# Altice USA
## Q2 2020 Results

July 30, 2020

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# Disclaimer

**FORWARD-LOOKING STATEMENTS**

Certain statements in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including the information under the headings “2020 Outlook” and “Full Year 2020 Outlook Update”. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things: our future financial conditions and performance, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; and future developments in the markets in which we participate or are seeking to participate. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “intend”, “may”, “outlook”, “plan”, “project”, “should” or “will” or, in each case, their negative, or other variations or comparable terminology. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. To the extent that statements in this presentation are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements including risks referred to in our most recently filed Annual Report on Form 10-K and in our most recently filed Quarterly Report on Form 10-Q. You are cautioned to not place undue reliance on Altice USA’s forward-looking statements. Any forward-looking statement speaks only as of the date on which it was made. Altice USA specifically disclaims any obligation to publicly update or revise any forward-looking statement, as of any future date.

**NON-GAAP FINANCIAL MEASURES**

We define Adjusted EBITDA, which is a non-GAAP financial measure, as net income (loss) excluding income taxes, income (loss) from discontinued operations, other non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, net interest expense including cash interest expense, interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses.

We believe Adjusted EBITDA is an appropriate measure for evaluating the operating performance of the Company. Adjusted EBITDA and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in our industry. Internally, we use revenue and Adjusted EBITDA measures as important indicators of our business performance, and evaluate management’s effectiveness with specific reference to these indicators. We believe Adjusted EBITDA provides management and investors a useful measure for period-to-period comparisons of our core business and operating results by excluding items that are not comparable across reporting periods or that do not otherwise relate to the Company’s ongoing operating results. Adjusted EBITDA should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), and other measures of performance presented in accordance with GAAP. Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies.

We also use Adjusted EBITDA less cash Capital Expenditures, or Operating Free Cash Flow (“OpFCF”), and Free Cash Flow (defined as net cash flows from operating activities, less cash capital expenditures) as an indicator of the Company’s financial performance. We believe these measures are two of several benchmarks used by investors, analysts and peers for comparison of performance in the Company’s industry, although they may not be directly comparable to similar measures reported by other companies.

For an explanation of why Altice USA uses these measures and a reconciliation of theses non-GAAP measures, please see the Second Quarter 2020 earnings release for Altice USA posted on the Altice USA website.

# Altice USA Q2 2020 Summary Review

**Q2 revenue growth of +1.0% led by broadband revenue growth of +14.2% YoY**

**Best-ever quarterly residential broadband and customer relationship net additions (+70k and +53k respectively)**

**Business Services resilience and early signs of Advertising recovery during pandemic**

**Net income of $111m, Adjusted EBITDA(1,2) up +2.5% YoY (+3.7% YoY ex-mobile), Free Cash Flow +49.8% YoY(1)**

**$631m in share repurchases in Q2, with year-to-date total of $1.4 billion (target remains $1.7 billion for 2020)**

**2020 outlook: Revenue and Adjusted EBITDA growth, capex < $1.3 billion, 4.5-5.0x leverage target ex Lightpath**

**Sale of 49.9% stake in Lightpath fiber enterprise business for an EV of $3.2 billion (14.6x Adjusted EBITDA(3))**

**Completed Service Electric of New Jersey acquisition on schedule; refinanced $1.7 billion in debt**

(1) Adjusted EBITDA and Free Cash Flow are non-GAAP measures. For a reconciliation of these non-GAAP measures to net income (loss) and net cash flows from operating activities, respectively, please see the Second Quarter Altice USA earnings release posted to the Altice USA website.

(2) Adjusted EBITDA growth of 3.7% in Q2 2020 excluding approximately $18.8m of losses related to Altice USA's mobile business in the current period and $5.3m in the year-ago period.

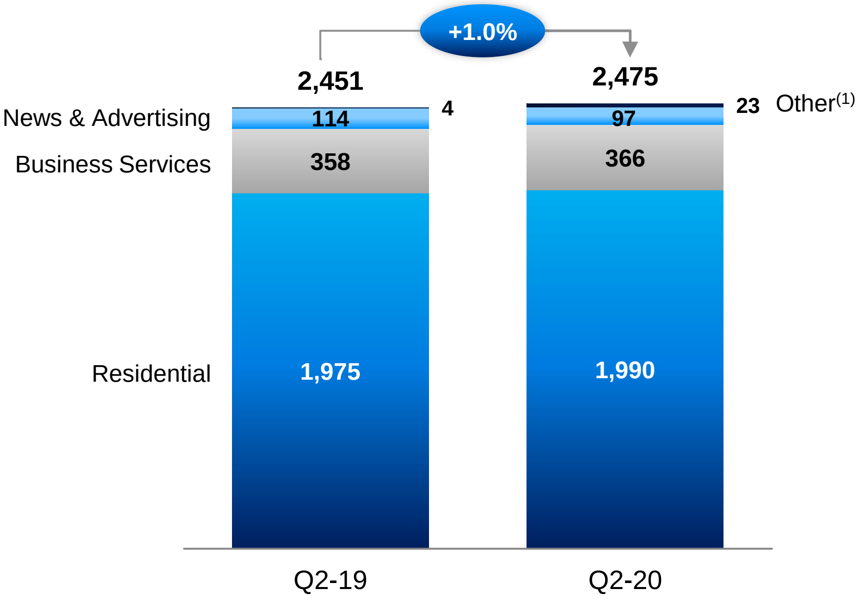
(3) This Enterprise Value (EV) multiple is being provided to provide context for the purchase price for the stake being sold and is based on Adjusted EBITDA for Lightpath, which is a non-GAAP measure, and which has been prepared on a pro forma basis to reflect Lightpath General and Administrative (G&A) expenses allocated in accordance with the agreement between the parties, as future G&A expenses at Lightpath are expected to be higher than historical allocations. As such, this non-GAAP measure cannot be reconciled to the nearest GAAP measure of Lightpath which is prepared on the historical basis of allocation.

# Revenue Growth

## Strength in core business and resilience in Business Services, with Advertising recovering in June

**Q2-20 vs. Q2-19**

($m)




**Revenue growth YoY – Q2-20**

| YoY Growth | Q2-20 |
|---|---|
| **Total Revenue** | **+1.0%** |
| ***Total Revenue ex N&A*** | ***+1.8%*** |
| **Residential** | **+0.8%** |
| ***Broadband*** | ***+14.2%*** |
| **Business Services** | **+2.2%** |
| **News & Advertising (N&A)** | **-15.6%** |

(1) Other includes mobile revenues of $19.9 million in Q2-20.

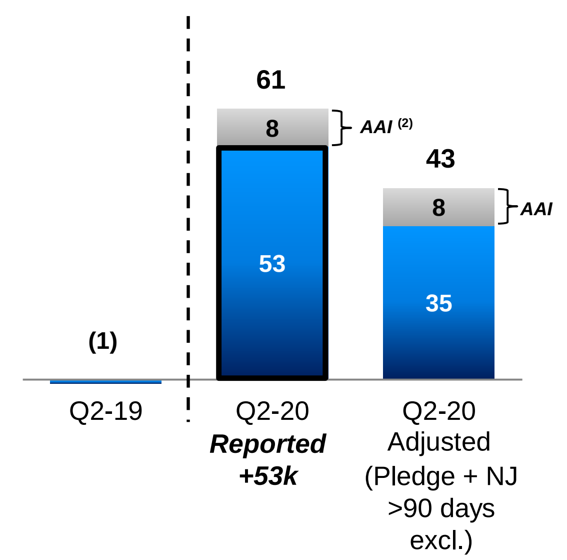
# Residential Services

Best ever broadband and unique customer relationship performance

**Q2-20 vs. Q2-19**

**Residential customer relationship net adds[1]**

('000)




**Residential broadband net adds[1]**

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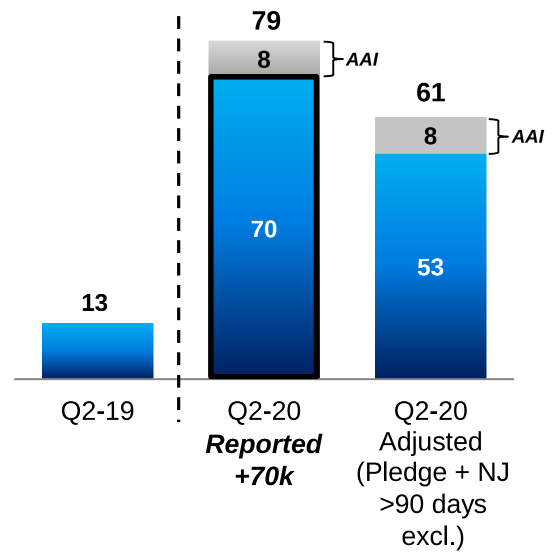
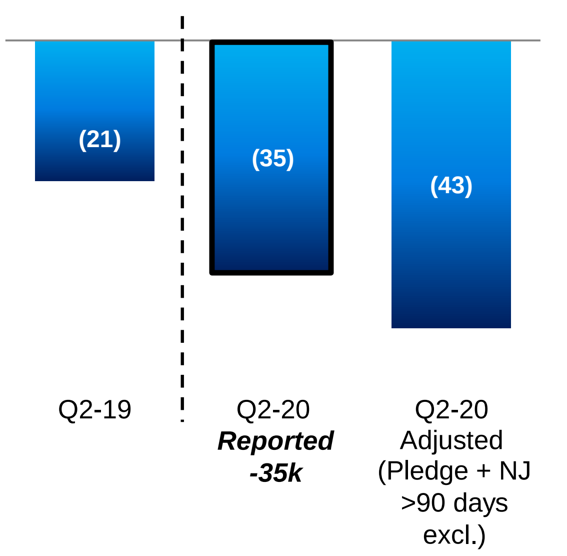



**Residential video net adds[1]**

('000)




(1) "Q2-20 Adjusted" figures shown remove 18k residential customer relationships (including 18k broadband subscribers, 8k video subscribers) at the end of Q2 2020 in accordance with the company's ordinary disconnect policies of 90 days or more non-payment for customers who either opted into the FCC Pledge or were covered by the New Jersey Executive Order.

(2) AAI refers to complimentary "Altice Advantage Internet" student broadband customers. Approximately 3k AAI customers converted to paying customers by the end of Q2, of which ~2k upgraded to faster tiers of service (broadband-only) and the remaining took additional products and/or in combination with speed upgrades.



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# Impact of Pledge, NJ Order, and Altice Advantage on Subscribers

## Opportunity to convert more AAI customers and retain legacy FCC Pledge Customers

**FCC Pledge, New Jersey Executive Order ("NJ Order"), Altice Advantage detail of impact on Q2-20 reported customer figures**

| Subscribers ('000s) | Customers | Broadband | Video | Phone |
|---|---|---|---|---|
| Net additions | +53.0 | +70.4 | (34.6) | (22.7) |
| *Net additions less*: FCC Pledge customers[1] >90 days | (10.1) | (9.9) | (7.6) | (5.5) |
| *Net additions less*: NJ Order customers[1] >90 days | (8.0) | (7.9) | (0.3) | (3.5) |
| **Net additions adjusted for FCC Pledge, NJ Order >90 days** | **+34.9** | **+52.6** | **(42.6)** | **(31.6)** |

| Revenue per Customer Relationship | | YoY Growth |
|---|---|---|
| Revenue per customer relationship, reported | $144.38 | *-0.4%* |
| Revenue per customer relationship, adjusted for FCC Pledge, NJ Order | $144.66 | *-0.2%* |

| Altice Advantage Detail | ('000s) | Comments |
|---|---|---|
| Total Altice Advantage Internet (AAI)[2] customers, Q2 | 17.8 | *Excluded* in reported unique customer count |
| *Converted* complimentary AAI to paying, Q2 | 2.7 | Included in reported unique customer count |
| Of which: broadband speed up-tiering | 1.9 | Included in broadband customer count |
| Of which: additional product | 0.8 | Included in video and/or voice customer count |

(1) As of June 30, 2020, an aggregate of approximately 54,800 Residential customers (24,900 Pledge, 29,900 NJ Order) with past-due account balances requested protection pursuant to the Pledge or are protected pursuant to the NJ Order. ">90 days" refers to customers under the FCC Pledge or covered by the New Jersey Executive Order that otherwise would have been disconnected due to non-payment according to the company's ordinary disconnect policies.

(2) AAI refers to complimentary "Altice Advantage Internet" student broadband customers. Approximately 3k AAI customers converted to paying customers by the end of Q2, of which ~2k upgraded to faster tiers of service (broadband-only) and the remaining took additional products and/or in combination with speed upgrades.



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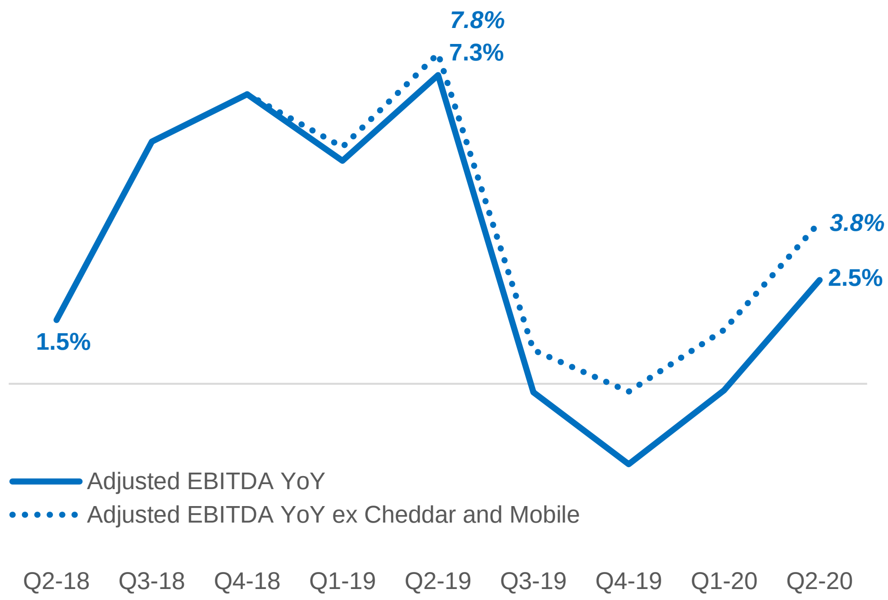
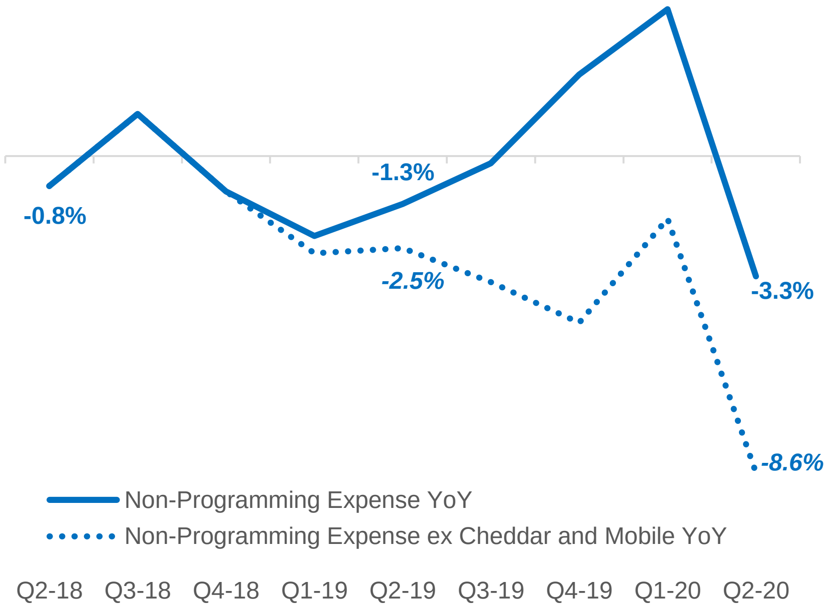
# Adjusted EBITDA Growth Driven by Strong Operating Leverage

Improving organic Adjusted EBITDA growth through core business strength, ongoing cost management

**Adjusted EBITDA Growth YoY excluding Cheddar and Mobile[(1)]**




**Non-Programming Cost Growth YoY excluding Cheddar and Mobile**




(1) Adjusted EBITDA is a non-GAAP measures. For a reconciliation of this non-GAAP measure to net income (loss), please see the Second Quarter Altice USA earnings release posted to the Altice USA website.

# Increase in Network Usage During Stay-at-Home

## Our network is performing well during a time of increased demand for higher speeds and greater usage

**Network consumption trends during COVID-19**

**+40%**

**Broadband speed upgrade** volume[1]

**+59%**

Increase in **average data usage** per customer[1]

**24%**

**1 Gig** sell-in[2]

**+46%**

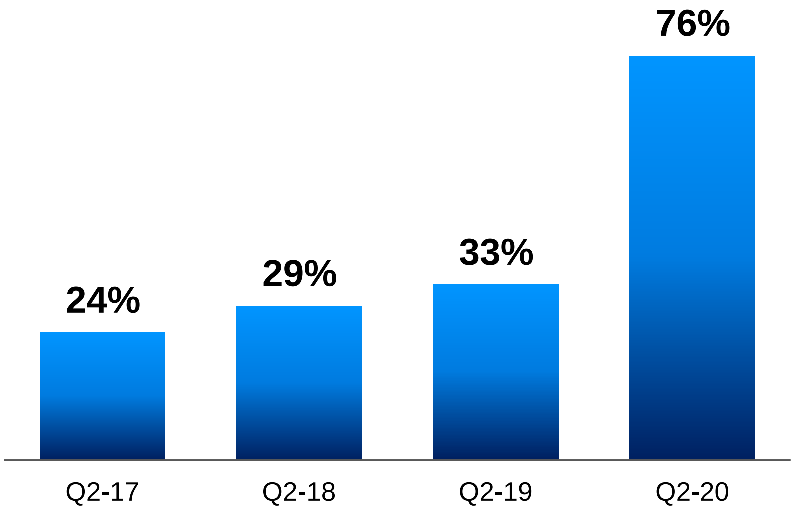
Increase in **Optimum video streaming traffic**[1]

(1) Growth rates comparing Q2 2020 to Q2 2019.
(2) Q2 2020 1 Gig Internet gross additions as a percentage of total Internet gross additions in areas where 1 Gig is available.

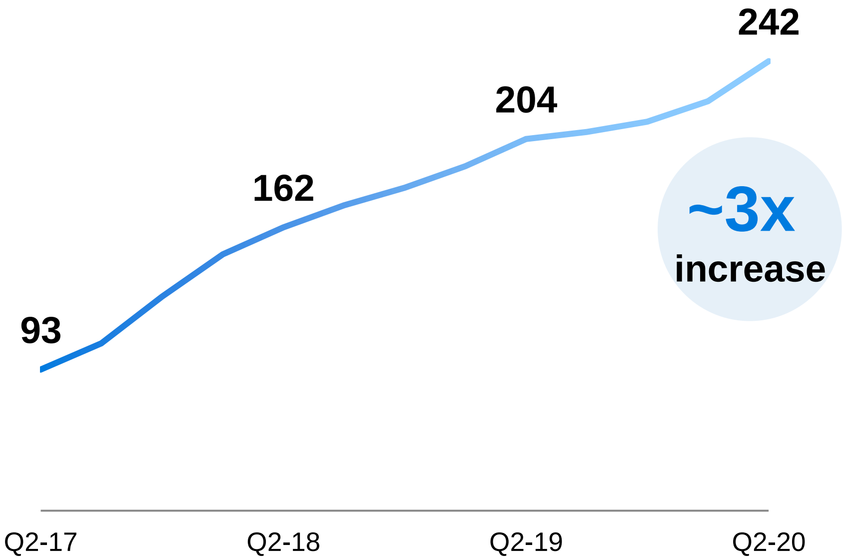
# Network and Broadband Speed Upgrades

Significant runway for continued broadband speed upgrades and rapid 1 Gig rollout

**Altice USA – 1 Gig availability**




**Average download speeds taken by customers (Mbps)[1]**




**Approximately 2/3 of broadband customers have 200 Mbps or less**

(1) Average speed taken at the end of each quarter.



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# Three Pillars of Network Strategy: FTTH, New-Build, Expand

ROI-focused, multi-faceted long-term approach to upgrade and expand best-in-class network

**Network strategy**

| FTTH | New-Build | Footprint Expansion |
|---|---|---|
| • **Future-proofed FTTH** deployment in dense Optimum markets delivering symmetric up and down speeds and customer experience improvements | • **Fiber- and coax-based network** edge-outs seeing strong penetration growth in new-build markets<br>• **Accelerating pace** of network edge-outs will continue to provide tailwind to subscriber growth | • **Additional footprint expansion** opportunities such as **Rural Digital Opportunities Fund** (RDOF)<br>• **Cable M&A** (e.g. Service Electric of New Jersey) opportunities allow for additional expansion |

**FTTH** Available Homes Passed
**~900k**
in Q2

New-Build **Penetration**
**~40%**
within **one year**

**New-Build** Total Homes
**+130k**
LTM[1]

**Service Electric of New Jersey**
**~30k**
customers acquired

(1) Last twelve months through June 2020.



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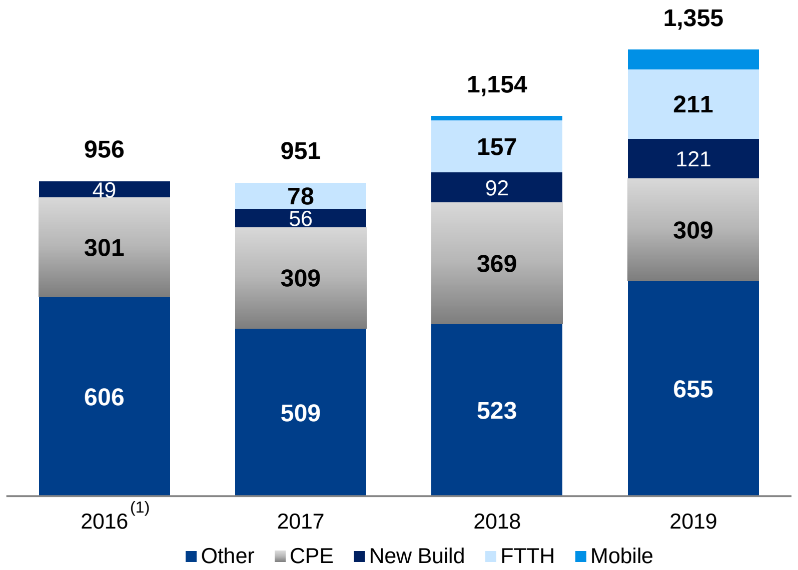
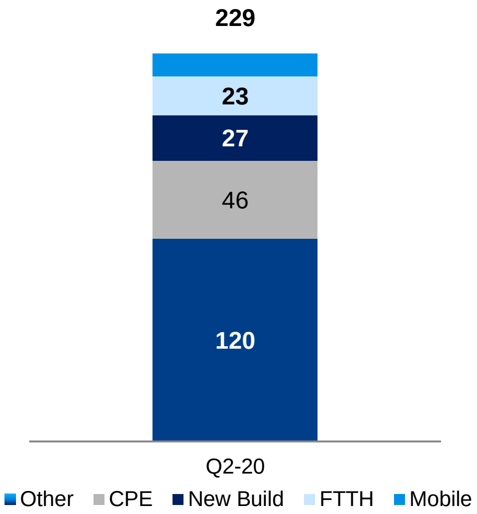
# Capex to Support Network Evolution

## Network investments focused on FTTH and new build capex, with potential for long-term efficiencies

**Annual capital expenditures by category, 2016 to 2019 ($m)**




**Capital expenditures, Q2 2020 ($m)**




- Medium-term opportunity for annual capex less than $1 billion per year post-FTTH deployment

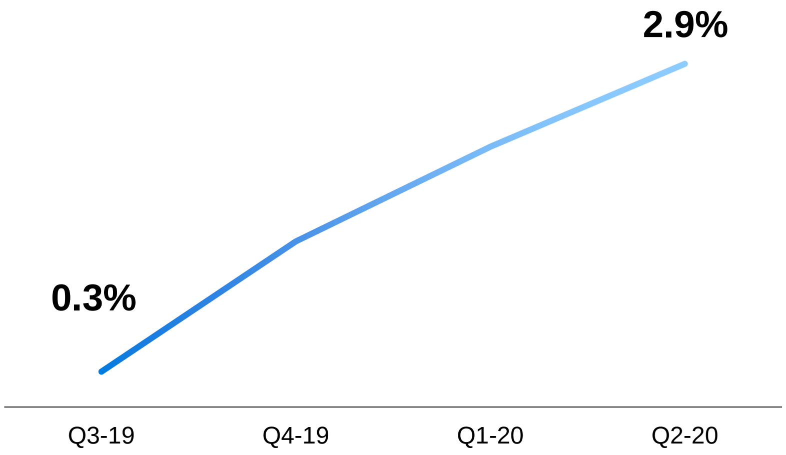
- 9% total capital intensity in Q2-20 (7% ex-FTTH / New Build)

(1) Capital expenditures for 2016 are presented on a pro forma basis as if Cablevision Systems was acquired effective January 1, 2016.

# Altice Mobile Update

Reduced volume in tandem with lower costs during COVID-19 from retail store closures

**Mobile penetration as % of total unique customers**




| Net Additions | Q3-19 | Q4-19 | Q1-20 | Q2-20 |
|---|---|---|---|---|
| | +15k | +54k | +41k | +34k |

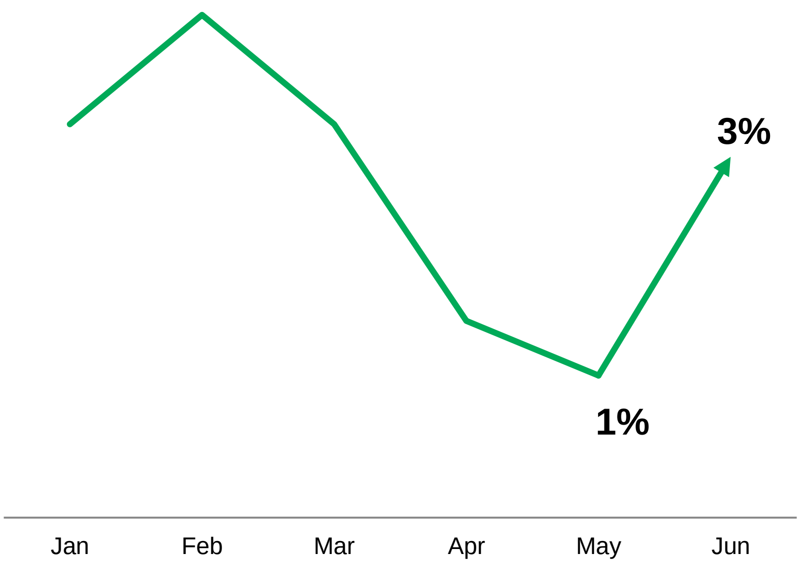
## altice mobile >140k lines

- **Reached 144k total mobile lines (34k net adds in Q2-20):**
  - Return of $20 pricing as a temporary promo due to better digital onboarding economics
  - Continued focus on improving customer experience and broadening product offerings (including upcoming 5G service)
  - Early indication of churn reduction during stay-at-home a positive for customer lifetime economics
  - Lower sales & marketing spend during COVID-shutdown

# Business Services Update

## Resilience in both SMB and Enterprise businesses in Q2 with rebound in customer gross additions

**Monthly Business Services Revenue Growth (YoY), 2020**




**Business Services highlights**

- Q2 Business Services revenue growth of 2.2% YoY
  - **SMB** revenue growth of 1.7%
  - **Enterprise** revenue growth of 3.0%
- Recovery in monthly SMB customer gross additions throughout Q2
  - Increase of e-commerce digital sales during pandemic
- In Enterprise, increased sales and customer engagement in education, government, and healthcare vertical markets
  - Benefiting from shorter sales cycles due to work-from-home initiatives
- Some uncertainty from second round of closures in Suddenlink markets

# Sale of Minority Stake in Lightpath

## Strategic investment to support ongoing and new growth initiatives

| | |
|---|---|
| **Transaction Structure and Rationale** | • Altice USA has agreed to sell a 49.99% interest in the Company's Lightpath fiber enterprise business to Morgan Stanley Infrastructure Partners for an implied enterprise value / purchase price of \$3.2bn, representing a 2019 Adjusted EBITDA multiple of 14.6x and Operating Free Cash Flow (Adjusted EBITDA less capex) multiple of 25.7x(1)<br>• Altice USA to retain 50.01% interest and maintain control of Lightpath<br>• Upon closing, Lightpath will be financed independently outside of the CSC Holdings, LLC debt silo<br>• Investment to support ongoing and new growth initiatives at Lightpath, improve operational performance and provide strategic and financial flexibility, and will enable Lightpath to focus on the distinct opportunities for value creation |
| **Use of Proceeds** | • Altice USA will receive total gross cash proceeds of \$2.3bn from the 49.99% stake sale and related financing activity (approximately \$1.1bn net cash proceeds after tax and debt repayment, as below)<br>• A portion of proceeds are expected to be used by Altice USA to repay existing debt such that the transaction is at least leverage neutral for CSC Holdings, LLC (i.e. leverage neutral for Altice USA ex-Lightpath)<br>• Remaining proceeds may be used for additional debt paydown and/or repurchase of Altice USA shares |
| **Timing** | • Q4 2020 expected completion following customary regulatory approvals |

(1) These Enterprise Value (EV) multiples are being provided to provide context for the purchase price for the stake being sold and are based on Adjusted EBITDA and Operating Free Cash Flow for Lightpath, which are non-GAAP measures, and which have been prepared on a pro forma basis to reflect Lightpath General and Administrative (G&A) expenses allocated in accordance with the agreement between the parties, as future G&A expenses at Lightpath are expected to be higher than historical allocations. As such, these non-GAAP measures cannot be reconciled to the nearest GAAP measure of Lightpath which are prepared on the historical basis of allocation.



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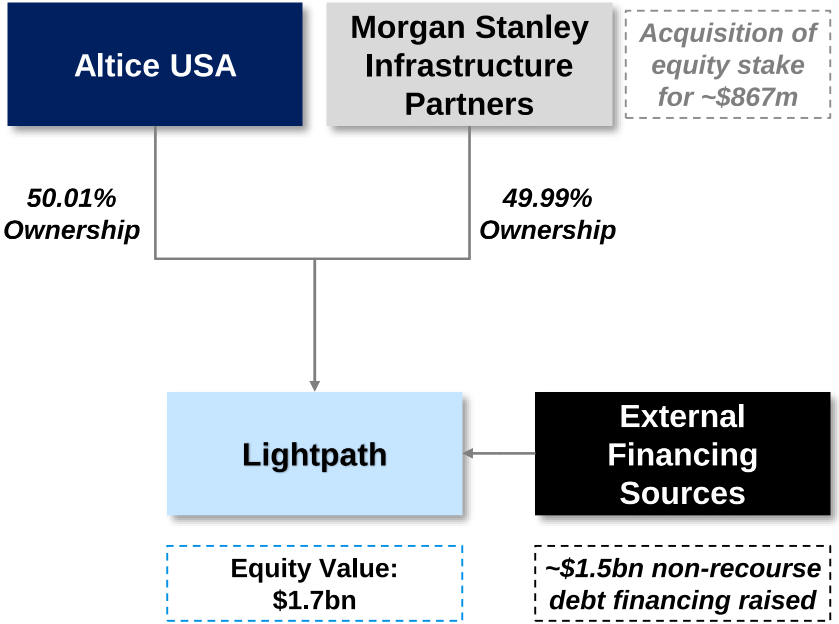
# Lightpath Partnership Structure and Financials

## Crystalizing attractive valuation relative to Altice USA

### Transaction structure




### Financials and multiples comparison to Altice USA[1]

| | Altice USA | Lightpath |
|---|---|---|
| **2019A Revenue Growth** | ~2% | ~1% |
| **2019A Capital Intensity** | ~13% | ~26% |
| **EV / 2019A Adjusted EBITDA** | 8.6x | 14.6x |
| **EV / 2019A Adj. EBITDA – Capex** | 12.6x | 25.7x |

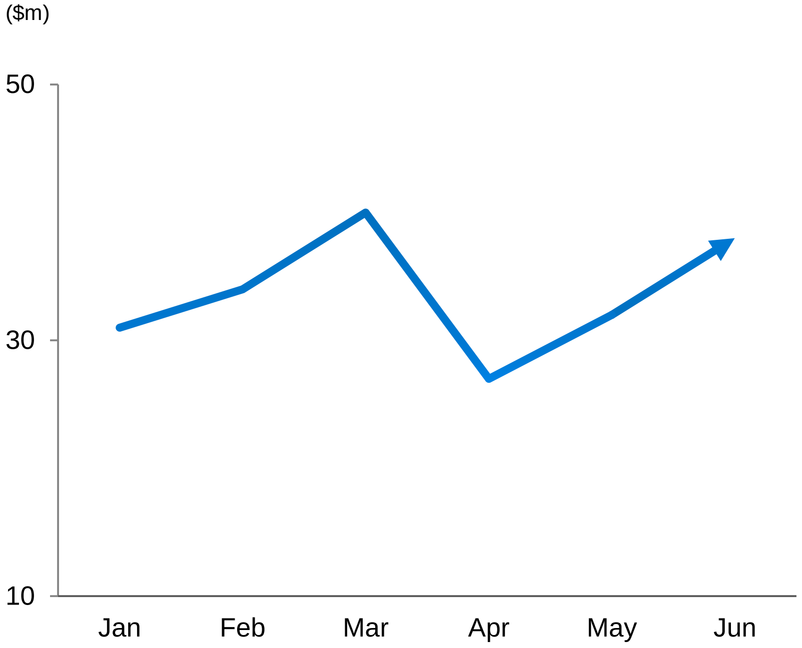
EV computed as of July 28, 2020.

(1) These Enterprise Value (EV) multiples are being provided to provide context for the purchase price for the stake being sold and are based on Adjusted EBITDA and Operating Free Cash Flow for Lightpath, which are non-GAAP measures, and which have been prepared on a pro forma basis to reflect Lightpath General and Administrative (G&A) expenses allocated in accordance with the agreement between the parties, as future G&A expenses at Lightpath are expected to be higher than historical allocations. As such, these non-GAAP measures cannot be reconciled to the nearest GAAP measure of Lightpath which are prepared on the historical basis of allocation.

# News & Advertising Update

Early recovery in News and Advertising sales, with ongoing strength in viewership

**News & Advertising monthly revenue**




**News & Advertising trends**

- Q2 revenue of $97m down 15.6% YoY, with 1H 2020 revenue down 3.4% YoY
- Local & regional advertising rebounded from March-April lows due to loosening of COVID-19 restrictions
- Early political spending in June in Northeast markets, expected to ramp in 2H
- National branded and linear advertising recovering at a slower rate with advertisers continuing to assess market conditions

cheddar

**+72%**
Increase in **website traffic**(1)

**+86%**
Increase in **users**(1)

news12

**+16%**
Increase in **TV viewership** (1)

(1) Growth rate comparing the full month of June 2020 to February 2020.



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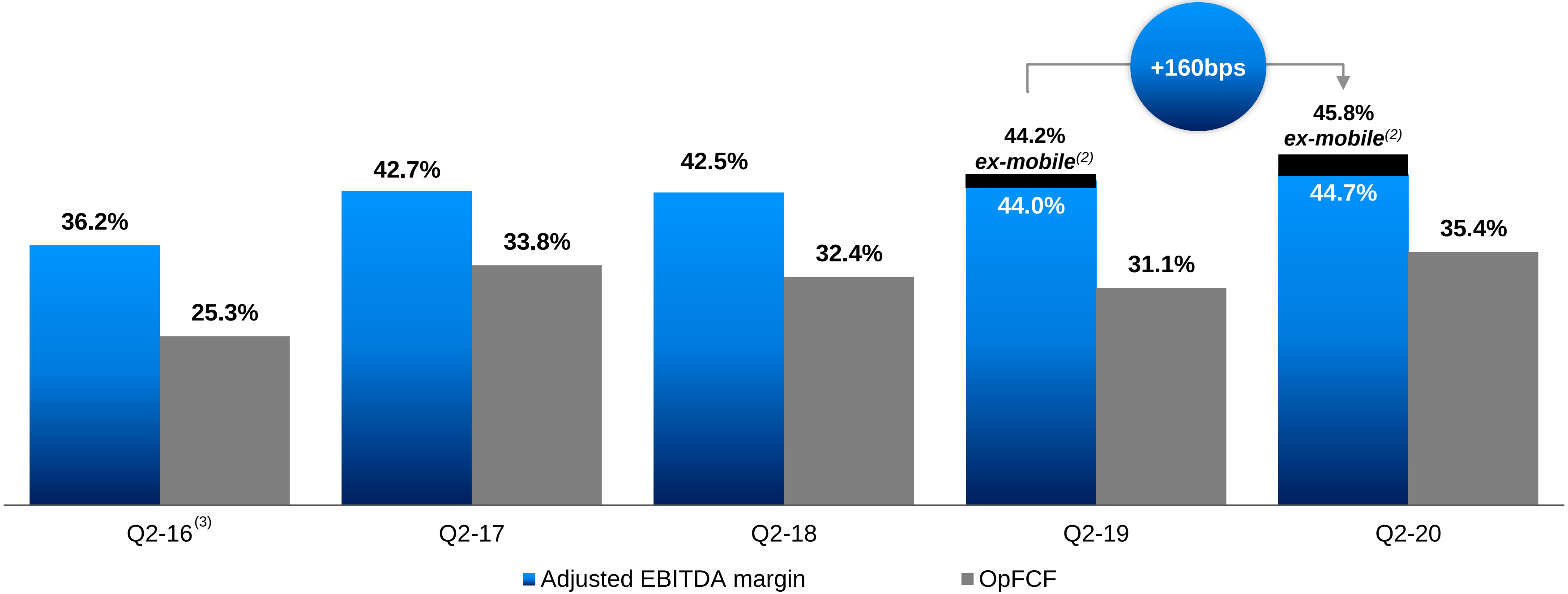
# Margin Trends

Improving margins driven by strong core business strength and ongoing cost management

**Adjusted EBITDA and Operating Free Cash Flow (OpFCF) margins[1]**




(1) Adjusted EBITDA and Adjusted EBITDA less cash capex ("OpFCF") are non-GAAP measures. For a reconciliation of Adjusted EBITDA and OpFCF to net income (loss), please see the Second Quarter Altice USA earnings release posted to the Altice USA website.
(2) Adjusted EBITDA includes $18.8m of losses related to Altice USA's mobile business in Q2 2020 and $5.3m of losses in Q2 2019.
(3) Pro forma for Cablevision



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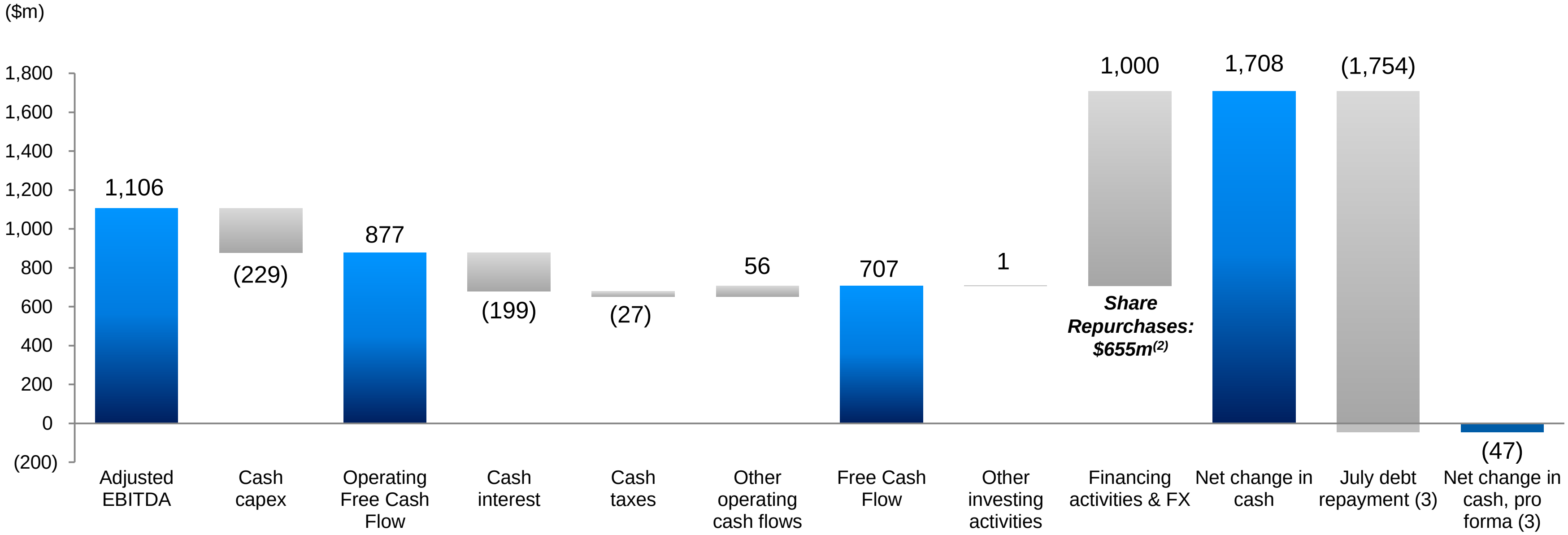
# Free Cash Flow Generation

## Over $1 billion in free cash flow year-to-date, with close to $1.4 billion in share repurchases

**Q2-20 Free Cash Flow (FCF) and net change in cash bridge(1)**




**$707m FCF in Q2-20, growth of +49.8% YoY**

(1) Adjusted EBITDA, Adjusted EBITDA less cash capex ("OpFCF") and Free Cash Flow are non-GAAP measures. For a reconciliation of Adjusted EBITDA and OpFCF to net income (loss), please see the Second Quarter Altice USA earnings release posted to the Altice USA website.

(2) $655m cash outlay for settled repurchases in Q2, $631m incurred in share repurchases.

(3) On July 15, 2020, Altice USA's wholly owned subsidiary CSC Holdings, LLC, redeemed $1,096m of 5.375% Guaranteed Notes due 2023 and $620m of 7.75% Senior Notes due 2025, using proceeds from new debt issued in June 2020 ($1,100m of 4.125% Guaranteed Notes due 2030 and $625m of 4.625% Senior Notes due 2030). The net change in cash of -$47m shown is pro forma for this refinancing and related call premium costs.

# Pro Forma Debt Maturity Profile

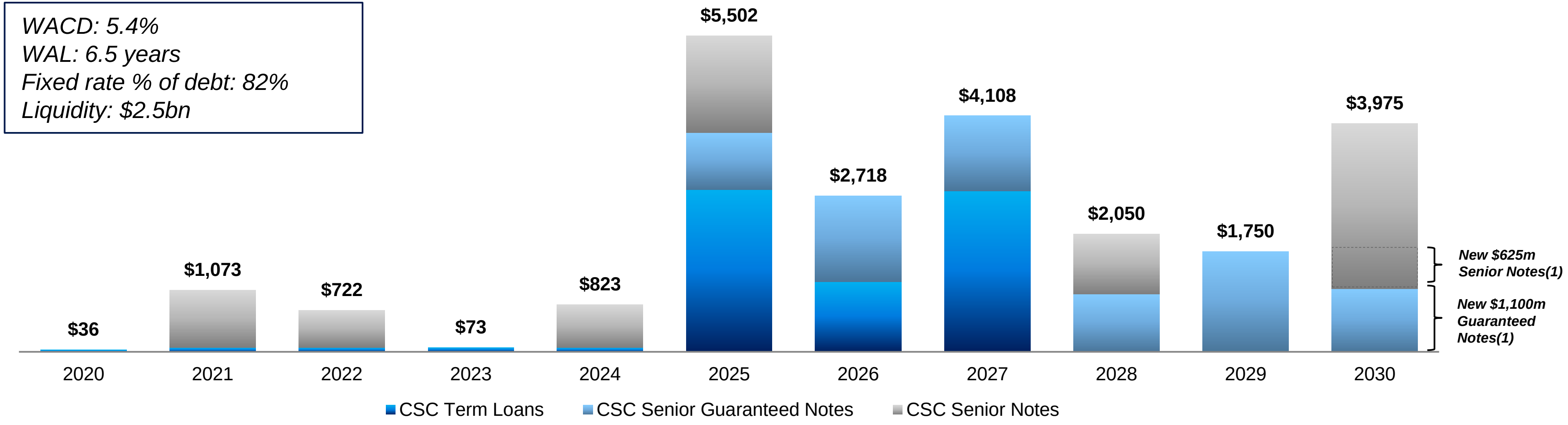
## Long-dated maturities following proactive refinancing activity

**Altice USA pro forma maturity profile[(1)] (in millions)**

- Refinanced approximately $1,716m of debt in June/July 2020, achieving lowest-ever coupon at 4.125% for new $1,100m Guaranteed Notes and 4.625% for new $625m Senior Notes

- Run-rate $33m per year in incremental interest savings

*WACD: 5.4%*
*WAL: 6.5 years*
*Fixed rate % of debt: 82%*
*Liquidity: $2.5bn*




(1) On July 15, 2020, Altice USA's wholly owned subsidiary CSC Holdings, LLC, redeemed $1,096m of 5.375% Guaranteed Notes due 2023 and $620m of 7.75% Senior Notes due 2025, using proceeds from new debt issued in June 2020 ($1,100m of 4.125% Guaranteed Notes due 2030 and $625m of 4.625% Senior Notes due 2030).

# Full Year 2020 Outlook Update

| | 1H 2020 Actual | FY 2020 Outlook |
|---|---|---|
| Revenue (ex-Mobile) | +0.8% | Growth |
| Adjusted EBITDA | +1.2% | Growth |
| Cash Capex | $528m | < $1.3 billion |
| Year-End Leverage ex-Lightpath (L2QA) | 5.3x | 4.5x – 5.0x |
| Share Repurchases (ex-M&A) | $1.4 billion | $1.7 billion |



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# Q&A

# Appendix

# Altice USA, Inc. Financials

| ($m) | Q2-19 | Q2-20 | *Growth YoY* |
|---|---|---|---|
| **Total Revenue** | **$2,451** | **$2,475** | *1.0%* |
| **Adjusted EBITDA** (1) | **$1,079** | **$1,106** | *2.5%* |
| *Margin (%)* | *44.0%* | *44.7%* | |
| **Cash capital expenditures** | **$317** | **$229** | *(27.8%)* |
| *Capex % of revenue* | *12.9%* | *9.2%* | |
| **OpFCF** (1) | **$762** | **$877** | *15.1%* |
| *Margin (%)* | *31.1%* | *35.4%* | |

(1) Adjusted EBITDA and Adjusted EBITDA less cash capex (“OpFCF”) are non-GAAP measures. For a reconciliation of Adjusted EBITDA and OpFCF to net income (loss), please see the Second Quarter Altice USA earnings release posted to the Altice USA website.