

# Altice USA Q2 2022 Earnings Results

August 3, 2022



# Disclaimer

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## FORWARD-LOOKING STATEMENTS

Certain statements in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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, objectives, prospects, capital expenditure plans, fiber deployment and network expansion and upgrade plans, distribution channel expansion plans and leverage targets; our ability to achieve operational performance improvements; 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”, “plan”, “project”, “should”, “target”, 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 SEC filings, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and subsequent reports 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, 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, interest expense, net, depreciation and amortization (including impairments), share-based compensation expense, restructuring expense, 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 Operating Free Cash Flow (defined as Adjusted EBITDA less cash capital expenditures), and Free Cash Flow (defined as net cash flows from operating activities less cash capital expenditures) as indicators 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 a reconciliation of these non-GAAP measures, please see the Q2 2022 earnings release for Altice USA posted on the Altice USA website.

# Altice USA Q2 2022 Summary Review

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Revenue of \$2.46 billion (-2.1% YoY); Net Income of \$106.2m

Adjusted EBITDA<sup>(1)</sup> of \$1.01 billion (-8.8% YoY, Adjusted EBITDA margin<sup>(1)</sup> of 40.9%)

Free Cash Flow<sup>(1)</sup> of \$191 million (\$399 million YTD)

Residential broadband customer net loss of -40k and unique customer net loss of -48k

Acceleration of fiber network expansion (+270k passings) and acceleration in fiber customer growth (+23k)

Launched symmetric multi-Gig (2 Gig and 5 Gig) broadband service in select markets where fiber is available

Acceleration in new build activity and mobile line growth

Rebranded Suddenlink to Optimum and expanding sales distribution channels to support customer growth

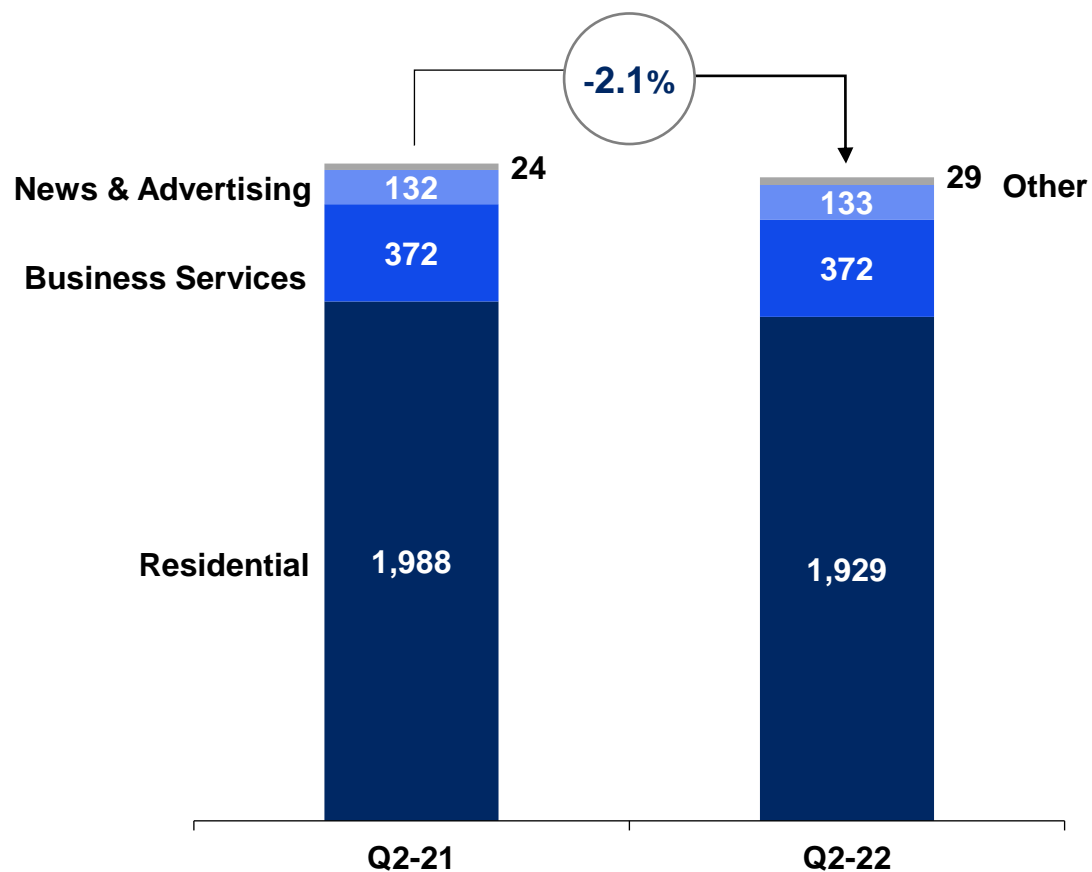
(1) Adjusted EBITDA and Free Cash Flow ("FCF") are non-GAAP measures. For a reconciliation of these non-GAAP measures to net income and net cash flows from operating activities, respectively, please see the Q2 2022 Altice USA earnings release posted to the Altice USA website.

# Q2 Revenue Trends

Q2-22 revenue performance driven by Residential decline

Q2-22 vs. Q2-21 (\$m)

Q2-22 Revenue YoY



<b>Total Revenue</b>	<b>-2.1%</b>
<i>excluding air strand revenue<sup>(1)</sup></i>	<b>-1.9%</b>
<b>Residential Revenue</b>	<b>-3.0%</b>
<b>Business Services Revenue</b>	<b>-0.1%</b>
<i>excluding air strand revenue<sup>(1)</sup></i>	<b>+1.3%</b>
<b>News &amp; Advertising Revenue</b>	<b>+1.1%</b>

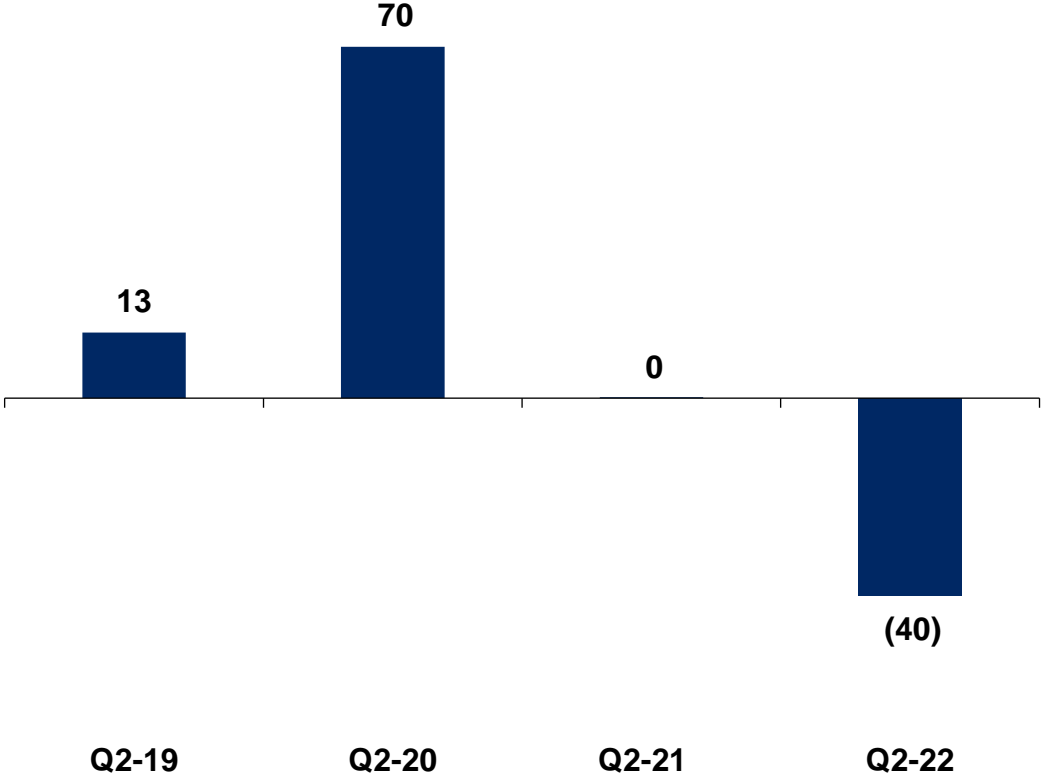
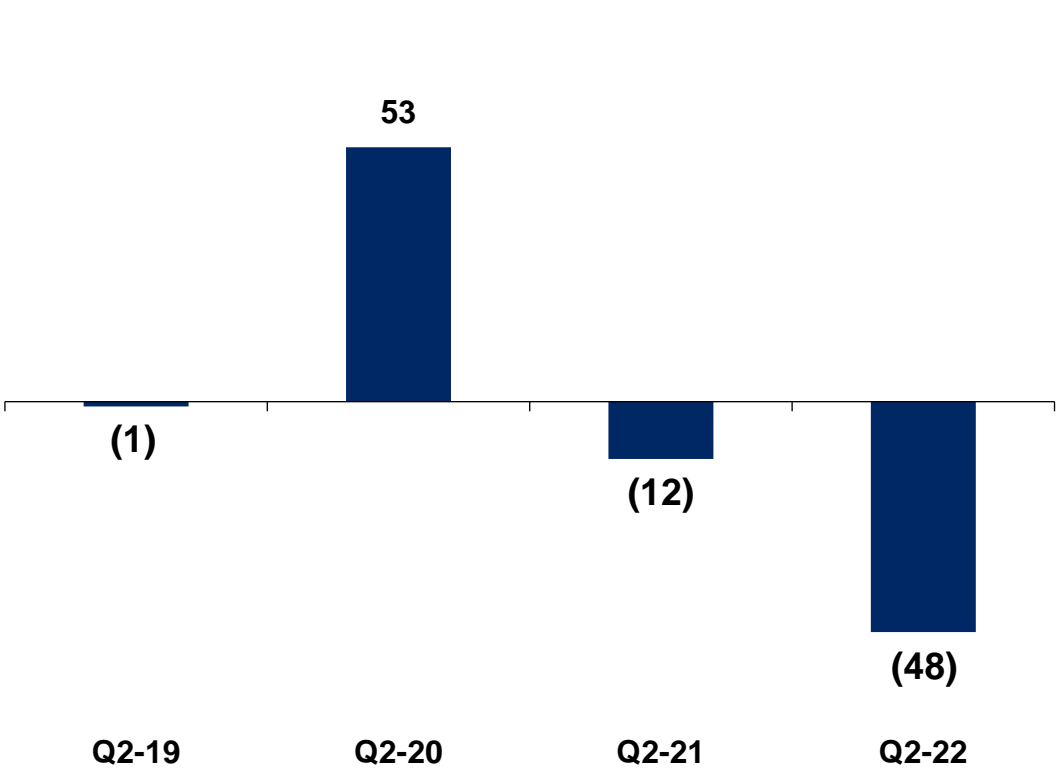
(1) Excludes air strand revenue from Business Services in prior year.

# Q2 Residential Customer Trends

Low market activity with incremental pressure to subscriber growth from more normal seasonal trends in Q2

Residential customer relationship net additions<sup>(1)</sup> ('000)

Residential broadband net additions<sup>(1)</sup> ('000)



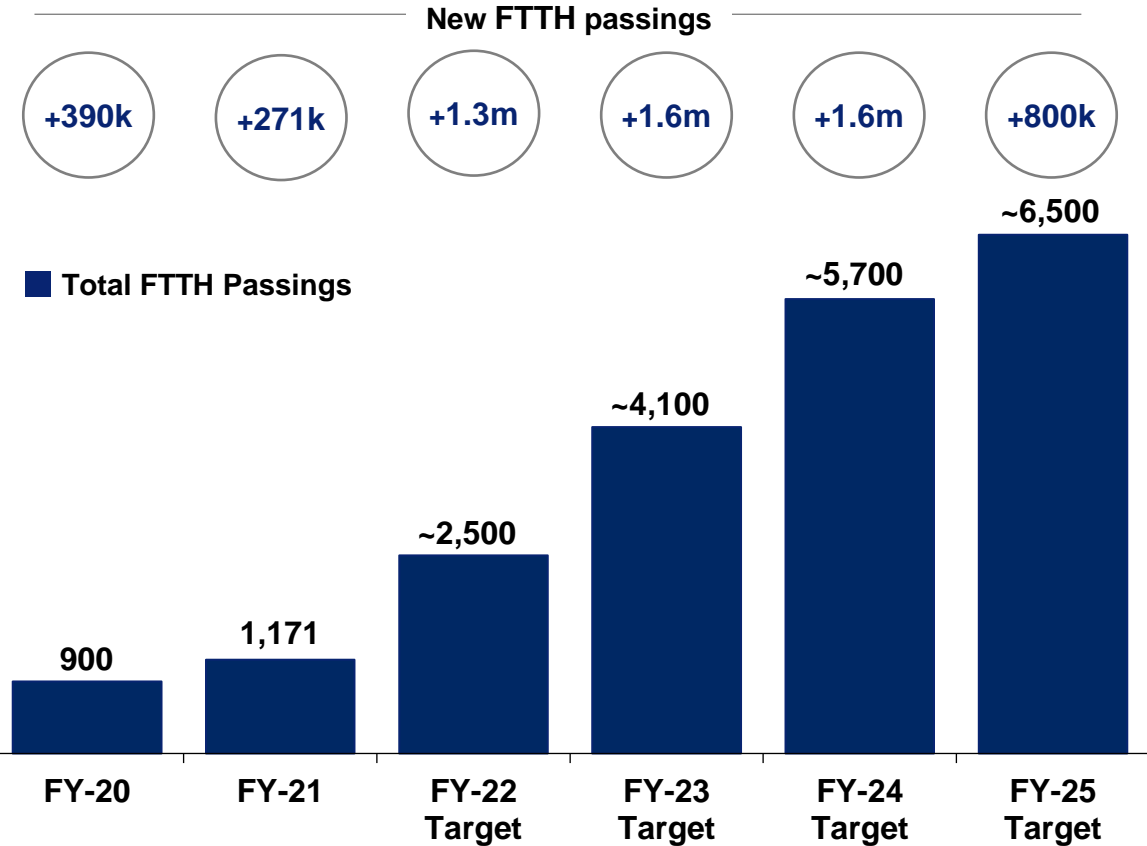
(1) Net adds are organic, excluding the acquisition of Morris Broadband in Q2-21.

# Fiber (FTTH) Targets and Launch of Multi-Gig Speeds

Targeted FTTH expansion to ~6.5m passings by end of 2025

Cumulative year-end and target FTTH total passings<sup>(1)</sup> ('000)

Multi-Gig available for 100% of FTTH passings by year-end



**optimum.**  
fiber

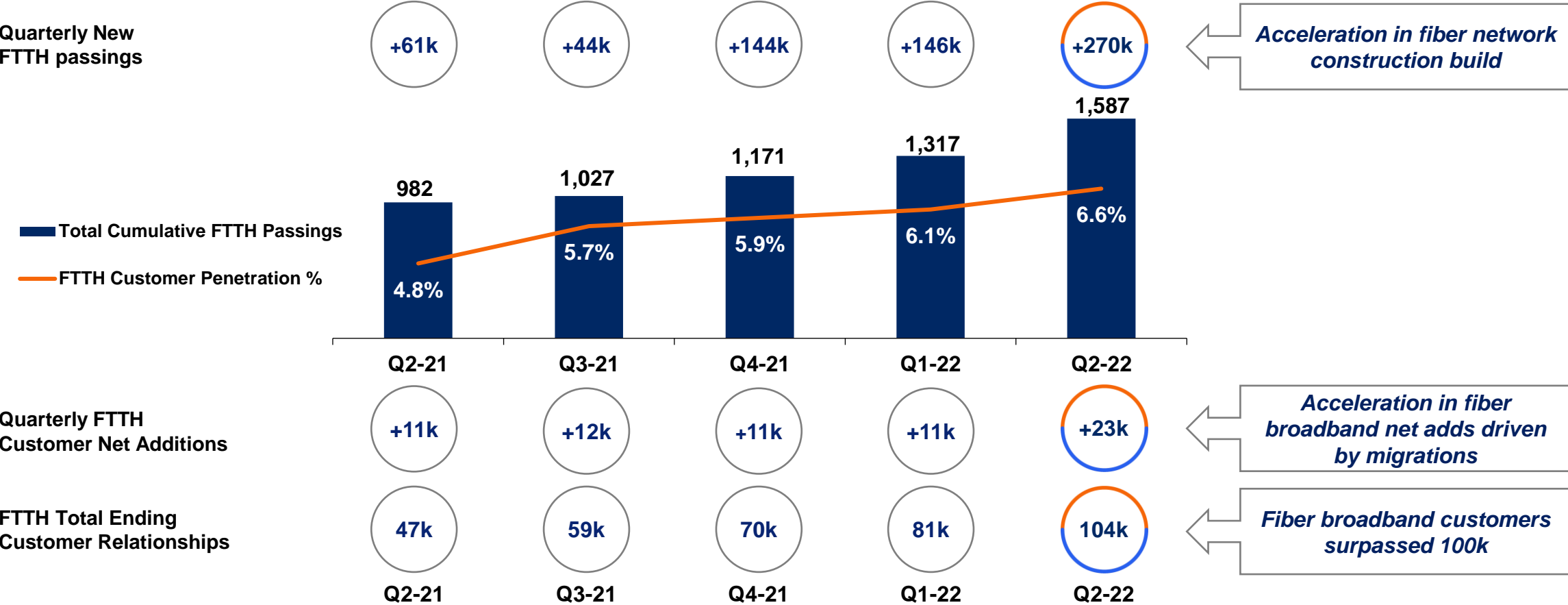
- 1 Gig at \$80/mo.
- 2 Gig at \$120/mo.
- 5 Gig at \$180/mo.

(1) The figures shown represent those FTTH passings available for marketing to customers as reflected in Altice USA's billing system.

# Fiber Rollout and Fiber Customer Trends

Acceleration in Fiber rollout and customer growth

FTTH cumulative passings, customer penetration %<sup>(1)</sup>, customer net adds, total relationships ('000)



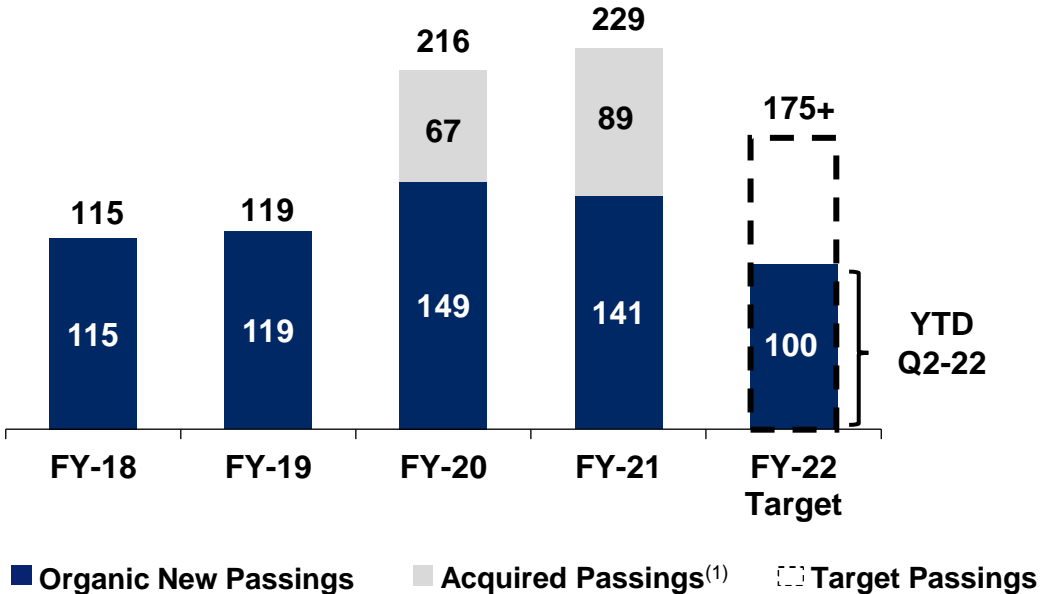
(1) FTTH customer penetration measured as total number of FTTH customer relationships as a percentage of total FTTH passings available for marketing to customers.

# New Build Activity and Infrastructure Subsidy Awards

Acceleration in pace of footprint edge out to drive customer growth

### New build additional passings ('000)

- + Target of **175k+** new build passings in FY-22
- + New build total passings **+58k** in Q2-22 and **+100k** YTD



### Infrastructure subsidies

- + Applied for subsidies totaling over **180k** passings (FTTH)
- + Awarded subsidy grants for **24k** passings YTD totaling \$35m
  - + Q1-22: **8k** passings in Arizona
  - + Q2-22: **9k** passings in Louisiana, **7k** additional passings in Arizona

(1) Acquired passings refer to Service Electric and Morris Broadband in FY-20 and FY-21, respectively.



# Residential Broadband Speeds and Data Usage Trends

Significant runway for continued broadband speed upgrades and fiber penetration



**379 Mbps**  
average broadband  
download speed taken



**~45%**  
of customers take  
200Mbps or lower speeds



**578 GB / Month**  
average data usage per  
broadband-only customer

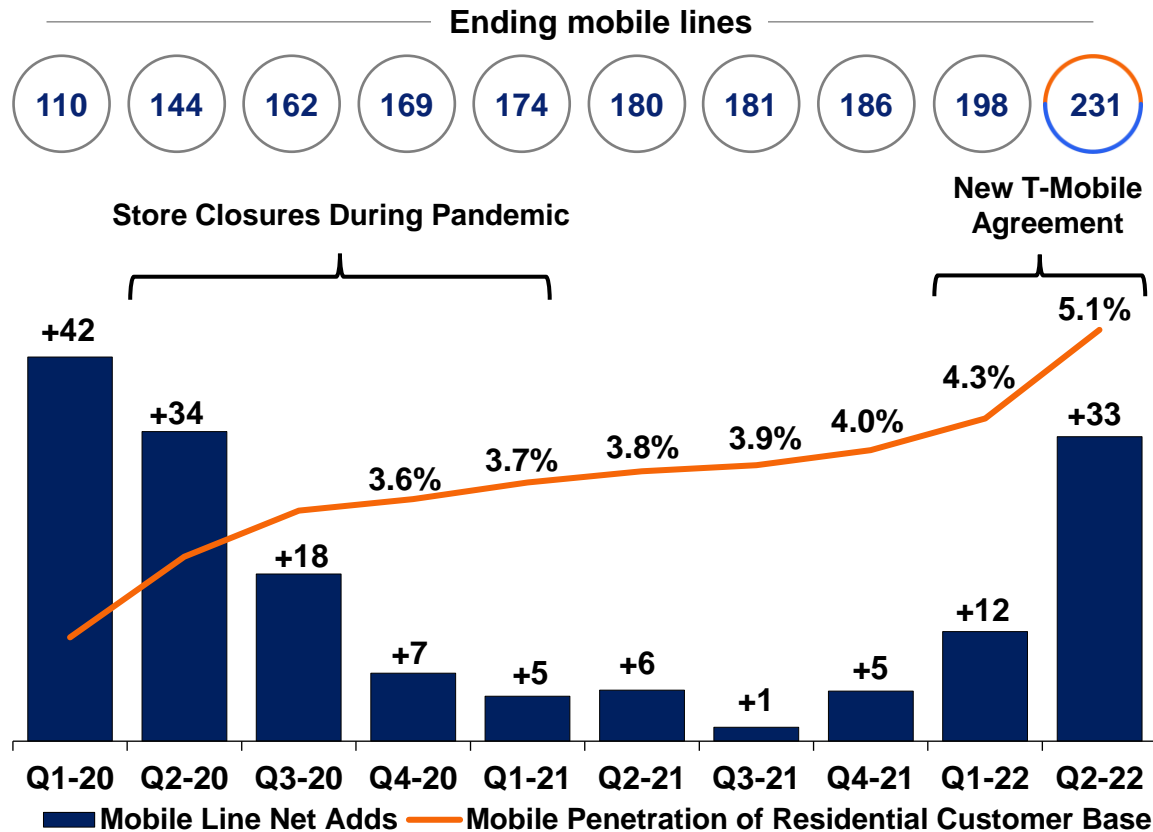


**18%**  
1 Gig speed penetration of total  
broadband customer base

# Optimum Mobile

Accelerated mobile customer growth with new promotional offerings

## Optimum Mobile line growth and ending lines ('000)



## Optimum Mobile offer highlights

Mobile lines surpassed 200k



- + Optimum Mobile ranked **#1 in Customer Satisfaction** by American Customer Satisfaction Index
- + **Multi-line discounts** offer significant savings:

Unlimited Plan	Price Per line <sup>(2)</sup>	Savings Per Line	Total Savings
1 line	\$45	-	-
2 lines	\$30	\$15 off	\$30 off
3 lines	\$30	\$15 off	\$45 off
4 lines	\$30	\$15 off	\$60 off
5 lines	\$25	\$20 off	\$100 off

(1) As of June 30, 2022, Optimum had approximately 35.8k mobile customers receiving free service (adding approximately 27.5k receiving free service in Q2-22).

(2) Multi-line prices are shown for customers taking Optimum broadband service.

# Rebrand and Distribution Channel Investment

Rebrand and expansion of distribution channels to pre-pandemic levels to support additional customer growth

## Suddenlink rebranded to Optimum

Transition from a two-brand presence (Optimum, Suddenlink) to a single-brand resulting in:

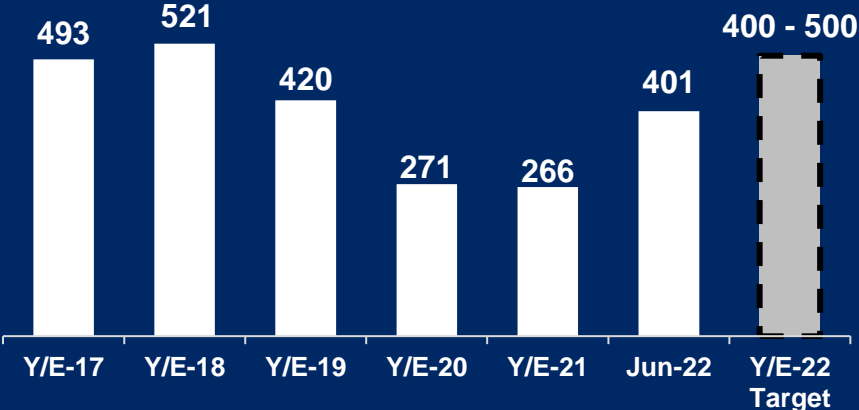
- + A powerful national brand, brought to life locally
- + Operational efficiencies
- + Customer experience unification

### A two-phase process:

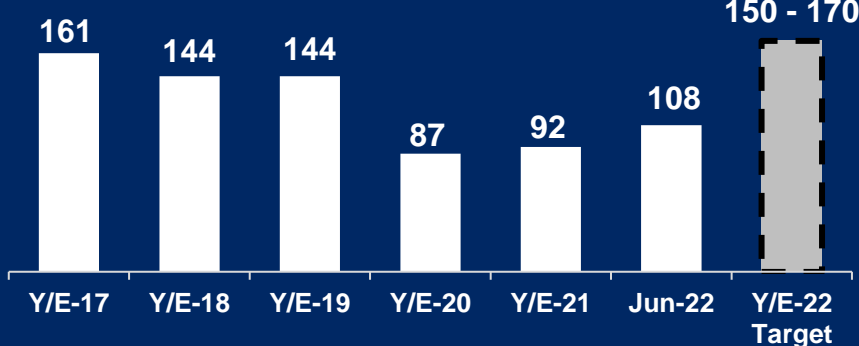
- + April through July – transition announcement with “Let’s Reconnect” campaign
- + August 1 – Full transition from Suddenlink to Optimum. “Get closer, Go farther” campaign launch
- + August through December – continued transition to ensure all assets, physical and digital are branded Optimum

## Distribution channel investment

Door-to-door sales force headcount



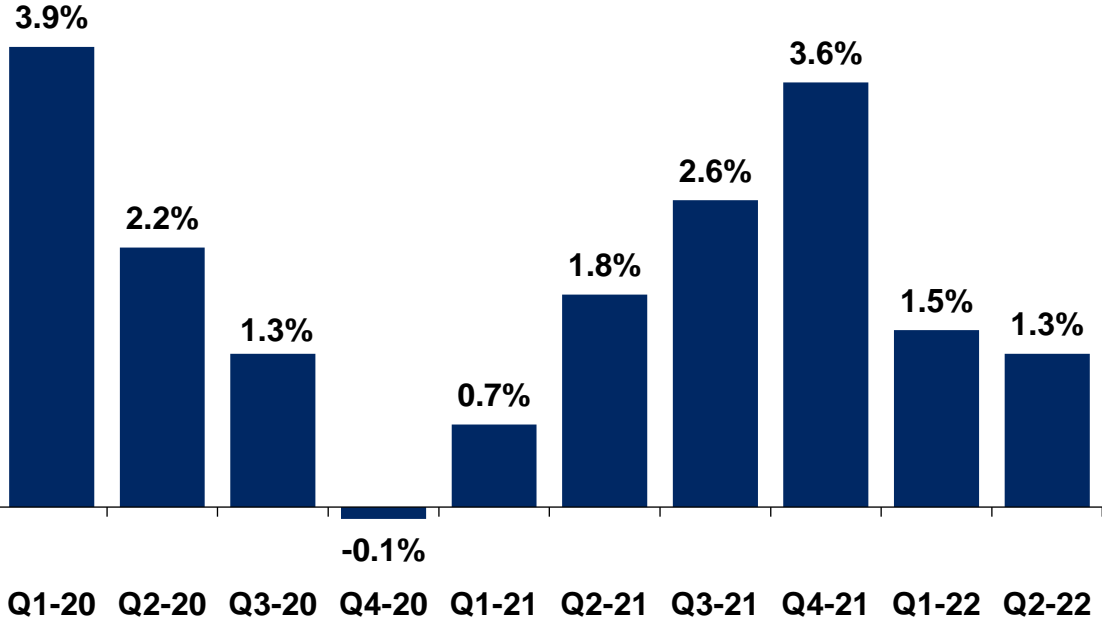
Retail locations



# Business Services

Customer growth to support continued improvement in revenue trends

### Business Services revenue (ex air strand) growth YoY<sup>(1)</sup>



### Business Services trends

- + **Q2-22** Business Services reported revenue of -0.1% YoY (+1.3% YoY excluding air strand revenue)
- + **SMB / Other** revenue -0.2% YoY (+1.8% YoY excluding air strand revenue)
- + **Lightpath** revenue +0.0% YoY
- + Net sales bookings +63% YoY

(1) Excludes all air strand revenue from Business Services from all prior periods.

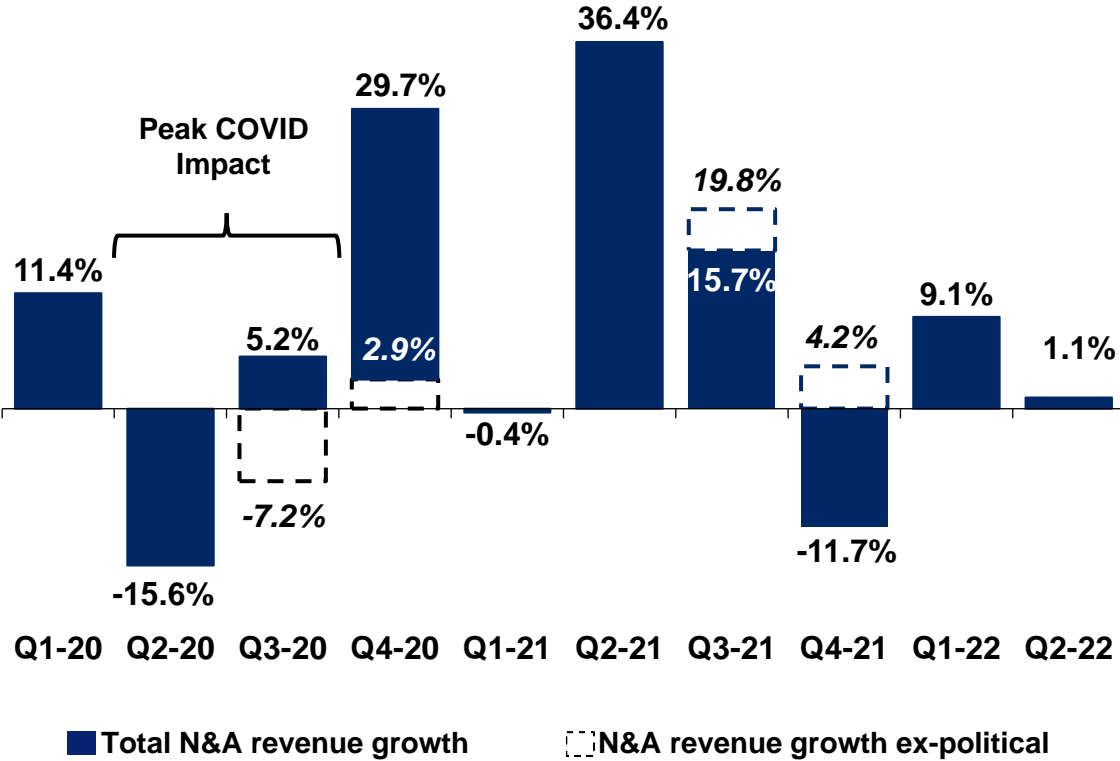
# News & Advertising

Advertising revenue growth normalizing

News & Advertising (N&A) quarterly revenue growth YoY<sup>(1)</sup>

News & Advertising trends

- + Q2-22 News & Advertising reported revenue growth of +1.1% YoY
- + Expect higher Political revenue in 2H-22



(1) News & Advertising revenue growth rates shown with and without political advertising for the third and fourth quarters of each year to illustrate the underlying advertising revenue trend excluding the impact of political cycles.

# Financial Review



# Summary Financial Information

Adjusted EBITDA<sup>(1)</sup> and cash flow trends reflecting accelerated investments to drive growth

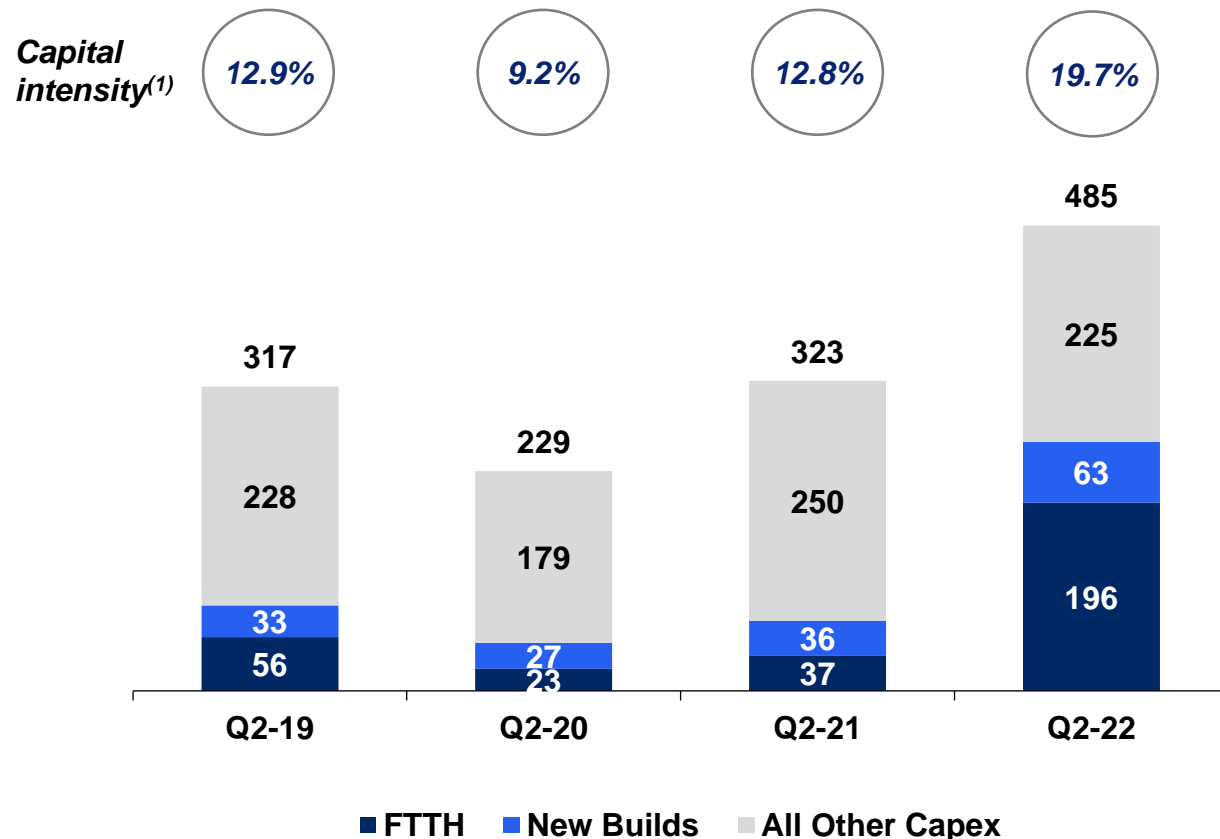
(\$m)	Q2-21	Q2-22	Growth YoY	YTD-21	YTD-22	Growth YoY
<b>Total Revenue</b>	<b>\$2,516.0</b>	<b>\$2,463.0</b>	(2.1%)	<b>\$4,994.8</b>	<b>\$4,884.9</b>	(2.2%)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$1,104.6</b>	<b>\$1,007.1</b>	(8.8%)	<b>\$2,179.4</b>	<b>\$1,998.8</b>	(8.3%)
<i>Margin (%)</i>	43.9%	40.9%		43.6%	40.9%	
<b>Cash capital expenditures</b>	<b>\$323.1</b>	<b>\$485.1</b>	+50.1%	<b>\$535.9</b>	<b>\$877.5</b>	+63.7%
<i>Capex % of revenue</i>	12.8%	19.7%		10.7%	18.0%	
<b>OpFCF<sup>(1)</sup></b>	<b>\$781.5</b>	<b>\$521.9</b>	(33.2%)	<b>\$1,643.5</b>	<b>\$1,121.3</b>	(31.8%)
<i>Margin (%)</i>	31.1%	21.2%		32.9%	23.0%	

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# Capex to Support Network Evolution

Ongoing focus on accelerated network upgrades and footprint expansion

## Cash capital expenditures (\$m)



## Capital expenditures review

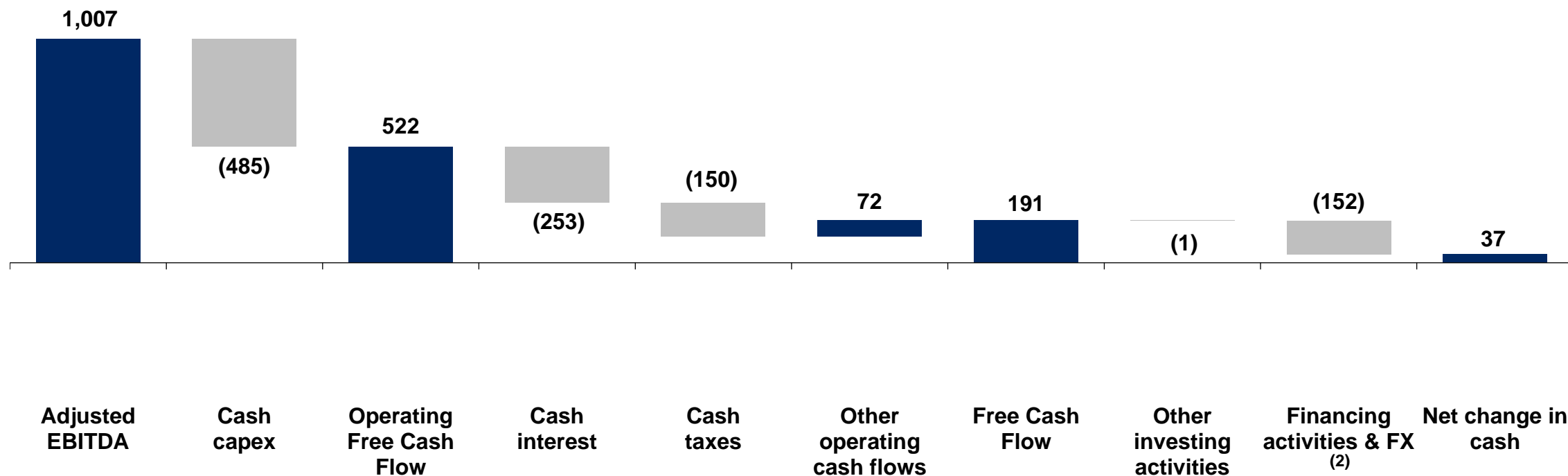
- + Targeting **\$1.7bn** to **\$1.8bn** of cash capex in FY 2022
- + **Q2-22** capital intensity of 19.7% (9.1% ex-FTTH / New Builds)
- + Higher capex associated with accelerated FTTH and new builds

(1) Capital intensity refers to total cash capital expenditures as a percentage of total revenue.



# Free Cash Flow

Q2-22 Free Cash Flow and net change in cash bridge<sup>(1)</sup> (\$m)



**Q2-22 Free Cash Flow \$191m; YTD \$399m**

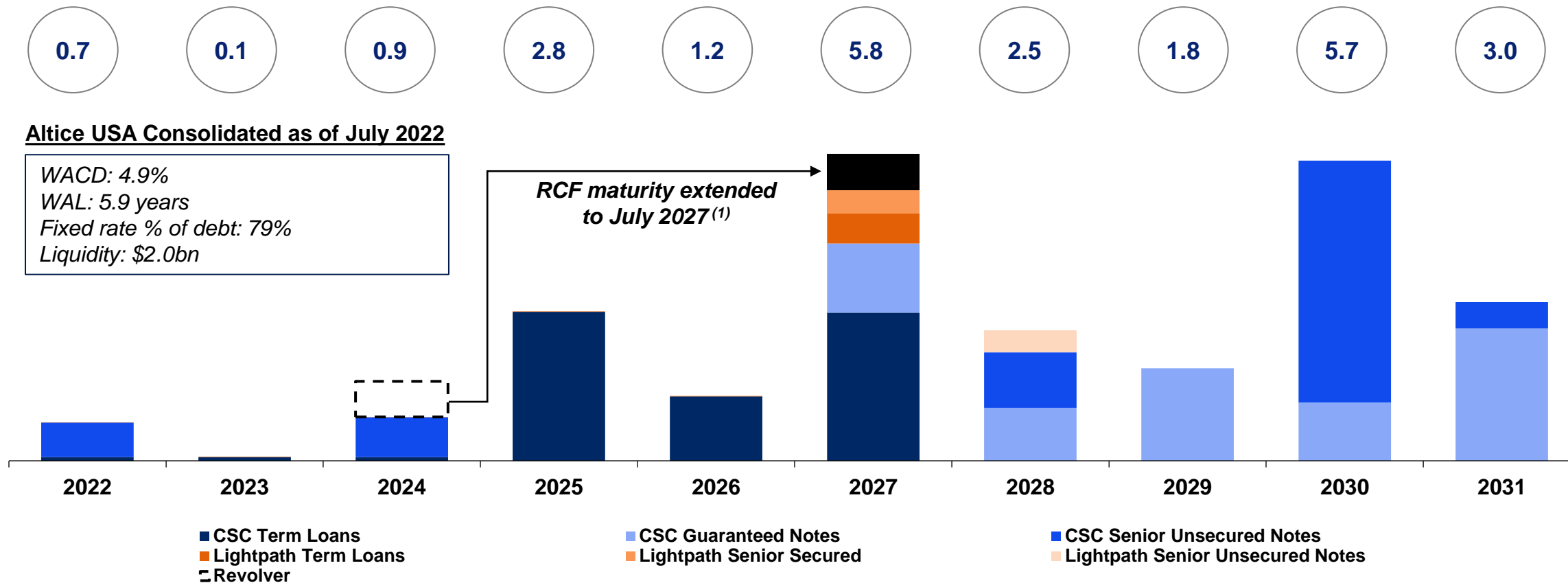
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(2) Financing activities & FX includes (\$65.0m) of net revolver paydown, (\$19.7m) of payment on term loans, \$0.1m of FX, and (\$67.8m) of other financing activities.

# Altice USA Consolidated Pro Forma Debt Maturity Profile

Long-dated maturities following prior refinancing activity and recent RCF extension

## Altice USA maturity profile (\$bn)



(1) Debt maturity profile is pro forma for the amendment in July 2022 to the CSC Holdings Revolving Credit Facility (RCF) in an aggregate principal amount of \$2.325 billion with an extended maturity of July 13, 2027.

# Q&A

