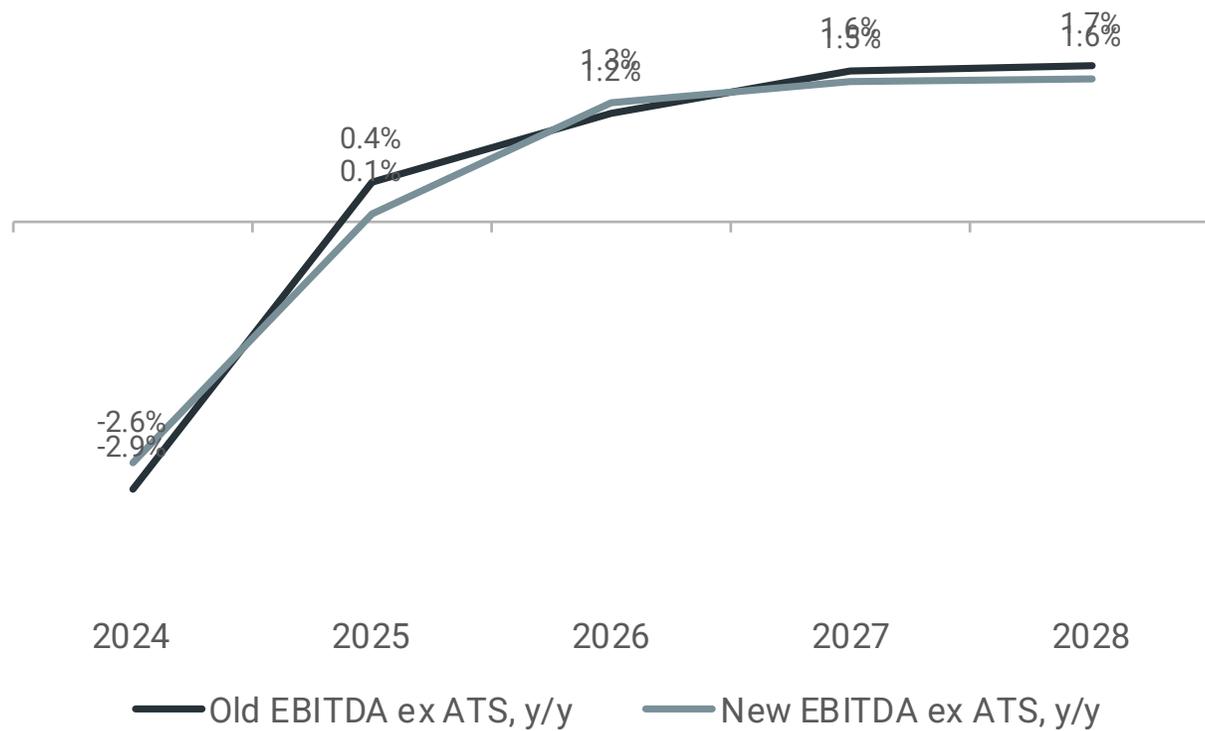
## Is guidance realistic: We think it's still conservative

€m	Altice	pp drag	NSR	pp drag	Underlying (less construction)
<b>2023 EBITDA PF</b>	<b>3,702</b>				
-9% y/y	3,369				
Delta	-333				
<b>of which:</b>					
Construction	-167	-4.5%	-167	-4.5%	
Energy	-20	-0.5%	-20	-0.5%	
IFER	-15	-0.4%	-15	-0.4%	
FTTH migrations (300k at €15/month)	-54	-1.5%	-5	-0.1%	
Network opex	-20	-0.5%	-20	-0.5%	
Cost cutting	0	0.0%	15	0.4%	
<b>Implied other (i.e. SR)</b>	<b>-58</b>	<b>-1.6%</b>	<b>-45</b>	<b>-1.2%</b>	
Total	<b>-333</b>	<b>-9.0%</b>	<b>-257</b>	<b>-6.9%</b>	<b>-2.4%</b>
Implied other @ 75% drop-through	-77		-61		
<b>Implied other as % of SR</b>	<b>-1.2%</b>		<b>-0.9%</b>		
<b>Implied other as % of MSR</b>	<b>-2.0%</b>		<b>-1.6%</b>		

## EBITDA outlook: We think it's possible EBITDA can grow in 2025

Delta y/y, €m	2023	2024	2025	2026	2027	2028	2029	2030
Mobile M&A	31							
Underlying mobile	-80	-113	-37	18	36	37	37	37
<b>Total B2C Mobile</b>	<b>-49</b>	<b>-113</b>	<b>-37</b>	<b>18</b>	<b>36</b>	<b>37</b>	<b>37</b>	<b>37</b>
<b>B2C Fixed</b>	<b>-75</b>	<b>52</b>	<b>53</b>	<b>55</b>	<b>56</b>	<b>57</b>	<b>58</b>	<b>59</b>
<b>B2C SR</b>	<b>-125</b>	<b>-61</b>	<b>17</b>	<b>73</b>	<b>92</b>	<b>93</b>	<b>95</b>	<b>96</b>
<b>B2C SR @ 75% in 24+</b>	<b>-88</b>	<b>-45</b>	<b>13</b>	<b>54</b>	<b>69</b>	<b>70</b>	<b>71</b>	<b>72</b>
Wholesale costs	0	-5	-18	-24	-26	-26	-20	-13
Energy	-28	-20	10	10	0	0	0	0
IFER	-10	-15	-5	-5	-5	-5	-5	-5
Network OpEx (inc Towers)	-52	-20	-10	-8	-8	-8	-8	-9
Cost cutting (inc FTE)	16	15	15	15	15	15	15	15
<b>Sub-total</b>	<b>-161</b>	<b>-90</b>	<b>4</b>	<b>42</b>	<b>45</b>	<b>46</b>	<b>53</b>	<b>60</b>
y/y	-4.0%	-2.4%	0.1%	1.2%	1.3%	1.3%	1.5%	1.7%
Construction	-47	-167	0	-54	0	0	0	0
<b>Telecoms EBITDA</b>	<b>-209</b>	<b>-257</b>	<b>4</b>	<b>-11</b>	<b>45</b>	<b>46</b>	<b>53</b>	<b>60</b>
y/y	-4.6%	-6.7%	0.1%	-0.3%	1.3%	1.3%	1.5%	1.7%

Forecast changes: Minimal on an underlying basis



## SOP: Old (RHS) vs New (LHS) – asset cover to 79% from 86%

Altice France €m	EV
WACC*	7.6%
FCF g	0.0%
Exit FCF multiple	13.2
<b>France EV (Telecoms)</b>	<b>21,765</b>
Data Centre (70%)	535
La Poste Mobile	465
<b>Media EV</b>	<b>1,550</b>
<b>Total EV</b>	<b>24,315</b>
Implied 24 EV/EBITDA (Telecom)	6.3
Implied 24 EV/EBITDA (Telecom ex AT)	6.4
Implied 24 EV/FCF (Telecom)	23.0
Less: NPV licence renewal	-2,356
Less: Coriolis cash out	-61
Less: NPV restructuring	0
Less: NPV IRUs	-2,452
Less: Spectrum not yet paid for	-241
Less: Reverse factoring	-625
Less: Securitiation	-242
Less: VAT claim	-300
Plus: DC minority stake (30%)	229
Plus: FTTH minority stake	2,602
<b>Sub-total</b>	<b>-3,445</b>
<b>France</b>	<b>20,870</b>
<b>EV</b>	<b>23,315</b>
Less: Other	-3,674
<b>France</b>	<b>19,641</b>
Less: Net debt, 2024	-24,784
<b>Equity value</b>	<b>-5,143</b>
As % of EV	-26%
Asset pre debt	19,641
<b>Asset cover</b>	<b>79%</b>

Altice France €m	EV
WACC*	7.6%
FCF g	0.0%
Exit FCF multiple	13.2
<b>France EV (Telecoms)</b>	<b>22,850</b>
<b>Media EV</b>	<b>1,550</b>
<b>Total EV</b>	<b>24,400</b>
Implied 24 EV/EBITDA (Telecom)	6.3
Implied 24 EV/FCF (Telecom)	21.0
Less: NPV licence renewal	-2,356
Less: Coriolis cash out	-61
Less: NPV restructuring	0
Less: NPV IRUs	-2,231
Less: Spectrum not yet paid for	-209
Less: Reverse factoring	-625
Less: Securitiation	-242
Less: VAT claim	-300
Plus: FTTH minority stake	2,602
<b>Sub-total</b>	<b>-3,422</b>
<b>France</b>	<b>20,978</b>
<b>EV</b>	<b>24,400</b>
Less: Other	-3,422
<b>France</b>	<b>20,978</b>
Less: Net debt, 2024	-24,525
<b>Equity value</b>	<b>-3,547</b>
As % of EV	-17%
Asset pre debt	20,978
<b>Asset cover</b>	<b>86%</b>

<sup>1</sup> SFR refers to the Altice France Holding Restricted Group throughout this press release. The perimeter of consolidation for this press release, the Altice France Holding Restricted Group, consists of Altice France Holding S.A., Altice France S.A. and its consolidated entities, excluding the legal entities that have been declared as an 'unrestricted subsidiary', SportsCoTV S.A.S, Altice Holdings 1 S.à r.l., Altice Holdings 2 S.à r.l., Altice Media S.A.S. and UltraEdge S.A.S.

<sup>2</sup> SFR financial and operating results are presented pro forma for the exclusivity agreement with Morgan Stanley for the sale of a 70% stake in UltraEdge (following announcement on November 11, 2023) and exclude the exclusivity agreement with the CMA CGM Group and Merit France, family holding, for the sale of 100% of Altice Media (following announcement on March 15, 2024)

<sup>3</sup> Accrued Capex in Q1 2024 excludes accruals related to the acquisition of a new IRU for an amount of €4 million and capitalized costs related to an IT transformation project for an amount of €2 million.

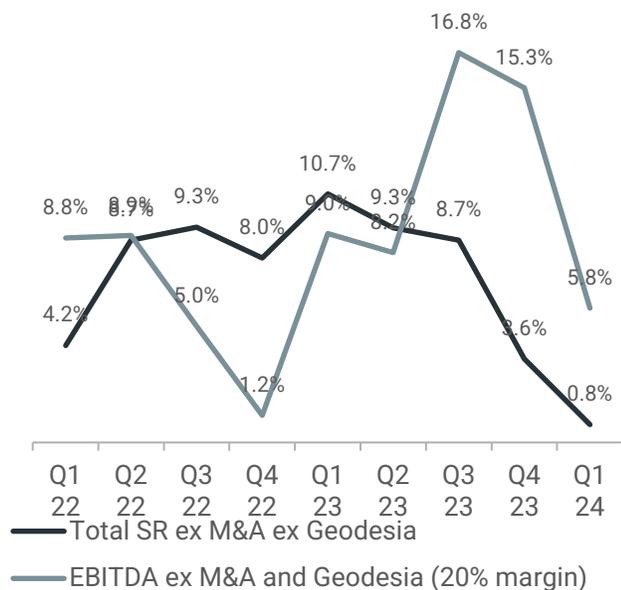


**Altice International**

# Telecom Summary: Slower trends in Portugal and Israel

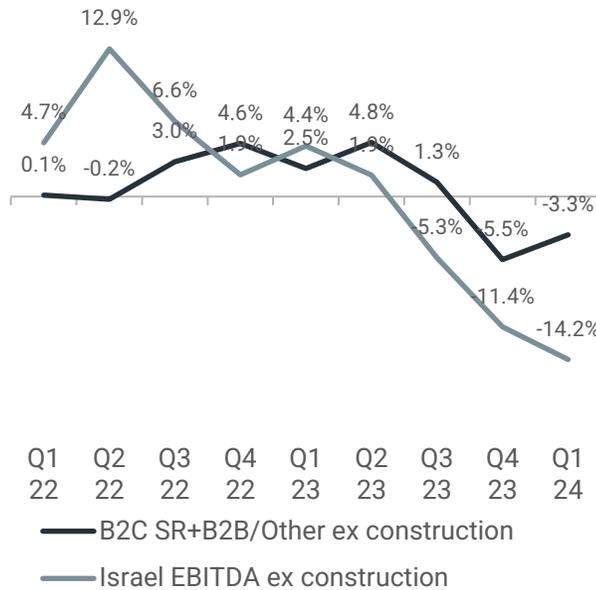
## Portugal SR and EBITDA trends

Local FX, y/y



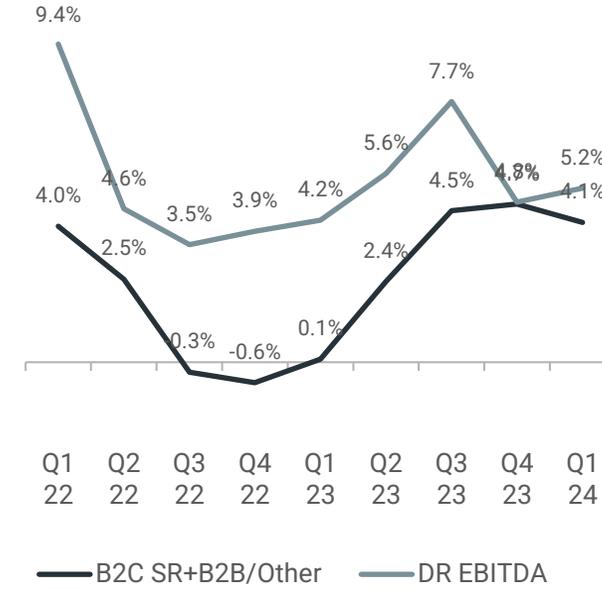
## Israel SR and EBITDA trends

Local FX, y/y



## DR SR and EBITDA trends

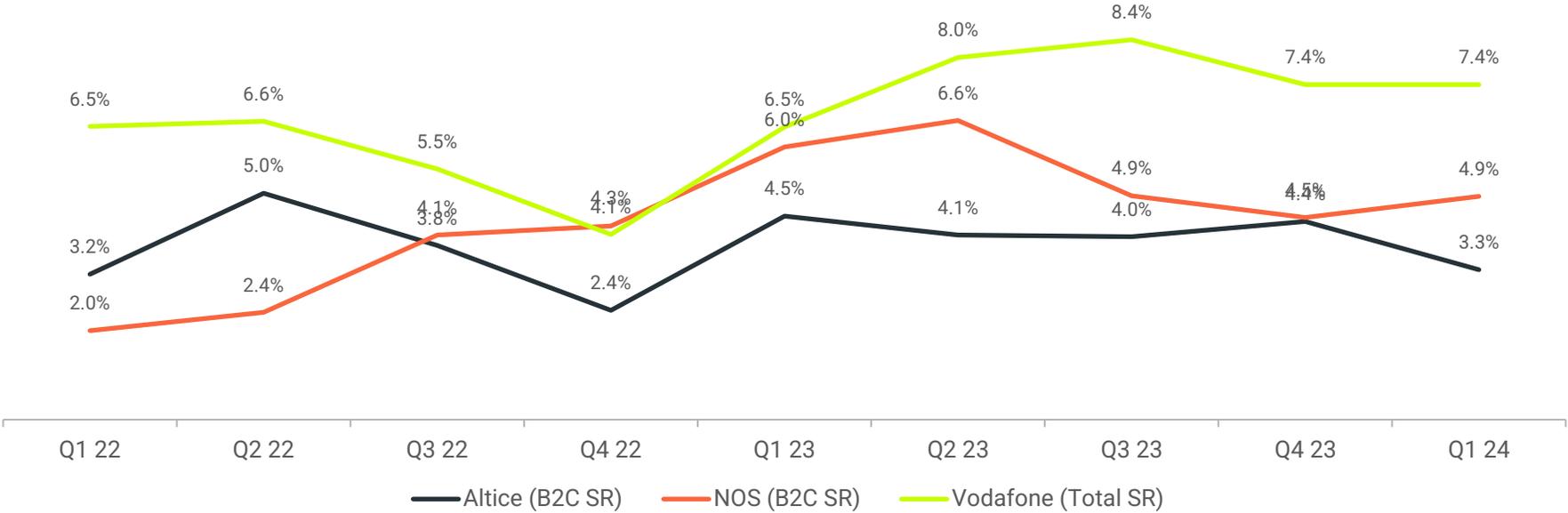
Local FX, y/y



# Portuguese market: Sustained good growth rates

## Portugal market B2C SR trends

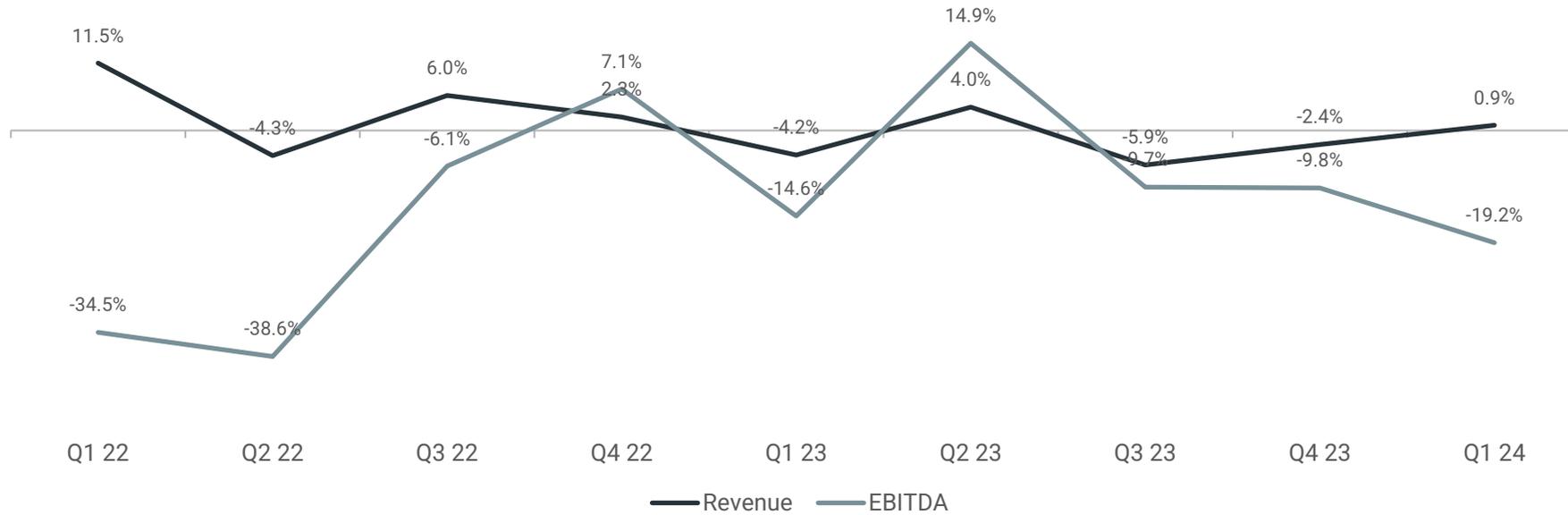
y/y



**Teads:** Back to revenue growth, but EBITDA is weak

**Constant FX trends**

y/y



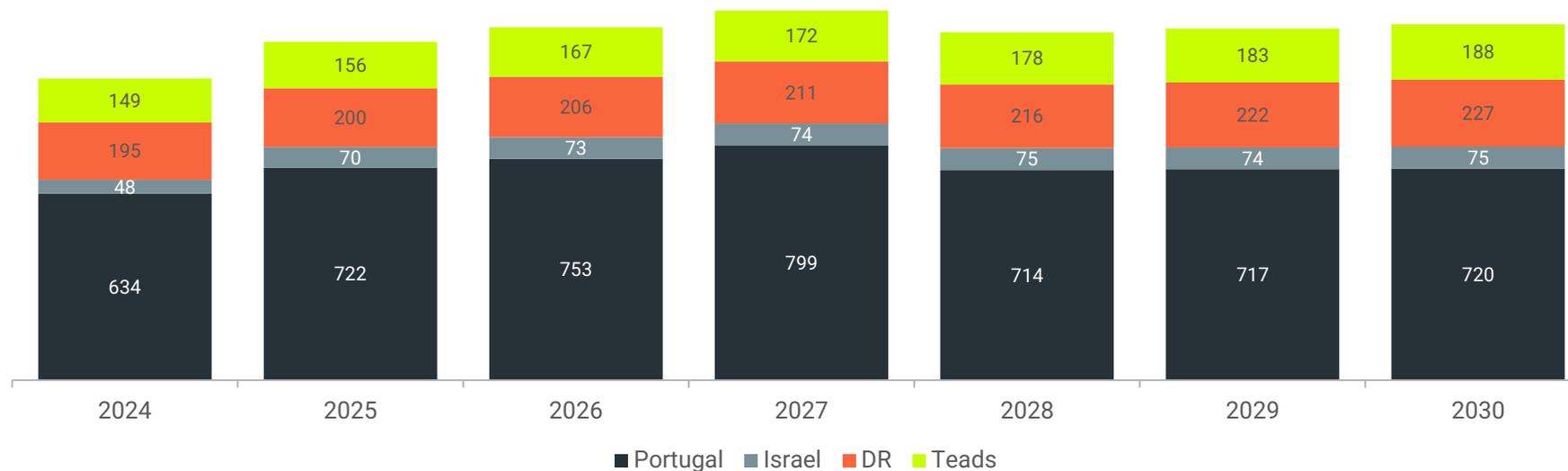
**Guidance:** Reiterated - Note OpFCF will fall when the Geodesia Deutsche Glasfaser rolls finishes

**Guidance reiterated:**

- FY 2024: revenue and EBITDA growth YoY, absolute operating free cash flow in excess of €1 billion
- Target leverage of 4.0x to 4.5x net debt to EBITDA

**OpFCF forecasts**

€m



SOP: Old (RHS) vs New (LHS) – minimal changes, asset cover to 120% from 121%

**Altice International**

€m	EV		
WACC*	7.4%	WACC	8.0%
FCF g	0.7%	FCF g	3.0%
Exit FCF multiple	14.9	Exit FCF multiple	20.0
<b>Portugal EV</b>	<b>8,058</b>	<b>Teads</b>	<b>2,495</b>
Less: NPV licence renewal	480		
Less: FTTH minority stake	2,164		
<b>Portugal</b>	<b>5,414</b>	<b>UK loan (face value)</b>	<b>580</b>
of which: NetCo (FastFiber)	4,329		
of which: ServCo	3,500		
of which: Geodesia	229		
WACC	8.0%	Portugal	8,058
FCF g	0.0%	Israel	713
Exit FCF multiple	12.5	Dominican Republic	2,209
<b>Israel EV</b>	<b>713</b>	Teads	2,495
Less: NPV licence renewal	60	UK loan	580
<b>Israel</b>	<b>653</b>	<b>EV</b>	<b>13,646</b>
		Less: Net debt, 2024	-8,770
WACC*	8.0%	Less: Reverse factoring	-300
FCF g	1.0%	Less: Other	-2,800
Exit FCF multiple	14.3	<b>Equity value</b>	<b>1,776</b>
<b>DR EV</b>	<b>2,209</b>	As % of EV	16%
Less: NPV licence renewal	96	Asset pre debt	10,546
<b>Dominican Republic</b>	<b>2,114</b>	<b>Asset cover</b>	<b>120%</b>

**Altice International**

€m	EV		
WACC*	7.4%	WACC	8.0%
FCF g	0.7%	FCF g	3.0%
Exit FCF multiple	14.9	Exit FCF multiple	20.0
<b>Portugal EV</b>	<b>7,953</b>	<b>Teads</b>	<b>2,495</b>
Less: NPV licence renewal	480		
Less: FTTH minority stake	2,164		
<b>Portugal</b>	<b>5,309</b>	<b>UK loan (face value)</b>	<b>580</b>
of which: NetCo (FastFiber)	4,329		
of which: ServCo	3,395		
of which: Geodesia	229		
WACC	8.0%	Portugal	7,953
FCF g	0.0%	Israel	796
Exit FCF multiple	12.5	Dominican Republic	2,246
<b>Israel EV</b>	<b>796</b>	Teads	2,495
Less: NPV licence renewal	60	UK loan	580
<b>Israel</b>	<b>736</b>	<b>EV</b>	<b>13,665</b>
		Less: Net debt, 2024	-8,735
WACC*	8.0%	Less: Reverse factoring	-300
FCF g	1.0%	Less: Other	-2,800
Exit FCF multiple	14.3	<b>Equity value</b>	<b>1,830</b>
<b>DR EV</b>	<b>2,246</b>	As % of EV	17%
Less: NPV licence renewal	96	Asset pre debt	10,565
<b>Dominican Republic</b>	<b>2,150</b>	<b>Asset cover</b>	<b>121%</b>



Q&A



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