

# Altice USA Q3 2022 Earnings Results

November 2, 2022



# 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. 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 Q3 2022 earnings release for Altice USA posted on the Altice USA website.

# Altice USA Q3 2022 Summary Review

---

Revenue of \$2.39 billion, -7.0% YoY (-4.3% YoY ex air strand revenue); Net Income of \$85.0m

Adjusted EBITDA<sup>(1)</sup> of \$954 million, -18.1% YoY (-12.7% YoY ex air stand), Adjusted EBITDA margin<sup>(1)</sup> of 39.9%

Net cash flows from operating activities \$629.2 million; Free Cash Flow<sup>(1)</sup> of \$136 million (\$535 million YTD)

Residential broadband customer net loss of -43k and unique customer net loss of -50k

Acceleration of fiber network expansion (+321k passings) and acceleration in fiber customer growth (+31k)

Acceleration in new build activity and expanding sales distribution channels to support customer growth

Leadership Transition: Welcoming Dennis Mathew as CEO; Dexter Goei, Executive Chairman

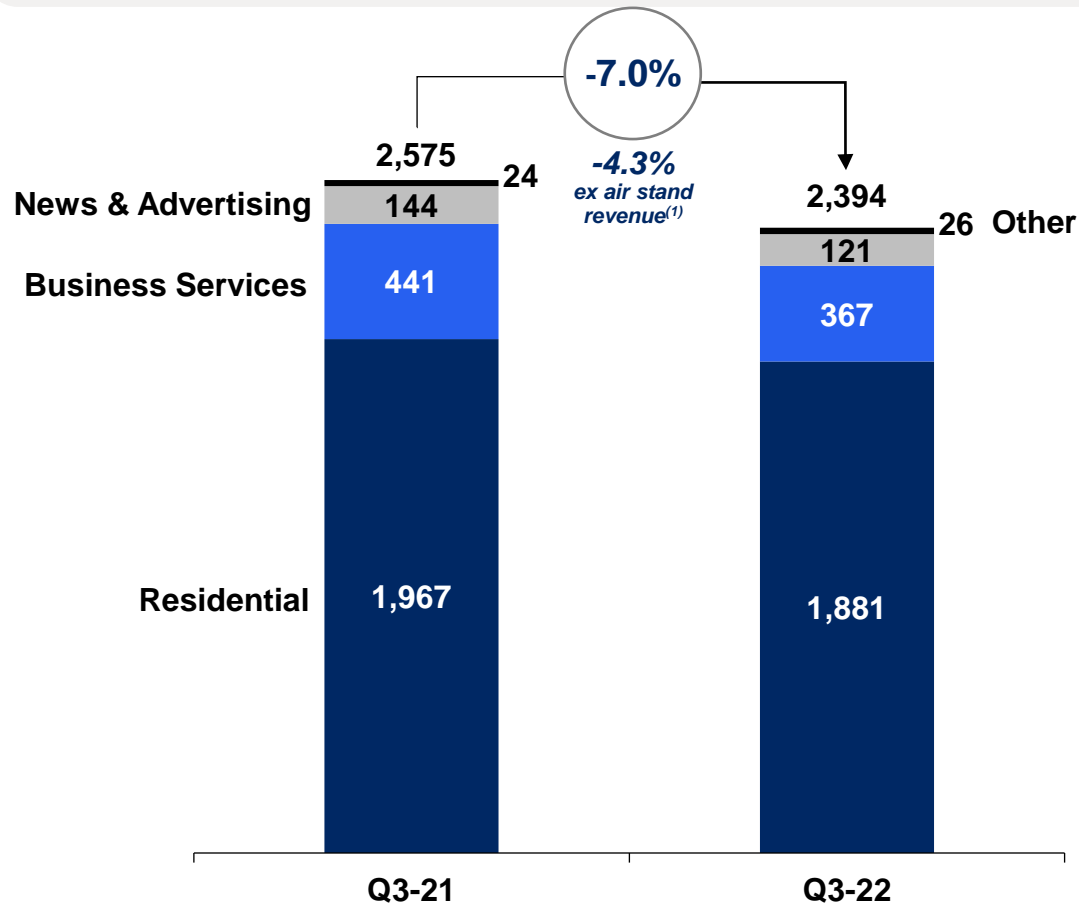
(1) Adjusted EBITDA and Free Cash Flow ("FCF") are non-GAAP measures. For a reconciliation of these non-GAAP measures to net income and net cash flows from operating activities, respectively, please see the Q3 2022 Altice USA earnings release posted to the Altice USA website.

# Q3 Revenue Trends

Revenue pressure driven by Residential and News & Advertising declines, as well as lost air strand revenue

Q3-22 vs. Q3-21 (\$m)

Q3-22 Revenue YoY



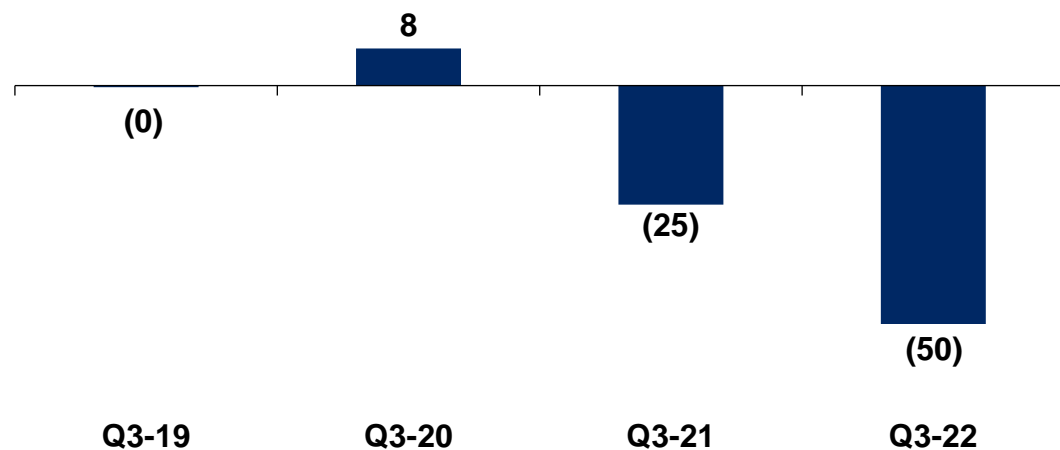
<b>Total Revenue</b>	<b>-7.0%</b>
<i>excluding air strand revenue<sup>(1)</sup></i>	<b>-4.3%</b>
<b>Residential Revenue</b>	<b>-4.4%</b>
<b>Business Services Revenue</b>	<b>-16.8%</b>
<i>excluding air strand revenue<sup>(1)</sup></i>	<b>+0.1%</b>
<b>News &amp; Advertising Revenue</b>	<b>-16.1%</b>

(1) Excludes air strand revenue of \$74.6 million in Business Services in prior year.

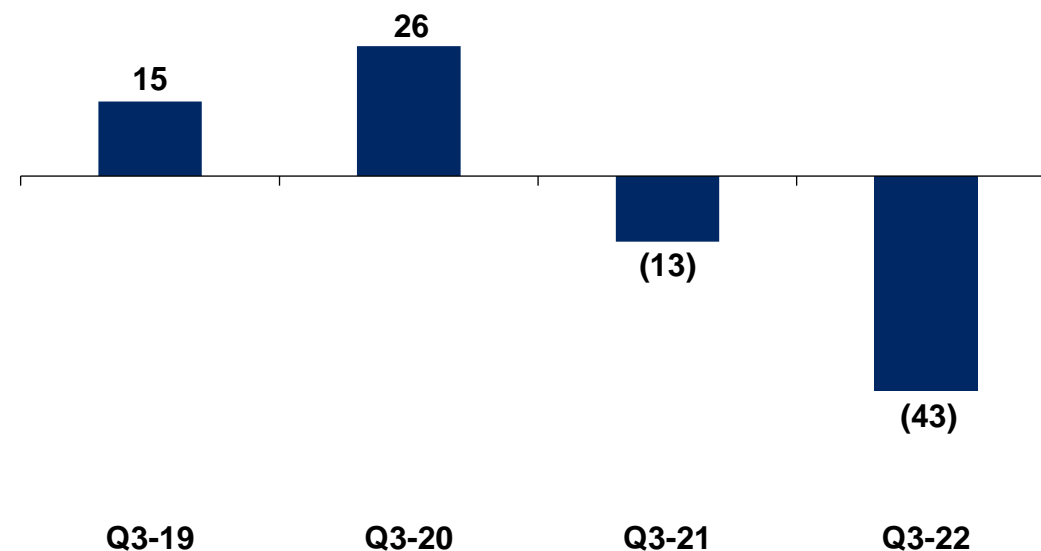
# Q3 Residential Customer Trends

Low market activity with incremental pressure to subscriber growth from competition

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



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

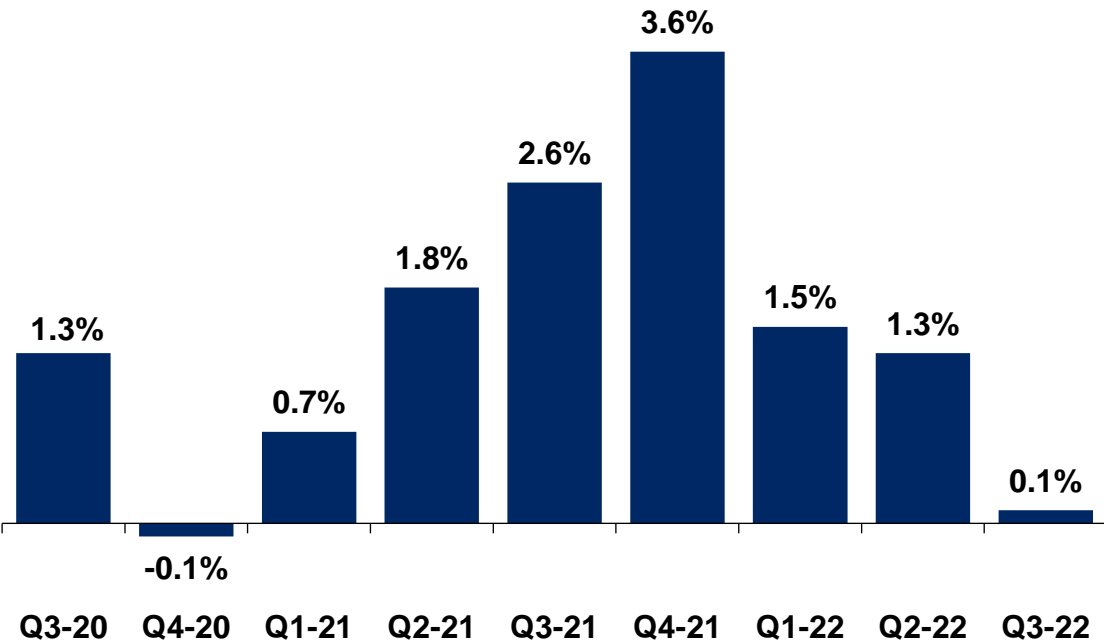


(1) Net adds are organic, excluding the acquisition of Service Electric of New Jersey in Q3-20.

# Business Services

Revenue growth slowdown reflecting increased competition and a more uncertain market environment

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



### Business Services trends

- + **Q3-22** Business Services reported revenue decline -16.8% YoY (+0.1% YoY excluding air strand revenue)
  - + **SMB / Other** revenue -21.6% YoY (-0.1% YoY excluding air strand revenue)
  - + **Lightpath** revenue +0.5% YoY
- + Lightpath network expansion into Miami
  - + 135-mile, all-fiber network throughout Miami Metro region
  - + 2<sup>nd</sup> major, east coast market that Lightpath has entered over the past 16 months, following Boston (June 2021)

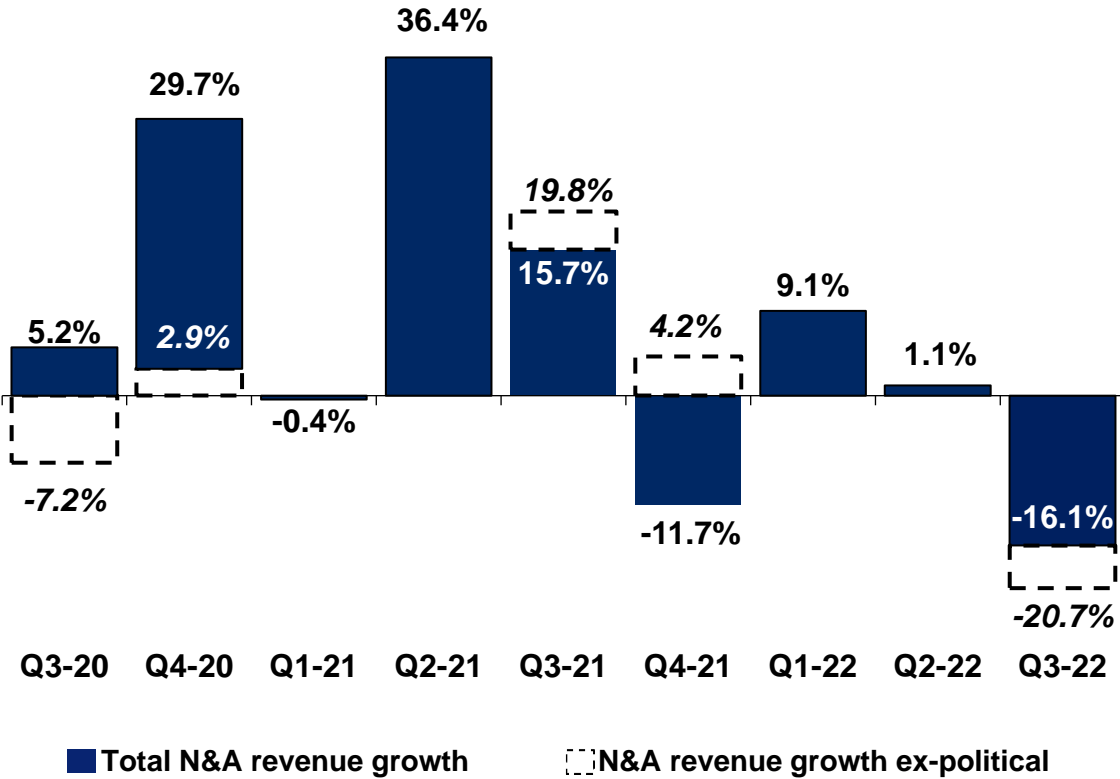
(1) Excludes all air strand revenue from Business Services from all prior periods.

# News & Advertising

Revenue growth slowdown reflecting recent drop-off of non-political campaigns

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

News & Advertising trends



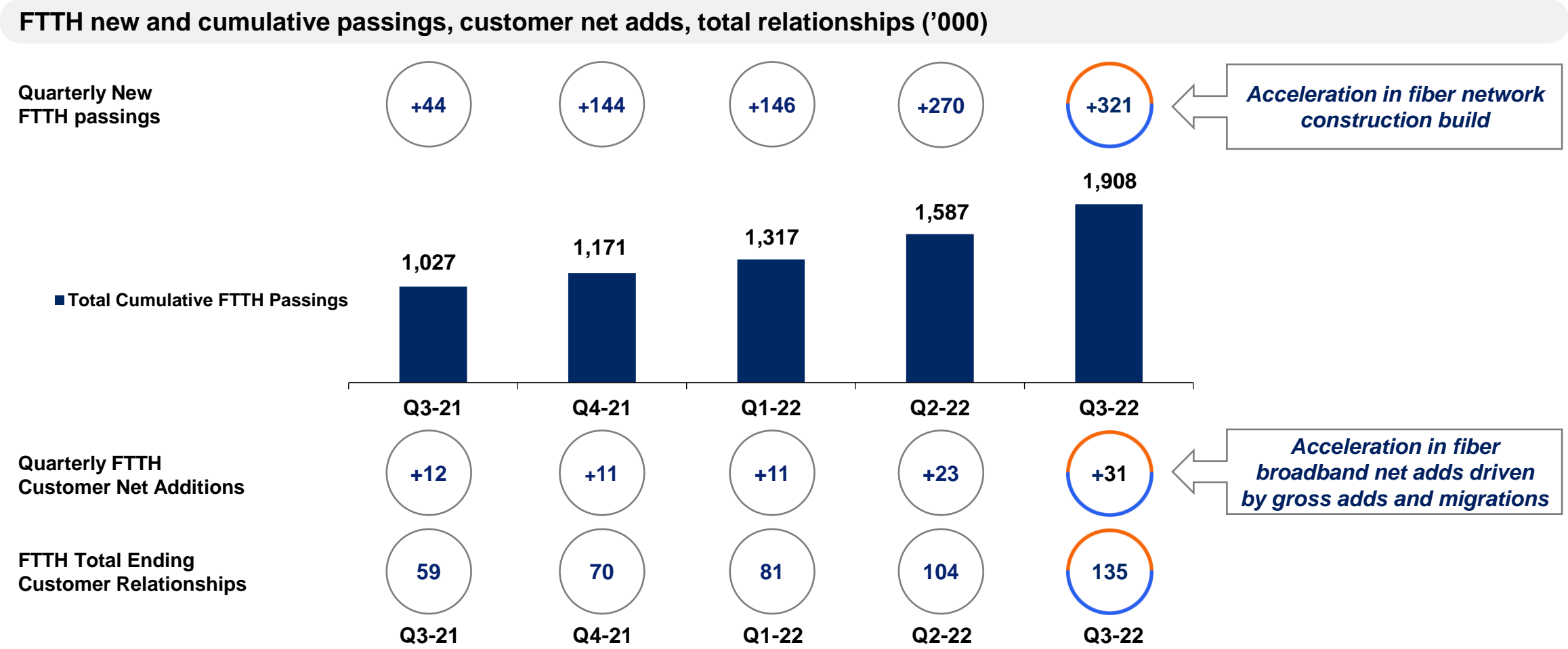
+ Q3-22 News & Advertising reported revenue decline -16.1% YoY (-20.7% YoY ex-political)

+ Expecting higher political revenue in Q4-22 vs. Q3-22

(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.

# Fiber Rollout and Fiber Customer Trends

Acceleration in Fiber rollout and customer growth



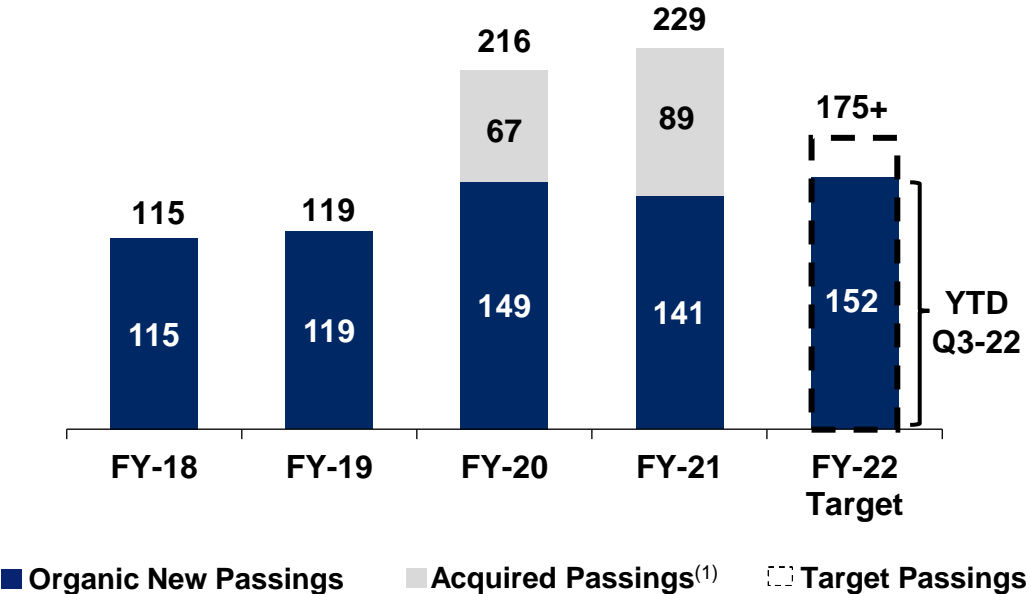


# New Build Activity and Infrastructure Subsidy Awards

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 **+52k** in Q3-22 and **+152k** YTD



### Infrastructure subsidies

- + Applied for subsidies totaling over **222k** passings (FTTH)
- + Awarded subsidy grants for **35k** passings YTD totaling \$44m
  - + Q1-22: **8k** passings in Arizona
  - + Q2-22: **9k** passings in Louisiana, **7k** passings in Arizona
  - + Q3-22: **9k** passings in West Virginia, **2k** passings in North Carolina

(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



**391 Mbps**  
average broadband  
download speed taken



**~42%**  
of customer base takes  
200Mbps or lower speeds



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



**19%**  
1 Gbps download speed  
penetration of total broadband  
customer base

# Financial Review



INTERNET • TV • PHONE • MOBILE

# Summary Financial Information

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

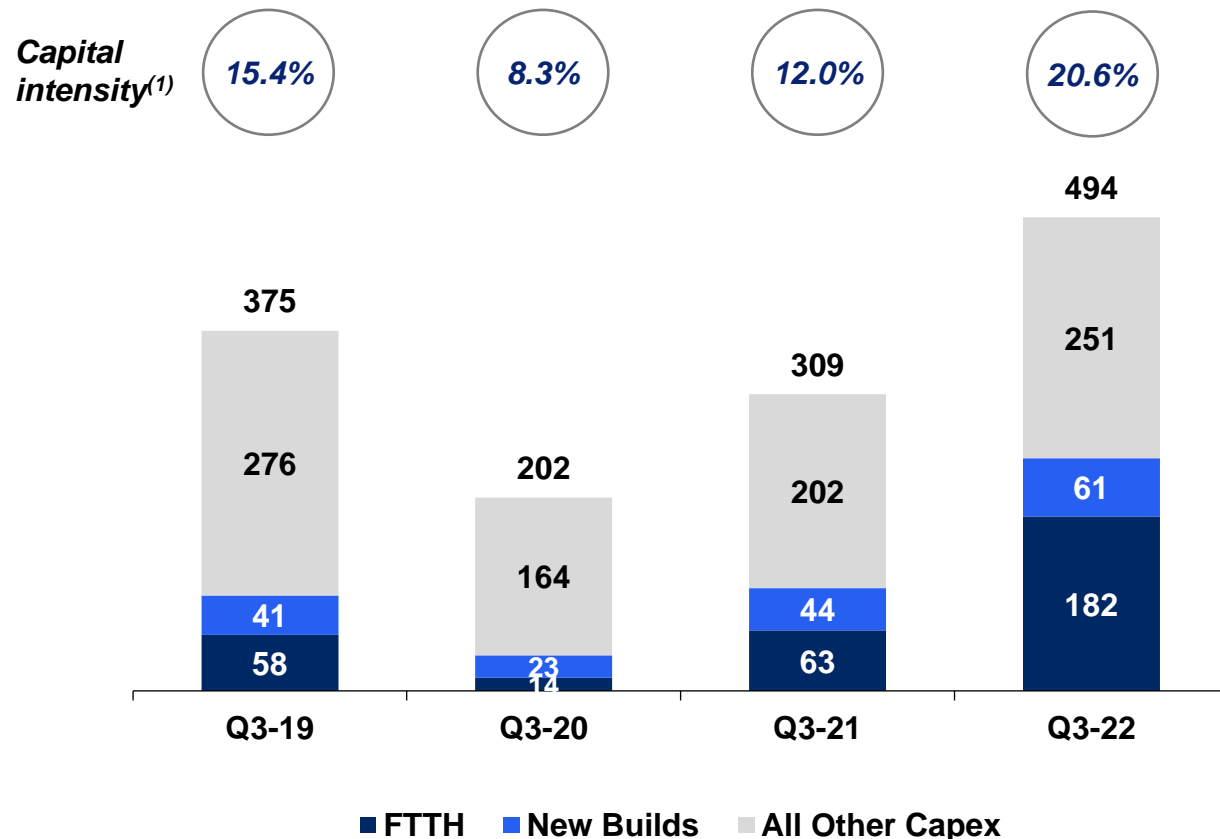
(\$m)	Q3-21	Q3-22	Growth YoY	Growth YoY (ex air strand)	YTD-21	YTD-22	Growth YoY	Growth YoY (ex air strand)
<b>Total Revenue</b>	<b>\$2,574.9</b>	<b>\$2,393.6</b>	(7.0%)	(4.3%)	<b>\$7,569.7</b>	<b>\$7,278.5</b>	(3.8%)	(2.8%)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$1,164.8</b>	<b>\$954.4</b>	(18.1%)	(12.7%)	<b>\$3,344.2</b>	<b>\$2,953.2</b>	(11.7%)	(9.5%)
<i>Margin (%)</i>	45.2%	39.9%			44.2%	40.6%		
<b>Cash capital expenditures</b>	<b>\$309.2</b>	<b>\$493.6</b>	+59.6%		<b>\$845.1</b>	<b>\$1,371.1</b>	+62.2%	
<i>Capex % of revenue</i>	12.0%	20.6%			11.2%	18.8%		
<b>OpFCF<sup>(1)</sup></b>	<b>\$855.6</b>	<b>\$460.8</b>	(46.1%)		<b>\$2,499.1</b>	<b>\$1,582.1</b>	(36.7%)	
<i>Margin (%)</i>	33.2%	19.3%			33.0%	21.7%		

(1) Adjusted EBITDA and Operating Free Cash Flow ("OpFCF") or Adjusted EBITDA less cash capital expenditures 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 Q3 2022 Altice USA earnings release posted to the Altice USA website.

# Capex to Support Network Evolution

Ongoing focus on accelerated FTTH rollout and footprint expansion

## Cash capital expenditures (\$m)



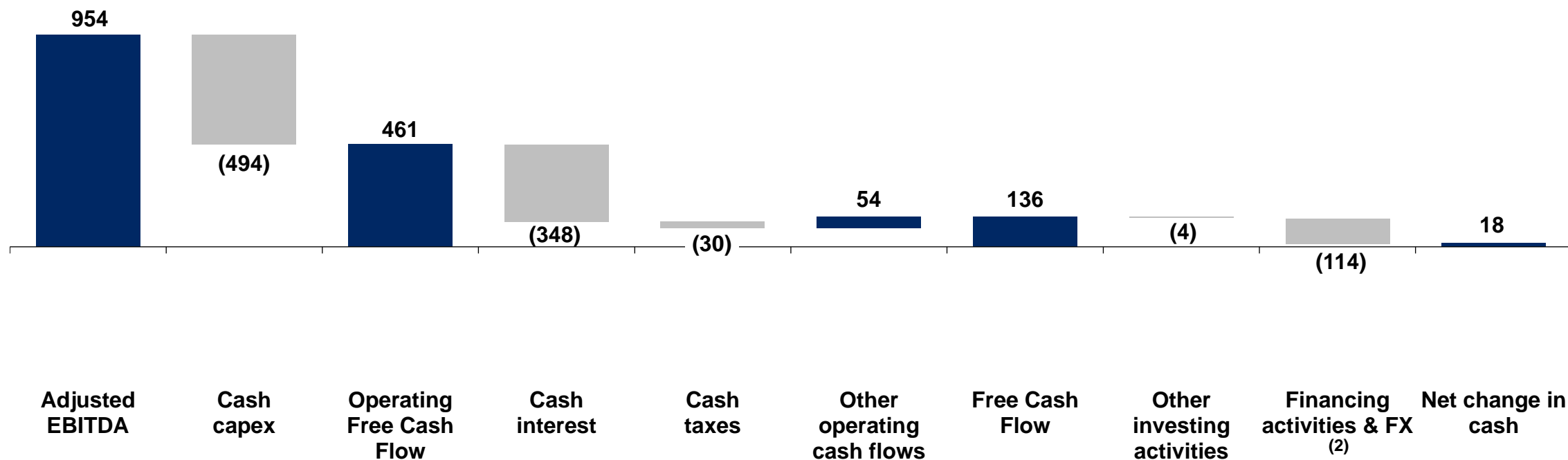
## Capital expenditures review

- + Targeting **\$1.7bn** to **\$1.8bn** of cash capex in FY 2022
- + **YTD Q3-22** cash capex of ~\$1.4bn
- + **Q3-22** capital intensity of 20.6% (10.5% ex-FTTH / New Builds)
- + Higher capex associated with accelerated FTTH roll-out and new build construction

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

# Free Cash Flow

Q3-22 Free Cash Flow and net change in cash bridge<sup>(1)</sup> (\$m)



**Q3-22 Free Cash Flow \$136m; YTD \$535m**

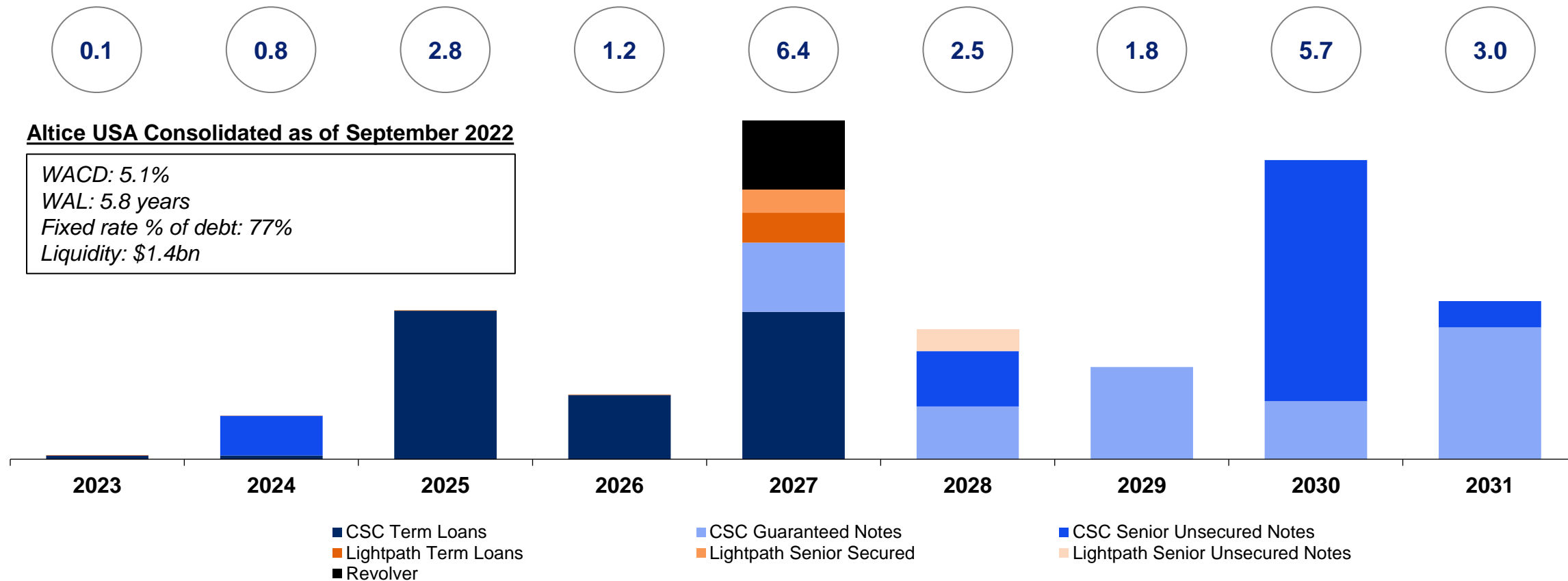
(1) Adjusted EBITDA, Operating Free Cash Flow ("OpFCF"), and Free Cash Flow ("FCF") are non-GAAP measures. For a reconciliation of these non-GAAP measures to net income and net cash flows from operating activities, respectively, please see the Q3 2022 Altice USA earnings release posted to the Altice USA website.

(2) Financing activities & FX includes (\$668.7m) of debt repayment including amortization payments on term loans, \$625.0m of net revolver borrowing, \$0.2m of FX, and (\$70.0m) of other financing activities.

# Altice USA Consolidated Debt Maturity Profile

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

## Altice USA maturity profile (\$bn)



# Q&A