August 2, 2023

Altice USA Reports Second Quarter 2023 Results

Delivers Best Fiber Customer Growth Quarter, Ending Q2 at 250K Fiber Customers
Optimum Now the Nation's Largest 8 Gig Internet Provider

NEW YORK--(BUSINESS WIRE)-- Altice USA (NYSE: ATUS) today reports results for the second quarter ended June 30, 2023.

Dennis Mathew, Altice USA Chairman and Chief Executive Officer, said: *"I am pleased with the progress we are making as we act with discipline and focus to execute on our mission for Optimum to be the connectivity provider of choice across all the communities we serve. In the second quarter we achieved sustainable operational and financial improvements across the business, with significant achievements in our customer experience and field operations translating into higher customer satisfaction metrics and reduced call volume and service visits. Our focus on creating better experiences for our customers while driving down costs resulted in stronger broadband net add performance in the quarter compared to the prior year. Our best-in-class products and networks continued with the launch of our 8 Gig symmetrical Fiber Internet service, cementing Optimum as the nation's largest 8 Gig internet provider. Our strategy to provide the best products, the best networks, and the best customer and employee experiences, through operational execution and financial discipline, is leading to better trends across the business, and I am optimistic that the achievements in the quarter are leading indicators of a return to sustainable broadband and cash flow growth."*

Key Financial Highlights

- **Total Revenue** declined -5.6% YoY in Q2 2023 to $2.32 billion, including Residential revenue decline of -5.7% YoY, Business Services revenue decline of -1.9% YoY and News & Advertising revenue decline of -14.8% YoY.
- **Net income** attributable to stockholders was $78.3 million in Q2 2023 ($0.17/share on a diluted basis) compared to $106.2 million in Q2 2022 ($0.23/share on a diluted basis).
- **Net cash flows from operating activities** were $438.8 million in Q2 2023, compared to $676.3 million in Q2 2022.
- **Adjusted EBITDA**(1) declined -8.5% YoY in Q2 2023 to $921.7 million, with a margin of 39.7%.
- **Cash capital expenditures** of $473.4 million in Q2 2023 represented 20.4% of revenue (11.4% of revenue excluding fiber-to-the-home (FTTH) and new builds) and were down -2.4% YoY.
- **Operating Free Cash Flow**(1) decreased -14.1% YoY to $448.3 million in Q2 2023.
- **Free Cash Flow (Deficit)**(1) was ($34.6) million in Q2 2023.

Q2-23 Summary Financials	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2023	2022	2023	2022
Revenue	$2,324,274	$2,463,014	$4,618,252	$4,884,911
Net income attributable to Altice USA, Inc. stockholders	78,300	106,174	104,165	302,725
Adjusted EBITDA(1)	921,742	1,007,068	1,790,133	1,998,798
Capital Expenditures (cash)	473,445	485,126	1,056,342	877,497

Revenue Growth and Adjusted EBITDA Detail	**Q2-23**
Total Revenue YoY	**(5.6)%**
Residential Revenue(2) YoY	(5.7)%
Business Services Revenue YoY	(1.9)%
excluding Sprint early termination revenue(3)	*(1.3)%*
News & Advertising Revenue YoY	(14.8)%
excluding political revenue	*(8.4)%*
Adjusted EBITDA YoY	**(8.5)%**
Adjusted EBITDA Margin	**39.7%**

Key Operational Highlights

- **Total Broadband Primary Service Units (PSUs):** Quarterly broadband net losses were -37k in Q2 2023, compared to -39k broadband net losses in Q2 2022.
- **Total Fiber Broadband PSUs:** Quarterly Fiber (FTTH) broadband net additions were +40k in Q2 2023, our best quarter for fiber net adds. Fiber broadband net adds were driven by both higher fiber gross additions and increased migrations of existing customers. Total fiber broadband customers reached 250k as of the end of Q2 2023.
- **Optimum Mobile** has approximately 264k mobile lines as of the end of Q2 2023, adding +16k mobile net additions in Q2 2023 (+35k net additions excluding customers receiving free service(4)), reaching 5.8% penetration of the Company's total broadband customer base.
- **Residential revenue(2)** declined -5.7% YoY in Q2 2023 to $1.84 billion.
- **Residential revenue per customer relationship(5)** declined -2.8% YoY in Q2 2023 to $137.44, mostly due to the loss of higher ARPU video customers.
- **Business Services revenue** of $364.7 million was down -1.9% YoY in Q2 2023. SMB / Other revenue was down -2.0% YoY in Q2 2023. Lightpath revenue was down -1.4% YoY in Q2 2023. Lightpath revenue decline is driven by Sprint early termination revenue(2) in the prior period of approximately $2.3 million; excluding this early termination revenue, Lightpath revenue would have grown +1.1% in Q2 2023.
- **News and Advertising** revenue was down -14.8% YoY to $113.5 million in Q2 2023, or down -8.4% excluding political revenue.

Customer Metrics (in thousands, except per customer amounts)

	Q1-22	Q2-22	Q3-22	Q4-22	FY-22	Q1-23	Q2-23
Total Passings[(6)]	**9,304.9**	**9,363.1**	**9,414.9**	**9,463.8**	**9,463.8**	**9,512.2**	**9,578.6**
Total Passings additions	*41.6*	*58.2*	*51.8*	*48.8*	*200.5*	*48.4*	*66.4*
Total Customer Relationships[(7)(8)]							
Residential	4,612.1	4,564.2	4,514.7	4,498.5	4,498.5	4,472.4	4,429.5
SMB	382.9	383.1	382.5	381.2	381.2	380.9	381.0
Total Unique Customer Relationships	4,995.0	4,947.3	4,897.2	4,879.7	4,879.7	4,853.3	4,810.5
Residential net additions (losses)	*(20.7)*	*(47.9)*	*(49.5)*	*(16.2)*	*(134.3)*	*(26.1)*	*(42.9)*
Business Services net additions (losses)	*1.0*	*0.2*	*(0.6)*	*(1.3)*	*(0.7)*	*(0.3)*	*0.1*
Total customer net additions (losses)	*(19.8)*	*(47.7)*	*(50.1)*	*(17.5)*	*(135.0)*	*(26.4)*	*(42.7)*
Residential PSUs							
Broadband	4,373.2	4,333.6	4,290.6	4,282.9	4,282.9	4,263.7	4,227.0
Video	2,658.7	2,574.2	2,491.8	2,439.0	2,439.0	2,380.5	2,312.2
Telephony	1,951.5	1,886.9	1,818.9	1,764.1	1,764.1	1,703.5	1,640.8
Broadband net additions (losses)	*(13.0)*	*(39.6)*	*(43.0)*	*(7.7)*	*(103.3)*	*(19.2)*	*(36.8)*
Video net additions (losses)	*(73.6)*	*(84.5)*	*(82.4)*	*(52.8)*	*(293.2)*	*(58.6)*	*(68.3)*
Telephony net additions (losses)	*(53.7)*	*(64.7)*	*(68.0)*	*(54.8)*	*(241.1)*	*(60.6)*	*(62.7)*
Residential ARPU ($)[(5)]	**139.00**	**141.36**	**139.24**	**135.86**	**138.83**	**135.32**	**137.44**
SMB PSUs							
Broadband	350.4	350.7	350.2	349.1	349.1	349.0	349.1
Video	102.6	101.0	99.1	97.3	97.3	95.3	93.7
Telephony	216.8	215.3	214.0	212.3	212.3	210.0	208.0
Broadband net additions (losses)	*1.1*	*0.3*	*(0.5)*	*(1.1)*	*(0.2)*	*(0.1)*	*0.1*
Video net additions (losses)	*(1.6)*	*(1.6)*	*(1.9)*	*(1.8)*	*(6.9)*	*(2.0)*	*(1.6)*
Telephony net additions (losses)	*(2.0)*	*(1.6)*	*(1.3)*	*(1.7)*	*(6.5)*	*(2.3)*	*(2.0)*
Total Mobile Lines							
Mobile ending lines	198.3	231.3	236.1	240.3	240.3	247.9	264.2
Mobile ending lines excluding free service[(4)]	190.0	195.5	202.7	208.7	208.7	223.3	257.9
Mobile line net additions	*11.9*	*33.0*	*4.8*	*4.1*	*53.8*	*7.6*	*16.3*
Mobile line net additions ex-free service[(4)]	*3.6*	*5.5*	*7.2*	*6.0*	22.3	*14.6*	*34.6*

Fiber (FTTH) Customer Metrics (in thousands)

	Q1-22	Q2-22	Q3-22	Q4-22	FY-22	Q1-23	Q2-23
FTTH Total Passings[9]	**1,316.6**	**1,587.1**	**1,908.2**	**2,158.7**	**2,158.7**	**2,373.0**	**2,659.5**
FTTH Total Passing additions	*145.7*	*270.4*	*321.2*	*250.5*	987.8	*214.2*	*286.6*
FTTH Residential	80.4	103.7	134.2	170.0	170.0	207.2	245.9
FTTH SMB	0.6	0.7	1.2	1.7	1.7	2.7	3.9
FTTH Total customer relationships[10]	**81.0**	**104.4**	**135.3**	**171.7**	**171.7**	**209.9**	**249.7**
FTTH Residential net additions	*11.1*	*23.3*	*30.5*	*35.8*	*100.7*	*37.2*	*38.6*
FTTH SMB net additions	*0.2*	*0.2*	*0.4*	*0.6*	*1.4*	*0.9*	*1.2*
FTTH Total customer net additions	***11.3***	***23.5***	***30.9***	***36.4***	***102.1***	***38.1***	***39.8***

Fiber Rollout, Multi-Gig Fiber Internet and Network Expansion Update

- **Fiber (FTTH) rollout update:** As of Q2 2023, the Company has 2.66 million FTTH passings, adding +287k new FTTH passings in the quarter.
- **Launch of Optimum 8 Gbps (8 Gig) Symmetrical Fiber.** Optimum 8 Gig Fiber is available to 1.7 million passings at the end of Q2 2023. Last year the Company also introduced both Optimum 5 Gbps (5 Gig) and 2 Gbps (2 Gig) Fiber Internet, with symmetrical data speeds up to 5 Gig and 2 Gig respectively in certain portions of its footprint. At the end of Q2 2023, 72% of the Company’s fiber passings in the Optimum East footprint had multi-Gig speeds available to them (1 Gig symmetric speeds are available to 100% of the Company's entire fiber footprint).
- **1 Gbps (1 Gig) broadband or higher speed sell-in to all new customers, where 1 Gig or higher services are available, was 39% in Q2 2023**. Approximately 21% of the Residential broadband customer base currently take 1 Gig or higher speeds, representing a significant growth opportunity for the Company.
- **Broadband speeds taken** on average have nearly doubled in the past three years to 421 Mbps in Q2 2023.
- **Broadband-only customer usage** averaged 619 GB per month in Q2 2023, which is 23% higher than the average usage of the entire customer base (501 GB per month).
- **New build activity update:** The Company has been accelerating the pace of its network edge-outs, adding +66k passings in Q2 2023 (+115k passings LTM). The Company continues to see strong momentum in growing customer penetration, typically reaching approximately 40% within a year of rollout in new-build areas.

Balance Sheet Review as of June 30, 2023

- **Net debt for CSC Holdings, LLC Restricted Group** was $23,150 million at the end of Q2 2023[11], representing net leverage of 6.8x Adjusted EBITDA on a last twelve month (LTM) basis. The weighted average cost of debt for CSC Holdings, LLC Restricted Group was 6.1% as of the end of Q2 2023 and the weighted average life was 5.2 years. The Company expects to return to a leverage target of 4.5x to 5.0x net debt / Adjusted EBITDA on a Last 2 Quarters Annualized (L2QA) basis for its CSC

Holdings, LLC debt silo over time.

- **Net debt for Cablevision Lightpath LLC** was $1,410 million at the end of Q2 2023[11], representing net leverage of 5.9x LTM. The weighted average cost of debt for Cablevision Lightpath LLC was 5.4% as of the end of Q2 2023 and the weighted average life was 4.6 years.
- **Consolidated net debt for Altice USA** was $24,543 million[11], representing consolidated net leverage of 6.7x LTM.

Successful Pricing of New Senior Guaranteed Notes

In April 2023, CSC Holdings issued $1.0 billion in aggregate principal amount of senior guaranteed notes that bear interest at a rate of 11.250% and mature on May 15, 2028. The Company used the proceeds to repay outstanding borrowings drawn under the Revolving Credit Facility.

Shares Outstanding

As of June 30, 2023, the Company had 454,729,330 combined Class A and Class B shares outstanding.

Altice USA Consolidated Operating Results
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue:				
Broadband	$ 965,865	$ 1,002,680	$ 1,922,910	$ 1,988,197
Video	775,138	841,549	1,545,739	1,683,436
Telephony	76,069	84,621	153,750	169,855
Mobile(6)	18,147	16,863	33,673	31,805
Residential revenue(6)	1,835,219	1,945,713	3,656,072	3,873,293
Business services and wholesale(6)	364,704	371,613	728,345	739,243
News and Advertising	113,465	133,250	212,202	247,925
Other(6)	10,886	12,438	21,633	24,450
Total revenue	**2,324,274**	**2,463,014**	**4,618,252**	**4,884,911**
Operating expenses:				
Programming and other direct costs	762,280	819,011	1,533,999	1,647,804
Other operating expenses	656,128	673,464	1,307,373	1,315,370
Restructuring expense and other operating items	5,178	2,673	34,850	6,051
Depreciation and amortization (including impairments)	418,705	446,125	834,917	881,474
Operating income	**481,983**	**521,741**	**907,113**	**1,034,212**
Other income (expense):				
Interest expense, net	(406,709)	(310,213)	(795,987)	(613,575)
Gain (loss) on investments, net	—	(325,601)	192,010	(476,374)
Gain (loss) on derivative contracts, net	—	219,114	(166,489)	320,188
Gain on interest rate swap contracts, net	61,165	39,868	46,736	163,015
Gain on extinguishment of debt and write-off of deferred financing costs	—	—	4,393	—
Other income (loss), net	(1,570)	2,521	8,635	4,951
Income before income taxes	**134,869**	**147,430**	**196,411**	**432,417**
Income tax expense	(48,725)	(33,890)	(79,097)	(116,736)
Net income	**86,144**	**113,540**	**117,314**	**315,681**
Net income attributable to noncontrolling interests	(7,844)	(7,366)	(13,149)	(12,956)
Net income attributable to Altice USA stockholders	**$ 78,300**	**$ 106,174**	**$ 104,165**	**$ 302,725**
Basic net income per share	**$ 0.17**	**$ 0.23**	**$ 0.23**	**$ 0.67**
Diluted net income per share	**$ 0.17**	**$ 0.23**	**$ 0.23**	**$ 0.67**
Basic weighted average common shares	**454,688**	**453,230**	**454,687**	**453,230**
Diluted weighted average common shares	**454,688**	**453,230**	**455,139**	**453,230**

Altice USA Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Cash flows from operating activities:		
Net income	$ 117,314	$ 315,681
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	834,917	881,474
Loss (gain) on investments	(192,010)	476,374
Loss (gain) on derivative contracts, net	166,489	(320,188)
Gain on extinguishment of debt and write-off of deferred financing costs	(4,393)	—
Amortization of deferred financing costs and discounts (premiums) on indebtedness	18,359	41,150
Share-based compensation	13,253	77,061
Deferred income taxes	(113,402)	(57,720)
Decrease in right-of-use assets	22,925	22,139
Provision for doubtful accounts	43,946	36,839
Other	9,188	(321)
Change in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	(10,611)	(790)
Prepaid expenses and other assets	(58,842)	6,689
Amounts due from and due to affiliates	31,213	(6,057)
Accounts payable and accrued liabilities	(22,816)	(1,527)
Deferred revenue	6,649	(1,906)
Interest rate swap contracts	(6,492)	(192,344)
Net cash provided by operating activities	855,687	1,276,554
Cash flows from investing activities:		
Capital expenditures	(1,056,342)	(877,497)
Other, net	(1,578)	(610)
Net cash used in investing activities	(1,057,920)	(878,107)
Cash flows from financing activities:		
Proceeds from long-term debt	1,900,000	460,000
Repayment of debt	(1,739,493)	(758,861)
Proceeds from derivative contracts in connection with the settlement of collateralized debt	38,902	—
Principal payments on finance lease obligations	(76,100)	(62,221)
Other, net	(7,974)	—
Net cash provided by (used in) financing activities	115,335	(361,082)
Net increase (decrease) in cash and cash equivalents	(86,898)	37,365
Effect of exchange rate changes on cash and cash equivalents	548	(110)
Net increase (decrease) in cash and cash equivalents	(86,350)	37,255
Cash, cash equivalents and restricted cash at beginning of year	305,751	195,975
Cash, cash equivalents and restricted cash at end of period	$ 219,401	$ 233,230

Reconciliation of 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, gain (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, interest expense, net, depreciation and amortization, share-based compensation, restructuring expense and other operating items (such as significant legal settlements, contractual payments for terminated employees, and impairments).

Adjusted EBITDA eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of our business and from intangible assets recognized from acquisitions, as well as certain non-cash and other operating items that affect the period-to-period comparability of our operating performance. In addition, Adjusted

EBITDA is unaffected by our capital and tax structures and by our investment activities.

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.

Reconciliation of net income to Adjusted EBITDA and Operating Free Cash Flow (unaudited):

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	**$ 86,144**	**$ 113,540**	**$ 117,314**	**$ 315,681**
Income tax expense	48,725	33,890	79,097	116,736
Other loss (income), net	1,570	(2,521)	(8,635)	(4,951)
Gain on interest rate swap contracts, net	(61,165)	(39,868)	(46,736)	(163,015)
Loss (gain) on derivative contracts, net	—	(219,114)	166,489	(320,188)
Loss (gain) on investments	—	325,601	(192,010)	476,374
Gain on extinguishment of debt and write-off of deferred financing costs	—	—	(4,393)	—
Interest expense, net	406,709	310,213	795,987	613,575
Depreciation and amortization	418,705	446,125	834,917	881,474
Restructuring expense and other operating items	5,178	2,673	34,850	6,051
Share-based compensation	15,876	36,529	13,253	77,061
Adjusted EBITDA	**921,742**	**1,007,068**	**1,790,133**	**1,998,798**
Capital Expenditures (cash)	473,445	485,126	1,056,342	877,497
Operating Free Cash Flow	**$ 448,297**	**$ 521,942**	**$ 733,791**	**$ 1,121,301**

Reconciliation of net cash flow from operating activities to Free Cash Flow (unaudited):

Net cash flows from operating activities	**$ 438,841**	**$ 676,335**	**$ 855,687**	**$ 1,276,554**
Capital Expenditures (cash)	473,445	485,126	1,056,342	877,497
Free Cash Flow (Deficit)	**$ (34,604)**	**$ 191,209**	**$ (200,655)**	**$ 399,057**

Consolidated Net Debt as of June 30, 2023[11]

CSC Holdings, LLC Restricted Group (in $m)	Principal Amount	Coupon / Margin	Maturity
Drawn RCF	$825	SOFR+2.350%	2025[12]
Term Loan	1,528	L+2.250%[13]	2025
Term Loan B-3	524	L+2.250%[13]	2026
Term Loan B-5	2,903	L+2.500%[13]	2027
Term Loan B-6	1,997	SOFR+4.500%	2028[14]
Guaranteed Notes	1,310	5.500%	2027
Guaranteed Notes	1,000	5.375%	2028
Guaranteed Notes	1,000	11.250%	2028
Guaranteed Notes	1,750	6.500%	2029
Guaranteed Notes	1,100	4.125%	2030
Guaranteed Notes	1,000	3.375%	2031
Guaranteed Notes	1,500	4.500%	2031
Senior Notes	750	5.250%	2024
Senior Notes	1,046	7.500%	2028
Legacy unexchanged Cequel Notes	4	7.500%	2028
Senior Notes	2,250	5.750%	2030
Senior Notes	2,325	4.625%	2030
Senior Notes	500	5.000%	2031
CSC Holdings, LLC Restricted Group Gross Debt	**23,312**		
CSC Holdings, LLC Restricted Group Cash	(162)		
CSC Holdings, LLC Restricted Group Net Debt	**$23,150**		
CSC Holdings, LLC Restricted Group Undrawn RCF	**$1,511**		

Cablevision Lightpath LLC (in $m)	Principal Amount	Coupon / Margin	Maturity
Drawn RCF	$—	SOFR+3.360%	2025
Term Loan	585	SOFR+3.360%	2027
Senior Secured Notes	450	3.875%	2027
Senior Notes	415	5.625%	2028
Cablevision Lightpath Gross Debt	**1,450**		
Cablevision Lightpath Cash	(40)		
Cablevision Lightpath Net Debt	**$1,410**		
Cablevision Lightpath Undrawn RCF	**$100**		

Net Leverage Schedules as of June 30, 2023 (in $m)

	CSC Holdings Restricted Group[15]	Cablevision Lightpath LLC	CSC Holdings Consolidated[16]	Altice USA Consolidated
Gross Debt Consolidated[17]	$23,312	$1,450	$24,762	$24,762
Cash	(162)	(40)	(219)	(219)
Net Debt Consolidated[11]	**$23,150**	**$1,410**	**$24,543**	**$24,543**
LTM EBITDA	$3,413	$241	$3,658	$3,658
L2QA EBITDA	$3,338	$245	$3,580	$3,580
Net Leverage (LTM)	**6.8x**	**5.9x**	**6.7x**	**6.7x**
Net Leverage (L2QA)	**6.9x**	**5.7x**	**6.9x**	**6.9x**
WACD (%)	**6.1%**	**5.4%**	**6.0%**	**6.0%**

Reconciliation to Financial Reported Debt

	Actual
Total Debenture and Loans from Financial Institutions (Carrying Amount)	**$24,694**
Unamortized financing costs, discounts and fair value adjustments, net of unamortized premiums	68
Gross Debt Consolidated[17]	**24,762**
Finance leases and other notes	421
Total Debt	**25,183**
Cash	(219)
Net Debt	**$24,964**

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