Altice France S.A.

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Consolidated Statement of Income (€m)	Note	December 31, 2018	December 31, 2017 restated (*)
Revenues	6	**10,187.4**	**10,820.4**
Purchasing and subcontracting		(3,382.7)	(4,026.4)
Other operating expenses	9	(2,171.4)	(2,290.1)
Staff costs and employee benefit expenses	8	(929.6)	(876.8)
Depreciation, amortization and impairment		(2,600.5)	(2,780.9)
Non-recurring income and expenses	10	(591.4)	(979.8)
Operating income		**511.8**	**(133.5)**
Financial income		8.9	208.9
Cost of gross financial debt		(831.5)	(1,099.3)
Other financial expenses		(252.7)	(177.4)
Net financial income (expense)	11	**(1,075.3)**	**(1,067.8)**
Share in net income (loss) of associates	17	(12.7)	(10.7)
Income (loss) before taxes		**(576.1)**	**(1,212.0)**
Income tax income (expense)	12	99.3	428.1
Net income (loss) from continuing operations		**(476.8)**	**(783.8)**
Net income (loss) from discontinued operations		**-**	**-**
Net income (loss)		**(476.8)**	**(783.8)**
Group share		(476.2)	(762.3)
Non-controlling interests		(0.7)	(21.6)

Consolidated Statement of comprehensive Income (€m)	Note	December 31, 2018	December 31, 2017 restated (*)
Net income (loss)		**(476.8)**	**(783.8)**
Items that may be subsequently reclassified to profit or loss :			
Foreign currency translation adjustments		0.1	0.9
Cash flow hedges		23.6	56.5
Related taxes		(6.1)	(25.4)
Other items related to associates		0.5	0.7
Items that will not be subsequently reclassified to profit or loss :			
Actuarial gain (loss)	27	10.4	0.7
Related taxes		(2.0)	0.4
Comprehensive income (loss)		**(450.4)**	**(749.9)**
Of which :			
Comprehensive income (loss), Group share		**(449.9)**	**(728.3)**
Comprehensive income (loss), Non-controlling interests		**(0.5)**	**(21.7)**

(*) Refer to Note 38 – *Restated information*

Consolidated Statement of Financial Position **(€m)**	Note	**December 31, 2018**	**December 31, 2017 restated (*)**
Assets			
Goodwill	13	11,479.8	11,199.2
Intangible assets	14	5,888.7	6,518.7
Contracts costs	15	156.9	152.0
Property, plant and equipment	16	6,331.4	6,424.2
Investments in associates	17	19.8	23.0
Non-current financial assets	18	1,116.3	735.7
Deferred tax assets	12	11.7	11.6
Other non-current assets	18	265.5	195.0
Non-current assets		**25,270.0**	**25,259.4**
Inventories	19	304.0	288.8
Trade and other receivables	20	3,549.6	3,616.4
Contracts assets	15	226.8	266.3
Income tax receivable	12	110.9	150.6
Current financial assets	15	2.2	17.4
Cash and cash equivalents	22	1,068.5	451.3
Assets held for sale	21	521.9	(0)
Current assets		**5,783.9**	**4,790.7**
Total Assets		**31,053.8**	**30,050.1**

(€m)	Note	**December 31, 2018**	**December 31, 2017 restated (*)**
Equity and liabilities			
Share capital	23	443.7	443.7
Additional paid- in capital	23	5,403.1	5,403.1
Reserves	23	(2,025)	(2,738)
Equity attributable to owners of the company		**3,821.7**	**3,108.4**
Non-controlling interests	23	**216.4**	**(85)**
Consolidated equity		**4,038.1**	**3,023.3**
Non-current borrowings and other financial liabilities	24	17,435.9	16,854.4
Other non-current financial liabilities	24	367.3	248.1
Non-current provisions	26	476.4	476.3
Non-current contracts liabilities	15	502.8	455.2
Deferred tax liabilities	12	126.4	356.6
Other non-current liabilities	28	50.4	112.3
Non-current liabilities		**18,959.2**	**18,503.0**
Current borrowings and financial liabilities	24	359.9	351.4
Other current financial liabilities	24	1,086.0	1,106.9
Trade payables and other liabilities	29	5,558.0	6,045.3
Current contracts liabilities	15	478.5	517.3
Income tax liabilities	12	115.4	104.5
Current provisions	26	216.5	349.6
Other current liabilities	29	42.8	48.8
Liabilities directly associated to assets held for sale	21	199.4	(0)
Current liabilities		**8,056.6**	**8,523.8**
Total Equity & liabilities		**31,053.8**	**30,050.1**

(*) Refer to Note 38 – *Restated information*

Consolidated Statement of Changes in Equity (€m)	Capital	Additional paid-in capital	Reserves	Other comprehen-sive income	Total	Non-controllin g interests	Consolida ted equity
	Equity attributable to owners of the company						
Position at December 31, 2016	**442.5**	**5,388.0**	**(1,854.2)**	**(367.2)**	**3,609.1**	**(37.4)**	**3,571.7**
IFRS 15 - Retrospective application	-	-	250.8	-	250.8	-	250.8
Restated position at December 31, 2016	**442.5**	**5,388.0**	**(1,603.4)**	**(367.2)**	**3,860.0**	**(37.4)**	**3,822.5**
Dividends paid	-	-	-	-	-	(6.9)	(6.9)
Comprehensive income	-	-	(762.3)	34.0	(728.3)	(21.7)	(749.9)
Issuance of new shares	1.2	15.1	-	-	16.3	-	16.3
Share-based compensation	-	-	2.0	-	2.0	-	2.0
Purchase of treasury shares	-	-	1.2	-	1.2	-	1.2
Other movements (a)	-	-	(42.7)	-	(42.7)	(19.2)	(61.9)
Position at December 31, 2017	**443.7**	**5,403.1**	**(2,405.1)**	**(333.2)**	**3,108.4**	**(85.1)**	**3,023.3**
IFRS 9 - Prospective application	-	-	24.5	-	24.5	-	24.5
Position at January 1st, 2018	**443.7**	**5,403.1**	**(2,380.7)**	**(333.2)**	**3,132.9**	**(85.1)**	**3,047.8**
Dividends paid	-	-	-	-	-	(4.4)	(4.4)
Comprehensive income (loss)	-	-	(476.2)	26.3	(449.9)	(0.5)	(450.4)
Share-based compensation	-	-	1.2	-	1.2	-	1.2
Business combination under common control (b)	-	-	(197.2)	-	(197.2)	7.2	(190.0)
Additional participation in ACL and GNP (c)	-	-	(108.4)	-	(108.4)	78.8	(29.6)
Disposal of Hivory's NCI (d)	-	-	1,534.0	-	1,534.0	217.6	1,751.7
Other movements (e)	-	-	(91.0)	-	(91.0)	2.8	(88.2)
Position at December 31, 2018	**443.7**	**5,403.1**	**(1,718.2)**	**(306.9)**	**3,821.7**	**216.4**	**4,038.1**

(a) Of which compensation paid to SFR Group stock-options holders following the buyout offer: €34.1 million (Refer to Note 26 - Share-based payments in the Group’s 2017 annual consolidated financial statements).
(b) Refer to Note 4 – *Significant events of the period - Acquisition of ACS, ATSF, MCS and Altice Blue Two* and Note 5 – *Change in scope*.
(c) Refer to Note 4 – *Significant events of the period - Exclusive control over NextRadioTV.*
(d) Refer to Note 4 – *Significant events of the period – Tower assets transaction.*
(e) Of which additional participation in ERT Luxembourg: €(57.0) million, additional participation in DTV Holding: €(32.8) million.

Breakdown of Changes in Equity Related to Other Comprehensive income (€m)	December 31, 2016 restated (*)	December 31, 2017 restated (*)	*Change*	December 31, 2017 restated (*)	December 31, 2018	*Change*
Hedging instruments	(498.3)	(441.8)	*56.5*	(441.8)	(418.3)	*23.6*
Related taxes	139.5	114.1	*(25.4)*	114.1	108.0	*(6.1)*
Actuarial gains and losses	(10.4)	(9.5)	*0.8*	(9.5)	0.8	*10.3*
Related taxes	1.4	1.8	*0.4*	1.8	(0.2)	*(2.0)*
Foreign currency translation adjustments	(2.0)	(1.1)	*0.9*	(1.1)	(1.0)	*0.1*
Items related to associates	2.5	3.2	*0.7*	3.2	3.7	*0.5*
Total	**(367.2)**	**(333.3)**	***34.0***	**(333.3)**	**(306.9)**	***26.4***

(*) Refer to Note 38 – Restated information

Consolidated Statement of Cash Flows **(€m)**	Note	**December 31, 2018**	**December 31, 2017 restated (*)**
Net income (loss), Group share		**(476.2)**	**(762.3)**
Adjustments:			
Non-controlling interests		(0.7)	(21.6)
Depreciation, amortization and provisions		2,502.1	2,538.6
Share in net income (loss) of associates	17	12.7	10.7
Net income from sale of property, plant and equipment and intangible assets	10	(16.4)	108.6
Net financial expense (income)	11	1,075.3	1,067.8
Income tax expense (income)	12	(99.3)	(428.1)
Other non-cash items		11.1	(28.5)
Income tax paid		(53.1)	(190.2)
Change in working capital (a)		(244.7)	499.3
Net cash flow provided (used) by operating activities		**2,710.8**	**2,794.4**
Acquisitions of property, plant and equipment and intangible assets	14/15	(2,247.2)	(2,385.6)
Acquisition of consolidated entities, net of cash acquired		(818.2)	(154.3)
Acquisitions of other financial assets		(38.5)	(34.1)
Disposals of property, plant and equipment and intangible assets		49.1	25.6
Disposal of consolidated entities, net of cash disposals		9.0	42.8
Disposal of other financial assets		50.2	19.5
Change in working capital related to property, plant and equipment and intangible assets		(178.1)	(217.8)
Net cash flow provided (used) by investing activities		**(3,173.7)**	**(2,704.0)**
Purchases of treasury shares		-	1.7
Capital increase		-	16.3
Dividends paid		(4.4)	(6.9)
< *to owners of the company*		-	-
< *to non-controlling interests*		(4.4)	(6.9)
Dividends received		4.1	10.3
Issuance of debt		5,170.5	5,379.6
Repayment of debt		(5,071.9)	(4,802.8)
Interest paid		(785.0)	(833.3)
Proceeds from the sale of minority stake		1,766.8	-
Other flows from financing activities (b)		61.5	117.9
Net cash flow provided (used) by financing activities		**1,141.6**	**(117.2)**
Net increase (decrease) in cash and cash equivalents		**678.6**	**(26.8)**
Exchange rate impact on cash in foreign currencies		(22.6)	0.2
Net cash and cash equivalents at beginning of period		**373.3**	**399.9**
Net cash and cash equivalents at end of period		**1,029.3**	**373.3**
of which cash and cash equivalents	22	1,068.5	451.3
of which bank overdrafts	24	(39.2)	(78.0)

(*) Refer to Note 38 – *Restated information*

(a) Includes settlements paid as part of the voluntary departure plan for an aggregate amount of €328.0 million compared to €357.5 million in 2017.

Commercial paper	72.5	(214.6)
Reverse factoring	43.8	181.9
Securitization	(18.8)	(14.2)
Monetization of cross currency swap	157.2	203.1
Redemption fees	(132.9)	-
Other	(60.3)	(38.2)
Other flows from financing activities (b)	**61.5**	**117.9**

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1. Basis of preparation of the consolidated financial statements

On February 9, 2018, the company's Board of Directors, decided to rename SFR Group S.A. in Altice France S.A.

Altice France (hereinafter "the Company" or "the Group") is a limited liability corporation (*société anonyme*) formed under French law in August 2013 with headquarters in France.

Created subsequent to the merger of Numericable and SFR, the Group Altice France aims to become, on the back of the largest fiber optic network and a leading mobile network, the national leader in France in very-high-speed fixed-line/mobile convergence. The Group has major positions in all segments of the French B2C, B2B, local authorities and wholesale telecommunications market.

Altice France is also adopting a new and increasingly integrated model around access and content convergence. Its division Media includes SFR Presse companies, which cover the Group's Press activities in France (Groupe l'Express, Libération, etc.) and NextRadioTV, which covers the Group's audiovisual activities in France (RMC Sport, BFM TV, BFM Business, BFM Paris, RMC, RMC Découverte, ...).

On January 8, 2018, Altice N.V. announced the separation of American businesses from European businesses, Altice N.V. becoming then Altice Europe N.V. (« Altice Europe »). As of December 31, 2018, Altice Europe directly or indirectly held 100% of the capital of Altice France S.A.

The consolidated financial statements were prepared and approved by the Company's Board of Directors on March 25, 2019.

1.1. Basis of preparation of financial information

In accordance with French law, the consolidated financial statements will be considered final once they have been approved by the Group's shareholders at the Ordinary Shareholders' Meeting, which will be held on the second quarter 2019.

The consolidated financial statements for the year ended December 31, 2018, comprise the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the accompanying notes, presented in euro millions. They have been prepared in accordance with International Financial Reporting Standards ("IFRS") published by the IASB (International Accounting Standard Board), as adopted by the European Union (EU) at December 31, 2018. These international standards include the IAS (International Accounting Standards), IFRS (International Financial Reporting Standards) and their interpretations (SIC and IFRIC).

The accounting and valuation principles defined in the IFRS as adopted by the European Union are available on the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The Group has applied for the first time IFRS 15 – *Revenue from Contracts with Customers* and IFRS 9 – *Financial Instruments*, leading to restate the consolidated financial statements of previous periods. As IAS 1 requires, the nature and impact of these restatements are presented in Note 38 – *Restated Information*.

1.2. New standards and interpretations

1.2.1. Standards and interpretations applied from January 1, 2018

The application from January 1, 2018 of the mandatory standards and amendments are listed below and led to a change of accounting policies presented in Note 2 – *Accounting policies and methods*:

- IFRS 15 – *Revenue from Contracts with Customers*;
- IFRS 9 – *Financial Instruments*;
- Amendments to IFRS 2 – *Classification and Measurement of Share Based Payment Transactions*;
- IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*;
- Annual improvements cycle 2014-2016.

The application of amendments to IFRS 2, IFRIC 22 and annual improvements cycle 2014-2016 had no impact on the amounts recognized in the annual consolidated financial statements and had no impact on the disclosures in these consolidated financial statements.
Accounting policies in sections 2.3, 2.11 and 2.15 have been amended to include the application of IFRS 15 – *Revenue from Contracts with Customers* and IFRS 9 – *Financial instruments*.

1.2.2. Standards and interpretations not yet applied

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for period started from January 1, 2019 and that may impact the amounts reported.

- IFRS 16 – *Leases*, effective on January 1, 2019;
- Annual improvements cycle 2015-2017, effective on or after January 1, 2019;
- IFRIC 23 – *Uncertainty over Income Tax Treatments*, applicable for annual periods beginning on or after January 1, 2019;
- Amendments to IFRS 9 – *Prepayments features with Negative Compensation*, effective on or after January 1, 2019;
- Amendments to IAS 28 – *Long term interests in Associates and Joint ventures*, effective on or after January 1, 2019;
- Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*, effective on or after January 1, 2019.
- Amendments to IAS 1 and IAS 8 – *Definition of Material*, effective on or after January 1, 2020;
- Amendments to IFRS 3 – *Definition of a Business*, effective on or after January 1, 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards, effective on or after January 1, 2020.

1.2.3. IFRS 16 – *Leases*

IFRS 16 – *Leases*, issued in January 2016, is the new standard on lease accounting and will result in almost all operating leases being recognized in the balance sheet, as the distinction between operating and finance leases is removed for lessees. Under the new standard, which will become effective on January 1, 2019, an asset (the right to use the leased item) and a financial liability (a liability for discounted minimum lease payments over the lease term) are recognized in the statement of financial position. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases and will have a material impact on the consolidated statement of financial position, but it will not have a material impact on the income.

The most significant impact will be the recognition of right-of-use assets and lease liabilities for leases qualifying as operating lease under the new standard (IFRS 16 Leases), while accounting for leases qualifying as finance lease under the current standard remains substantially unchanged. Most of the lease commitments that will be in scope of the standard relate to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative, commercial or technical purposes and other assets (vehicles).

Judgment is required in the determination of the discount rates and the assessment of the lease term (considering renewal or termination options).

From a lessor perspective, the standard will not have a material impact as the distinction between operating and finance leases will remain under the new standard.

The group has decided to apply the new standard based on the modified retrospective approach (cumulative catch-up) and to measure the asset at an amount equal to the liability (adjusted for accruals and prepayments). Therefore, 2018 financial statements will not be restated under the new standard.

As regards the options and exemptions permitted under IFRS 16, the Group will take the following approach:

- Right-of-use assets will be reported separately in the statement of financial position;
- The recognition, measurement and disclosure requirements of IFRS 16 will also be applied in full to short-term leases and leases of low-value assets;
- A distinction will be made in leases that contain both lease components and non-lease components except for agreements for which the separation is impracticable (master service agreements with towers Company);

- Application of the portfolio approach for the recognition and measurements of certain asset categories with similar characteristics (same residual value, same economic environment), mainly for local loop unbundling;
- Application of the standard to contracts that were previously identified as finance leases under IAS 17 / IFRIC 4 at the transition date (carry forward of existing finance lease liabilities);
- Calculate outstanding liability for existing operating leases using the incremental borrowing rate at date of transition;
- IFRS 16 will not be applied to leases for intangible assets;
- The Group chooses to apply the relief option, which allows it to adjust the right of use asset by the amount of any provision for onerous leases recognized in the balance sheet immediately before the date of initial application.

Our preliminary assessment of the impact of IFRS 16 on the Group's balance sheet as at December 31, 2018 is mainly an increase of the right-of-use assets in counterpart of an increase in the lease liabilities relating to previous operating lease in a range of €3.0 - €3.4 billion.

In addition, the group is assessing the impact of the current discussions at the IFRIC (IFRS Interpretation committee) relating to sub-surfacing rights that can change the IFRS 16 impacts presented above.

During 2019, the Group will record depreciation charges and interest expense (rather than lease expense) in the income statement. In the statement of cash flows, the repayment portion of the lease liabilities from existing operating leases will reduce net cash from or used in financing activities and no longer affect net cash from operating activities.

Under IAS 17 – *Leases*, the undiscounted expected operating lease payments are disclosed as off-balance sheet commitments in the notes to the consolidated financial statements (refer to Note 32 – *Commitments and contractual obligations*). This disclosure is only indicative for the size of the IFRS 16 – *Lease* liability, since in this disclosure anticipated renewals are ignored, the amounts are undiscounted, and new contracts previously not recognized as a lease could now be in scope and vice versa.

The reconciliation between operating lease commitments as at December 31, 2018 and lease liabilities recognized in the statement of financial position at the date of initial application is presented below:

- The operating lease obligations as at December 31, 2018 amounts to €2.0 billion
- The effect of the revision of the periods under IFRS 16 (renewal options that are reasonably certain are taken into account under IFRS 16 versus minimum lease payments in IAS 17 disclosure) will increase the operating lease obligations by €1.6 billion
- The effect of the discounting effect will decrease the operating lease obligations including revision of the periods by €0.5 billion
- Other effects under finalization will impact the operating lease obligations under IFRS 16 in a range of €(0.2) - €0.2 billion.

2. Accounting policies and methods

2.1. Consolidation methods

The list of entities included in the scope of consolidation is presented in Note 34 – *List of Consolidated Entities.*

Consolidated entities

The new model of control, defined by IFRS 10 – *Consolidated Financial Statements,* is based on the following three criteria, which must be met simultaneously in order to determine the exercise of control by the parent company:

- The parent company has power over the subsidiary when it has effective rights that give it the ability to direct the relevant activities - i.e., the activities that significantly affect the subsidiary's returns. Power may arise from existing and/or potential voting rights and/or contractual arrangements. Voting rights must be substantial - i.e., they must be able to be exercised when decisions about the relevant activities are to be made without limitation and particularly in decision-making on relevant activities. Assessing how much power is held depends on the subsidiary's relevant activities, its decision-making process and the way the rights of its other shareholders are distributed;

- The parent company is exposed or entitled to variable returns due to its connections to the subsidiary, which may vary according to its performance. The concept of return is defined broadly, and includes dividends and other forms of distributed financial benefits, the valuation of the investment, cost savings, synergies, etc.;
- The parent company has the ability to use its power to affect the subsidiary's returns. Any power that does not entail this kind of influence does not qualify as control.

These entities are consolidated using the full consolidation method.

Full consolidation method

This method involves consolidating in the financial statements the items in the statement of financial position, the statement of comprehensive income and the statement of cash flows of the entities controlled within the meaning of IFRS 10, completing any restatements, eliminating intragroup transactions and accounts, as well as internal results, and allocating the shareholders' equity and income between the parent company interests and non-controlling interests.

Consolidated comprehensive income includes the income of subsidiaries acquired during the year, prorated from their date of acquisition. The income of subsidiaries sold during the same period is included until the date of their sale.

Interests that do entail control over the subsidiaries' net assets are presented in a separate caption in shareholders' equity called "Non-controlling interests". They include non-controlling interests as of the takeover date and the non-controlling interests' share in the change in shareholders' equity as from that date. Subject to arrangements that would indicate a different allocation, negative results of subsidiaries are systematically allocated between equity attributable to owners of the parent company and non-controlling interests based on their respective share of ownership interest, even if it becomes negative.

Joint Arrangements

IFRS 11 – *Joint Arrangements* provides financial reporting guidelines for entities that hold interests in joint arrangements. In a joint arrangement, the parties are bound by a contractual arrangement that gives them joint control of the company. The entity that is party to a joint arrangement must therefore determine if the contractual arrangement gives all the parties, or a group of some of them, joint control over the company. The existence of joint control is then assessed for decisions about the relevant activities that require the unanimous consent of the parties that jointly control the company.

Joint arrangements are classified into two categories:

- Joint undertakings (or joint operations); these are arrangements in which the parties that have joint control over the company have direct rights to its assets and obligations for its liabilities. The parties are called the "joint investors." The joint investor recognizes 100% of the joint operation's assets/liabilities/expenses/income that it owns itself and the share of the items that it owns jointly. These arrangements involve joint investment agreements signed by the Group.
- Joint ventures: these are partnerships in which the parties that have joint control over the company have rights to its net assets. The parties are called the "co-owners." Each co-owner recognizes its rights to the net assets of the entity using the equity method (see paragraph below).

Associates

Associates in which the Group has significant influence are accounted for using the equity method. Significant influence is presumed to exist when the Group directly or indirectly holds 20% or more of the voting rights of an entity, unless it can clearly show that this is not the case. The existence of significant influence can be shown by other criteria such as representation on the Board of Directors or the governing body of the jointly held entity, participation in policy-making processes, the existence of material transactions with the entity, or the sharing of management personnel.

Equity method

Under the equity method, investments in associates and joint ventures are stated at acquisition cost, including goodwill and transaction costs. Earn-out initially measured at fair value are recognized in the cost of the investment, where their payments can be measured with sufficient reliability.

The Group's share in the net income of associates and joint ventures is recognized in the consolidated statement of income while its share in the movements of reserves after acquisition is recognized in reserves. Post-acquisition

movements are adjusted against the value of the investment. The Group's share in the net losses of associates and joint ventures is recognized to the extent of the investment made, unless the Group has a legal or constructive obligation of support for the undertaking.

Any surplus of the cost of acquisition over the Group's share in the net fair value of the identifiable assets of the associate recognized at the date of acquisition is recognized as goodwill. Goodwill is included in the carrying amount of the investment and is taken into account in impairment testing on that asset.

2.2. Foreign currency translation

The Consolidated Financial Statements are presented in euros, the functional currency of a vast majority of Group companies and of the parent company. All financial data are rounded to the nearest million euros.

Foreign currency transactions are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. At the closing date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. All foreign currency differences are recognized in profit or loss for the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of initial transaction. All foreign currency differences are recognized in profit or loss.

2.3. Revenue

In May 2014, the IASB issued IFRS 15 which establishes a single comprehensive five-step model to account for revenue arising from contracts with customers. IFRS 15 supersedes all current revenue recognition guidance including IAS 18 – *Revenue*, IAS 11 – *Construction Contracts* and the related Interpretations.

Revenue recognition

Revenue from the Group's activities mainly consists of services (telephone packages, TV subscriptions, high-speed Internet, telephony and installation services), equipment sales and telecommunications network leases.

Since the acquisitions of Altice Media Group France (became SFR Presse) and NextRadioTV during the fiscal year 2016, revenue from the Group's activities integrates products such as magazines and dailies, advertising revenues and other related services.

Revenue corresponds to the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating intragroup sales between entities included in the scope of consolidation.

In accordance with IFRS 15, the revenue recognition model includes five steps for analyzing transactions so as to determine when to recognize revenue and at what amount:

- Identifying the contract with the customer,
- Identifying separate performance obligations in the contract,
- Determining the transaction price,
- Allocating the transaction price to separate performance obligations,
- Recognizing revenue when the performance obligations are satisfied.

For bundled packages, the Group accounts for individual products and services separately if there are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the market prices at which the Group sells the mobile devices and telecommunications services.

This leads to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is reversed over the enforceable period. Enforceable period has been determined for each company. It represents the period over which rights and obligation are enforceable. This period is determined not only by the commitment period as stated in the contract but also by business practices and contracts mechanisms (early renewal, exit options, penalties and other clauses).

Revenues from Mobile devices

The Group recognizes revenues when a customer takes possession of the device. This usually occurs when the customer signs a new contract. The amount of revenue includes the sale of mobile devices and ancillary equipment for those devices. For mobile devices sold separately, customers pay in full at the point of sale or in several installments (credit agreement). For mobile devices sold in bundled packages, customer usually pay monthly in equal installments over the contractual period.

Revenue from services

Proceeds from subscriptions (Internet access, basic cable service, digital pay TV) and telephone payment plans (fixed or mobile) are recognized on a straight-line basis over the duration of the relevant service.

The Group sells some telephone payment plans that allow the unused call minutes for a given month to be rolled over to the following month. Roll-over minutes are recognized for the share of revenue they represent in the telephone subscription at the time they are actually used or when they expire. Revenue on incoming and outgoing calls as well as on calls made outside plans is recognized when the service is rendered.

Revenue generated by the coupons sold to distributors and prepaid Mobile cards is recognized as and when the end customer uses them, starting when such coupons and cards are activated. The unused balance is recorded in deferred income at the closing date. The proceeds in any event are recognized on the date of the card's expiration or when use of the coupon is statistically improbable.

Sales of subscription services managed by the Group on behalf of content providers (mainly special numbers and SMS+) are recognized gross, or net of payments made to content providers based on the analysis of each transaction. Accordingly, revenue is recognized net when suppliers are responsible for the content delivered to end customers and for setting the subscription rates.

Connection and installation fees billed mainly to operators and business customers during the implementation of services such as ADSL connection, bandwidth capacity or IP connectivity are recognized over the estimated duration of the customer relationship and of the main service supplied, based on statistical data.

Installation and set-up services (including connection) for residential customers are recognized as revenue when the service is rendered.

Revenue related to switched services is recognized as and when traffic is routed.

Revenue from services for bandwidth capacity, IP connectivity, local high-speed access and telecommunications is recognized as and when the services are rendered to customers.

Installation revenue

Installation service revenue is deferred and recognized over the benefit period. For B2B customers, the benefit period is the contract term. For B2C, the benefit period is less than one year.

Separable elements of a bundled offer

Revenue from telephone packages is recognized as a sale with multiple elements. Revenue from the sale of handsets (mobile phones and other) is recognized upon activation of the line, net of discounts granted to the customer at the point of sale and activation fees. Revenue recognized for the sale of equipment (handsets in particular) only includes the contractual amount paid, independently of the service.

Where the elements of such transactions cannot be identified or analyzed as separable from a larger offer, they are considered to be related and the associated revenue is recognized in its entirety over the term of the contract or the expected duration of the customer relationship.

Agent versus principal

The Group determines whether it is acting as a principal or as an agent. The Group is acting as a principal if it controls a promised good or service before they are transferred to a customer.

Indicators for acting as a principal include: (i) the Group is primarily responsible for fulfilling the promise to provide the specified good or service, (ii) the Group has inventory risk in the specified good or service and (iii) the Group has discretion in establishing the price for the specified good or service.

On the other hand, the Group is acting as an agent or an intermediary, if these criteria are not met. When the Group is acting as an agent, revenue is presented on a net basis in the statement of income. When the Group is acting as principal, revenue is presented on a gross basis.

Access to telecommunications infrastructure

The Group provides access to its telecommunication infrastructure to its wholesale customers through various types of contracts: leases, hosting contracts or the granting of indefeasible rights of use (or "IRUs"). IRU agreements grant the use of property (cables, fiber optics or bandwidth) over a defined, usually long duration, with the Group retaining ownership. Revenue from lease agreements, hosting contracts in Netcenters and infrastructure IRUs is recognized over the term of the contract, except when they qualify as finance leases; in this case, the equipment is accounted for as sales on credit. In the case of IRUs and sometimes leases or service contracts, the service is paid in advance for the first year. These non-refundable prepayments are recorded as deferred income and amortized over the expected life of the contract.

Infrastructure sales

The Group builds infrastructure for some of its customers. Revenue relating to infrastructure sales is recognized upon the transfer of ownership. When it is estimated that a contract will be unprofitable, a provision for onerous contract is booked.

Loyalty programs

In application of IFRIC 13 - *Customer Loyalty Programs*, the Group measures the fair value of the incremental benefit granted as part of its loyalty programs. For the periods presented, this value is not material, so no revenue has been deferred under it.

Press

The Group produces news on various themes (general information, economy, culture, etc.) across three media sources: magazine and daily press, digital press and television. Advertising revenue is recognized in the period in which the advertising services are performed. Operator distribution royalties are recognized and prorated over time. Revenue from other activities is recognized when the service is performed, either on delivery of the performance of the event or the service, or at the time goods are delivered.

Radio and television

The Group produces news on five themes (general information, sports, economy, high-tech and discovery) via three types of media: radio, television and digital.
This income essentially represents advertising revenue and other related services. Advertising revenue is recognized as income when the advertising has effectively been broadcasted. Royalties and subsidies are recognized as they are acquired in accordance with the terms of the underlying agreement.

2.4. Adjusted EBITDA

Adjusted EBITDA is an indicator used internally by Management to measure the Company's operational and financial results, to make investment and resource-allocation decisions, and to assess the performance of management personnel. It excludes the main items that have no effect on cash (such as depreciation, amortization and impairment) and non-recurring transactions.

Non-recurring operations are defined as follows:

- Other non-recurring income mainly include income from disposals of property, plant and equipment and other income identified as an exceptional nature, and not supposed to occur from one year to the other.
- Other non-recurring expenses mainly include the net carrying amount on disposal of assets, fees related to refinancing and acquisitions, restructuring costs, management fees and other expenses identified as an exceptional nature, and not supposed to occur from one year to the other.

Adjusted EBITDA may not be comparable with similarly named measures used by other entities. For the purpose of segment information, the transition from operating income to Adjusted EBITDA is presented in Note 7 – *Reconciliation of operating income to Adjusted EBITDA.*

2.5. Financial income and expenses

Financial income and expenses primarily comprise:

- Interest charges and other expenses paid for financing operations recognized at amortized cost;
- Changes in the fair value of interest rate derivative instruments;
- Ineffective portion of hedges that qualify for hedge accounting;
- Foreign exchange gains and losses on monetary transactions;
- Interest income relating to cash and cash equivalents;

- Gains/losses on extinguishment of financial liability;
- Investment securities and investment securities pledged as collateral are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net financial result.

2.6. Corporate income tax

Income tax expense comprises current, deferred tax and the contribution of added value of businesses. Current tax is the tax payable on the taxable income for the year, estimated using tax rates enacted or substantively enacted at the reporting date, at the contribution of added value of businesses and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences on the closing date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: (i) the initial recognition of goodwill, (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and (iii) investments in subsidiaries, joint ventures and associates when the Group is able to control the timing of the reversal of the temporary differences and when it is probable that these temporary differences will not be reversed in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, in accordance with the rules in effect at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities when the taxable entity intends to settle current tax liabilities and assets on a net basis or when tax assets and liabilities are to be realized simultaneously.

Deferred taxes are reviewed at each reporting date to take into account changes in tax legislation and the possibility of recovering deductible temporary differences and tax losses. A deferred tax asset is recognized when it is probable that future taxable profits against which the temporary difference can be utilized will be available.

2.7. Investment grants

Investment grants received are deducted from the gross carrying amount of property, plant and equipment to which they relate. They are recognized in the income statement as a reduction in the depreciation charge over the useful life of the related assets.

2.8. Site restoration

The Group has a contractual obligation to restore the network sites (both mobile and fixed) at the end of the lease, should the latter not be renewed. Due to this obligation, the capitalization of the costs of restoring the sites is calculated based on:

- an average unit cost of site remediation,
- assumptions about the life of the dismantling assets, and
- a discount rate.

2.9. Goodwill and business combinations

Business combinations are accounted for using the acquisition method. The assets and liabilities of the acquired business are recognized at their fair value at the acquisition date.

The consideration transferred corresponds to the fair value, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The goodwill arising from a business combination is equal to the difference between:

- the sum of the consideration paid, the value of any non-controlling interest that remains outstanding after the business combination and, where applicable, the acquisition-date fair value of the acquirer’s previously held equity interest in the target, and
- the net amount of the identifiable assets acquired and liabilities assumed at the acquisition-date.

Goodwill is recognized in assets in the consolidated statement of financial position. When the difference is negative, it is directly recognized through profit or loss.

The secondary costs directly attributable to an acquisition giving control are recorded in expenses in the period during which the costs are incurred, except for the borrowing costs, which must be recorded in accordance with IAS 32 – *Financial Instruments: Presentation* and IAS 39 – *Financial Instruments: Recognition and Measurement.*

When goodwill is determined provisionally at the end of the period in which the combination is effected, any adjustments to the provisional values within 12 months of the acquisition date are recognized in goodwill.

Changes in the Group's share of ownership of equity securities in a subsidiary which do not lead to a loss of control over the latter are recognized as shareholders' equity transactions.

Goodwill resulting from the acquisition of associates and joint ventures is included in the carrying amount of the investment.

Goodwill is not amortized, but is subject to impairment testing whenever there is any indication that an asset may be impaired, and at least once a year in accordance with the methods and assumptions described in Note 13 – *Goodwill and impairment tests.*

After initial recognition, goodwill is recorded at cost less accumulated impairment losses.

Specific case of business combination under common control

Business combination under common control are combinations in which all of the combination (entities or businesses) are controlled by on party (or several), i) during a long period before and after the combination, ii) this control as defined in IFRS 10 – *Consolidated financial statements* is not temporary.

These combinations are excluded from IFRS3 R scope. These operations in the consolidated financial statements are prepared on historical cost basis. No new goodwill is generated and the difference between the acquisition price and the historical carrying value related to assets and liabilities of the acquired entity is recognized in equity.

2.10. Intangible assets

Intangible assets acquired

Intangible assets acquired separately are recognized at historical cost less accumulated amortization and any accumulated impairment losses.

Cost comprises all directly attributable costs necessary to buy, create, produce and prepare the asset for use. Intangible assets consist mainly of operating licenses, IRUs, patents, purchased software, and internally developed applications.

They have also included, since January 1, 2015, the customer acquisition cost for packages with commitments, in accordance with IAS 38 – *Intangible Assets* and in line with standards to be issued.

Licenses to operate telephone services in France are recognized for the fixed amount paid for the acquisition of the license. The variable portion of license fees, which amounts to 1% of the revenue generated by these activities, cannot be reliably determined and is therefore expensed in the period in which it is incurred.

- The UMTS license is recognized at historical cost and amortized on a straight-line basis from the service activation in June 2004 to the end of the license period (August 2021), corresponding to its expected useful life;
- The GSM license, renewed in March 2006, is recognized at the present value of 4% of the fixed annual fee of €25 million, and amortized on a straight-line basis from that date until the end of the license period (March 2021), corresponding to its expected useful life;
- The LTE license is recognized at historical cost and is amortized on a straight-line basis from the service activation date until the end of the license period. The 2.6 GHz band license acquired in October 2011 is amortized as of the end of November 2012 (end of license: October 2031). The 800 MHz band license acquired in January 2012 was activated on June 3, 2013 and is being amortized over a remaining duration of 18 years (end of license: January 2032). SFR acquired a new license for the 700 MHz band in December 2015 (end of license: December 2035). This license has not yet been activated.

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fiber or dedicated wavelength bandwidth, and the duration of the right is for the majority of the underlying asset's useful life. They are amortized over the shorter of the expected period of use and the life of the contract between 3 and 30 years.

Patents are amortized on a straight-line basis over the expected period of use (generally not exceeding 10 years).

Software is amortized on a straight-line basis over its expected useful life (which generally does not exceed 3 years).

Internally developed intangible assets

The acquisition cost of an intangible asset developed internally corresponds to the personnel costs incurred when the intangible asset meets the criteria for IAS 38 – *Intangible Assets*. An intangible asset that results from the development of an internal project is recorded if the Group can demonstrate that all of the following conditions have been met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention of completing the intangible asset and using or sell it;
- Its ability to use or sell the intangible asset;
- The capacity of the intangible asset to generate probable future economic benefits;
- Among other things, the Group may demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, its usefulness;
- The availability of adequate technical, financial and other resources to complete the development, and to use or sell the intangible asset;
- Its ability to reliably measure the expenditures attributable to the intangible asset during its development.

Capitalization of costs ceases when the project is finalized and the asset is available for use.

The cost of an internally developed intangible asset arising from the development phase of an internal IT project is amortized on a straight-line basis over its expected useful life (which is generally not greater than three years).

Intangible assets recognized in a business combination

During business combinations, intangible assets were recognized and measured at their fair value at the "acquisition date" according to IFRS 3R:

- Customer bases : bases are amortized over their useful life from five to nine years ;
- Telecom brands : SFR brand, main brand, initially amortized over 15 years, is amortized from the end 2017 over a residual life of five years (Refer to Note 14 – *Other intangible assets*);
- Press brands : these brands are not amortizable;
- Broadcasting rights: they are amortized over a life from five to ten years, depending on programs.

Investments made under public service concessions or delegations

Investments made as part of public service concessions or delegations and related to the roll-out of the telecommunications network are recognized as intangible assets in accordance with IFRIC 12 – *Service concession arrangements*.

The "intangible model" provided by this interpretation applies when the operator receives a right to charge users of the public service and is substantially paid by the user. Intangible assets are amortized over the shorter of the estimated useful life of the relevant asset categories and the duration of the concession.

2.11. Contracts costs

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Commissions to third parties and sales incentives to internal employees are considered as costs to obtain a contract and are recognized under the balance sheet caption "contract costs".

Assets recognized as contract costs are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset may relate to goods or services to be transferred under a specific anticipated contract. The amortization charge is recognized in the income statement caption "Depreciation, amortization and impairment".

As a practical expedient, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

2.12. Property, plant and equipment

Property, plant and equipment are measured at historical cost less cumulative depreciation and impairment losses.

Historical cost includes the acquisition cost or the production cost, the costs directly attributable to using the asset on the site and to its conditions of operation, and the estimated costs of dismantling and removing the asset and remediating the site where it is installed, in line with the obligation incurred. In addition, borrowing costs attributable to qualifying assets whose construction period is longer than one year are capitalized as part of the cost of that asset. Conversely, subsequent maintenance costs (repairs and maintenance) of the asset are recognized in profit or loss. Other subsequent expenditures that increase productivity or the life of the asset are recorded as assets.

Material components of property, plant and equipment whose useful lives are different are recognized and depreciated separately.

Property, plant and equipment mainly comprise network equipment.

The main useful lives are as follows:

Technical buildings and constructions	15 to 25 years
Network equipment :	
Optical cables	30 to 40 years
Engineering facilities, pylons	20 to 40 years
Other equipment	4 to 15 years
Set-top box and access fees	3 to 5 years
Furniture and fixtures	5 to 10 years
Miscellaneous equipment	2 to 5 years

Estimated useful lives are reviewed regularly and any changes in estimates are recorded prospectively.

Materials and telecommunications equipment are investments that are strongly subject to technological changes: write-offs or impairments with prospective revision of the amortization period may be recognized if the group has to prematurely write off certain technical equipment or if it is forced to revise the projected useful life of certain categories of equipment.

Gains or losses on disposal of property, plant and equipment are the difference between the profit from the disposal and the carrying amount of the asset, and are recognized in the caption “Non-recurring income and expenses” of the consolidated statement of income.

FTTH deployment

Decision No. 2009-1106 of *Autorité de Régulation des Communications Électroniques et des Postes* (Regulatory Authority on Electronic Communications and Postal Services (ARCEP)) dated December 22, 2009 regulates the use of fiber optics in very densely populated areas by establishing joint investment rules between phone operators.

The reference offers issued by the operators in accordance with this decision are dealt with in IFRS by the application of IFRS 11 – *Joint Arrangements*. Thus, when the Group is an *ab initio* joint investor, only its share of the assets is recorded in property, plant and equipment, and when the Group is an *a posteriori* investor, the IRU or the usage right is recognized in property, plant and equipment. The same treatment applies for joint investment in moderately dense areas defined by ARCEP.

2.13. Leases

Under IAS 17 – *Leases*, leases are classified as finance leases whenever the terms of the lease substantially transfer the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables in the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss. Contingent rentals are expensed in the period in which they are incurred.

Operating lease payments are expensed on a straight-line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are expensed in the period in which they are incurred. In the event that incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.14. Impairment of assets

Whenever events or changes in the economic environment indicate a risk of impairment of goodwill, of other intangible assets or property, plant and equipment, the Group re-examines the value of these assets. Besides, the residual life of customer bases and amortizable brands is analyzed whenever there is any indication that an asset may be impaired. In addition, goodwill, other intangible assets with indefinite useful lives and intangible assets in progress undergo an annual impairment test.

Impairment tests are performed in order to compare the recoverable amount of an asset or a Cash-Generating Unit (“CGU”) with its carrying amount.

An asset’s or CGU’s net recoverable amount is the greater of its fair value less costs to sell or its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those derived from other assets or groups of assets. In that case, the recoverable amount is determined for the CGU to which the asset belongs.

A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Given the change in the Group and the significant pooling of assets and services within the Group, a single CGU is defined at the Group level. For the purposes of goodwill impairment testing, in conformity with IAS 36, goodwill is allocated as a value to each operating segment (see Note 13.1 – *Change in goodwill*), and shared assets and liabilities are allocated through distribution keys to each of the operating segments (see Note 13.3 – *Main assumptions used).* The principal allocation keys used to allocate shared assets and liabilities are based on revenues, use of the network or the information systems.

The value in use of each asset or group of assets is determined as the present value of future cash flows (discounted cash flow method or “DCF”) by using a discount rate after tax specific to each asset or group of assets concerned.

The fair value less costs to sell is the amount obtainable on the measurement date from the sale of the asset or group of assets in an ordinary transaction between market participants, less costs to sell.

When the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized in the “Depreciation, amortization and impairment” caption of the consolidated statement of income. Only impairment losses recognized on assets other than goodwill such as depreciable intangible assets, intangible assets with indefinite useful lives and property, plant and equipment may be reversed.

2.15. Financial assets

IFRS 9 – *Financial Instruments* issued on July 24, 2014 is the IASB’s replacement of IAS 39 – *Financial Instruments: Recognition and Measurement*. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting regarding financial instruments.

IFRS 9 allows two methods for measurement:

- Amortized cost: this is the original amount minus principal repayments, cumulative amortizations and impairments. The amortized cost must be determined by using the effective interest rate method,
- Fair value: this is the amount for which an asset could be exchanged or a liability paid, between two willing parties, in an arm’s length transaction.

Classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial assets are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables, and loans included under balance sheet caption "Financial assets" (non-current and current portion).
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. The Group has no instrument in this new category.

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its quoted and unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instruments were classified as AFS financial assets.
- Financial assets at FVPL comprise derivative instruments. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognized in the statement of profit or loss.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by IAS 39.

Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at the asset's original effective interest rate.

For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.16. Inventories

Inventories primarily consist of mobile devices, set-top boxes and technical equipment. They are valued at their acquisition cost or at their net recoverable amount, if it is lower. The acquisition cost is calculated according to the weighted average cost. It includes the cost of acquiring the materials.

Net recoverable amount is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The Group estimates the age and the condition of inventories and books provisions if necessary.

2.17. Cash and cash equivalents

The "Cash and cash equivalents" heading includes bank balances, money-market UCITS which meet the specifications of AMF Position n°2011-16, and very liquid short-term investments, which have an original maturity date that is less than or equal to three months, which can be easily converted to a known cash amount, and are subject to a negligible risk of change in value.

Investment securities are measured at their fair value through profit or loss.

2.18. Assets held for sale and discontinued operations

In accordance with IFRS 5 – *Non-current assets held for sale and discontinued operations*, the Group qualifies an asset (or a group of assets) held for sale when:

- The asset is available for immediate sale in its current estate, subject to any conditions that are usual in such disposals of assets,
- The sale is highly probable,
- Its carrying amount may be recovered principally through its disposal and not by its continued utilization.

When all conditions of qualifications have been met the Group reclassifies the assets held for sale in a separate caption in the consolidated statement of financial position without offsetting liabilities related to assets held for sale, those are presented in a separate caption from other liabilities in the consolidated statement of financial position.

In addition, if the asset or the group of assets for sale is significant, its contribution is presented:

- In the consolidated statement of income in a separate caption under the net income from continuing information;
- In the consolidated statement of cash flows in a separate caption in the net cash flow provided (used) by operating activities, investing activities, and financing activities.

2.19. Financial liabilities and equity instruments

Financial liabilities restructuring

Based on the IFRS 9, the Group removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished_ie when the obligation specified in the contract is discharged or cancelled or expired.
An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the contractual arrangement.

Equity instruments

An equity instrument is any contract resulting in a residual interest in the assets of an entity after deducting all of its liabilities. The equity instruments issued by the Group are recorded for the proceeds received, net of direct issuance costs.

Financial liabilities

Financial liabilities other than derivatives mainly include bonds and term loans taken out in connection with the acquisition of SFR, liabilities related to finance leases, guarantee deposits received from customers, advances received and bank overdrafts.

They are measured at amortized cost, using the effective interest method, in conformity with IAS 39. The effective interest rate corresponds to the internal interest rate used to precisely update future cash flows throughout the term of the financial liability. Fees, debt issuance and transaction costs are included in the calculation of the effective interest rate over the expected life of the instrument. Accrued interest is included in the “Current liabilities” caption of the statement of financial position.

2.20. Derivative instruments

The Group uses various derivative instruments to hedge its exposure to foreign exchange rate fluctuations.

Derivatives are initially recognized at fair value on the date of execution of a derivative contract, and are subsequently revalued at their fair value on each closing date.

As allowed under IFRS 9, the Group continues to apply the requirement of IAS 39 related to hedge accounting.

Hedge accounting is applicable if:

- The hedging relationship is clearly defined and documented at the date of establishment;
- The effectiveness of the hedging relationship is demonstrated at its inception and in subsequent periods: i.e., if at the beginning of the hedge and throughout its duration, the Group expects that the changes in fair value of the hedged item will be almost fully offset by changes in the fair value of the hedging instrument, and if actual results are within a range between 80% and 125%.

There are three types of hedge accounting:

- The fair value hedge is a hedge against exposure to changes in the fair value of a recognized asset or liability, which are attributable to a rate and/or currency risk and which would affect the result. The hedged portion of these items is remeasured at fair value in the statement of financial position. The change in fair value is recognized in the income statement where it is offset within the limits of the effectiveness of the hedge by symmetrical changes in the fair value of hedging instruments;
- The cash flow hedge is a hedge of the exposure to cash flow fluctuations attributable to interest rate risk and/or changes associated with a recognized asset or liability or a highly probable forecast transaction (e.g., an expected sale or purchase) and could affect profit. The hedged item is not recorded in the statement of financial position; thus the effective portion of the change in fair value of the hedging instrument is recognized in other comprehensive income. It is reclassified in profit or loss when the hedged item affects profit or is reclassified in the initial cost of the hedged item where it concerns covering acquisition cost of a non-financial asset;
- The net investment hedge is a hedge against exposure to changes in value attributable to the foreign currency risk of a net investment in a foreign operation that could affect profit when the investment is sold. The effective portion of net investment hedges is recognized through other comprehensive income and reclassified in profit or loss when the net investment is sold.

The cessation of hedge accounting may result in particular from the elimination of the hedged item, voluntary termination of the hedging relationship, or the cancelation or maturity of the hedging instrument. The accounting consequences are as follows:

- For fair value hedges: the fair value adjustment of debt at the date of cessation of the hedging relationship is amortized based on a recalculated effective interest rate on that date;
- For cash flow hedges: the amounts recorded in other comprehensive income are reclassified into profit or loss when the hedged item is eliminated. In other cases, they are taken straight to profit or loss over the remaining term of the hedging relationship as originally defined.

In both cases, the subsequent changes in value of the hedging instrument are recognized in profit or loss.

2.21. Provisions

Under IAS 37 – *Provisions, contingent liabilities and assets,* provisions are booked when, at the end of the reporting period, the Group has a legal, regulatory, contractual or implicit obligation resulting from past events

and it is probable that an outflow of resources generating economic benefits will be required to meet the obligation and that the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money, taking into account the risks attached to the liability as appropriate. If a reliable estimate of the amount of the obligation cannot be made, no provision is recognized and a disclosure is made in the notes.

Provisions mainly include:

- Provisions to cover litigation and disputes concerning the Group's activities. Their amounts are estimated based on a case-by-case risk assessment. Events occurring during proceedings may lead at any time to a reassessment of such estimates;
- Provisions for restructuring, which are booked once the restructuring has been announced and a plan has been detailed or launched. Such provisions are generally not discounted due to their short-term nature;
- Provisions for site remediation, which are assessed based on the number of sites involved, an average unit cost of site remediation and assumptions about the life of the decommissioning asset and the discount rate. When a site is decommissioned, the corresponding provision is reversed;
- Provisions for employee benefits are detailed in the following section.

2.22. Employee benefits

The Group provides employee benefits through contributions to defined-contribution plans and defined-benefit plans. The Group recognizes pension costs related to defined-contribution plans as they are incurred under personnel expenses in the consolidated statement of income.

Estimates of the Group's pension and end-of-service benefit obligations are calculated annually, in accordance with the provisions of revised IAS 19 – *Employee Benefits* ("IAS 19R"), with the assistance of independent actuaries, using the projected unit credit method and considering actuarial assumptions including the probable turnover of beneficiaries, salary increases, projected life expectancy, the probable future length of employees' service and an appropriate discount rate updated annually.

The Group recognizes the corresponding net expense over the entire estimated period of service of the employees. The actuarial gains and losses on post-employment benefits are recognized in their entirety as "Other items of comprehensive income" in the period in which they occur.

The cost of the plans is recognized through operating income, with the exception of the accretion cost, which is recognized as other financial expenses and income.

The cost of past services generated by plan changes and reductions is recognized immediately and in full in the consolidated statement of income.

2.23. Share-based payments

Altice Europe has established incentive plans based on Altice Europe share, settled either by the plans attribution or cash. Attribution of the plans is submitted for approval of the board of directors. The acquisition of the right associated to this plan is based on performance conditions. The portion of the plan linked to Altice France employees is rebilled by Altice Europe to Altice France.

In addition, GNP has established a plan for the allocation of free shares in 2018. In accordance with IFRS 2 – *Share-based Payments,* benefits based on the equity instruments are recognized as personnel expenses at the fair value of instruments granted. This expense is recognized over the vesting period, generally three years for the stock option plans and two years for the free share plans, conditional upon active employment within the Group at the vesting date and performance for the free share plans, except specific cases. As this plan is not significant at Altice France Group level, no note will be disclosed.

2.24. Borrowing costs

Under IAS 23 – *Borrowing Costs,* a qualifying asset is an asset that takes a substantial period of time before it can be used or sold. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. The Group notes that it does not take a substantial amount of time to get assets ready for their intended use because of the incremental roll-out of the network. The application of IAS 23 consequently has no impact on the Group's consolidated financial statements.

3. Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires the Group to make a certain number of estimates and assumptions that are realistic and reasonable. Thus, the application of accounting principles in the preparation of the consolidated financial statements described in Note *2 – Accounting policies and methods* implies decisions based on judgment, estimates and assumptions that have an influence on the amounts of the assets and liabilities and on income and expenses as well.

Such estimates are prepared based on the going concern assumption, established using currently available information and in view of the current economic environment. In the current economic environment, changes in facts and circumstances may result in revised estimates or assumptions, which could affect the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of cash flows of the Group.

Significant estimates and assumptions relate to the measurement of the following items:

- *Provisions*: assessment of the risk on a case-by-case basis; it is stipulated that the occurrence of events during a proceeding period may at any time trigger a reassessment of the risk (refer to Note 26 – *Provisions* and Note 33 – *Litigation*).
- *Employee benefits:* assumptions updated annually, such as the probability of personnel remaining with the Group until retirement, the projected change in future compensation, the discount rate and the mortality table (refer to Note 27 – *Post-employment benefits).*
- *Revenue:* identification of the separable elements of a packaged offer and allocation on the basis of the relative fair values of each element; the period of deferred revenue related to costs to access the service on the basis of the type of product and the term of the contract; presentation as net or gross revenue depending on whether the Group is acting as agent or principal (refer to Note 6 – *Revenue).*
- *Fair value of financial instruments:* fair value is determined by reference to the market price at the end of the period. For financial instruments for which there is no active market, fair value is estimated based on models that rely on observable market data or by the use of various valuation techniques, such as discounted cash flows (refer to Note 30 – *Financial instruments*).
- *Deferred taxes*: estimates for the recognition of deferred tax assets updated annually such as the future tax results of the Group or the likely changes in active and passive temporary differences (refer to Note 12 – *Income tax expense).*
- *Impairment tests*: these tests concern goodwill and intangible assets with an indefinite life span; in the context of impairment tests, the assumptions relating to the determination of Cash Generating Units (CGU), future cash flows and discount rates are updated annually (refer to Note 13 – *Goodwill and impairment tests*).
- *Intangible assets and property, plant and equipment:* estimate of the useful life based in particular on the effective obsolescence of the assets and the use made of those assets (refer to Note 14 – *Other Intangible assets* and Note 16 – *Property, plant and equipment).*
- *Contract assets and trade and other receivables:* contract assets and trade receivables are provisioned (i) on the basis of the historically observed recovery rate and/or (ii) on the basis of a specific recoverability analysis (refer to Note 15 – *Contract balances* and Note 20 – *Trade and other receivables).*

In the context of Purchase Price Acquisition, the Group made estimates in order to determine the fair value of the identifiable assets and liabilities and the contingent liabilities.

4. Significant events of the period

4.1. Altice Group Reorganization

On January 8, 2018, Altice Europe announced:

- That existing sports content wholesale contracts between Altice France and Altice TV would be cancelled and replaced by new contracts ("revenue sharing") with a lower guaranteed minimum income. Altice TV will be eligible to receive an indemnity of €300.0 million as part of the renegotiation;
- The reorganization of its structure comprising Altice France, Altice International and Altice TV;
- The planned acquisition by Altice France of the shares held by Altice International in Outremer Telecom, Altice Technical Services (France) and Altice Customer Services.

4.2. Agreement with ARCEP concerning "Zones blanches" sites

On January 14, 2018, Altice France, along with the operators in the French telecom market, reached an agreement with the French telecom regulator ("ARCEP") and the French state in order to improve mobile coverage in certain poorly covered mobile areas ("Zones blanches"), in exchange for concessions on future mobile spectrum auctions and the scrapping of a specific spectrum based tax for the new sites deployed as part of this initiative ("IFER").

As part of the deal, and in exchange for a prolongation of the existing spectrums bands (900/1800/2100 MHz), the Group has agreed to generalize 4G coverage on all the mobile sites (and 75% of the Zones blanches sites) in 2020 and the implementation of 4G on all Zones blanches site by 2022.

4.3. Altice France sold its international wholesale voice carrier business

On March 12, 2018, Altice Europe and Altice France announced that they had entered into exclusivity with Tofane Global, a Paris-based telecommunications and digital player specializing in international carrier services, for the sale of its international wholesale voice carrier business in France.

This transaction shows further execution of the Group's non-core asset disposal program to strengthen the company's long-term balance sheet position and focus on improving the operational and financial results of its key franchises.

The transfer of assets to SFR International Carrier Services and its sale to Tofane Global were finalized on September 12, 2018. The disposal price amounted to €21.3 million.

4.4. Exclusive control over NextRadioTV S.A.

The convergence between the Group's telecoms and media offerings was initiated in 2015 with Altice Europe's acquisition of a 49% stake in NextRadioTV S.A. ("NextRadioTV") (which was subsequently acquired by the Group in 2016). In furtherance of this convergence strategy, the Group has taken the following steps to take exclusive control of NextRadioTV through the joint venture Group News Participations ("GNP").

On January 30, 2017, the Group announced that it intended to take over exclusive control of NextRadioTV and, to that effect, had filed the necessary application with the Conseil Supérieur de l'Audiovisuel ("CSA") and the French Competition Authority in order to obtain their clearance of the proposed transaction. On June 13, 2017, the French Competition Authority granted its clearance and authorized the transaction.

On April 5, 2018, Altice France acquired the minority stake held by News Participations S.A.S. in Altice Content Luxembourg S.A. for the amount of €100.0 million by exercising the call option it held on News Participation's 25% stake in Altice Content Luxembourg, following which Altice Content Luxembourg has become a wholly-owned subsidiary of Altice France. Altice Content Luxembourg is an indirect parent of NextRadioTV and the direct parent of GNP.

On April 20, 2018, the CSA granted its clearance and authorized the transaction. On May 31, 2018, the Group consummated the acquisition of the remaining 51.0% stake in NextRadioTV (via a conversion of convertible bonds).

The Group has been consolidating the results of GNP in application of IFRS 10 since May 2016, hence this authorization does not have any impact on the financial statements, except for a reclassification of non-controlling interests to Group equity. The net impact of the operation was €(29.6) million (refer to statement of changes in equity).

In the event of a change in control, the French Labor code (L-7112-5) allows journalists to activate a five-year Exit clause ("clause de cession"). As of December 31, 2018, the Group has recorded the associated financial risk for an amount of €4.8 million.

4.5. Disposal of i24News to Altice USA

On April 23, 2018, the Group completed the sale of i24News, an Israeli international 24-hour news and current affairs television channel, to Altice USA for a total consideration of $2.5 million.

4.6. Closing of the previously announced acquisitions of Altice Customer Services and Altice Technical Services France

On May 16, 2018, the Group successfully closed the previously announced acquisitions of Altice Customer Services and Altice Technical Services France.

Altice France acquired a 65.0% stake in the capital of Altice Customer Services from Altice International for a total consideration of €64.5 million, of which €30.0 million served as consideration for the shares of the company and €34.4 million served as consideration for financial assets held by Altice International against Altice Customer Services.

The seller has agreed to issue a vendor note with a maturity under one year to Altice France for the total amount of the consideration transferred. The amount has been fully paid in December 2018. The fair value of put and call options on the 35.0% minority interest, not held by Altice before the transaction, have been booked in equity for a negative amount of €23.6 million.

Altice Customer Services comprises mainly of companies of the Intelcia group, a French language-focused player in the customer relations management outsourcing industry.

Altice France also acquired a 100% stake in Altice Technical Services France ("ATSF") from Altice International for a total consideration of €174.8 million. The seller has agreed to issue a vendor note with a maturity under one year to Altice France for the total amount of the consideration transferred. The amount has been fully paid in December 2018.

Altice Technical Services France is an all-round technical services company offering among others network deployment, upgrade and maintenance for the telecommunications industry.

4.7. Implementation of separation of Altice Europe and Altice USA

On January 8, 2018, Altice Europe announced the separation of Altice USA from Altice Europe.

The separation was effected by a spin-off of Altice Europe's 67.2% interest in Altice USA through a distribution in kind to Altice Europe shareholders. Altice Europe announced completion of the Spin-Off on June 8, 2018.

The Altice Europe Group reorganized its structure comprising the Group Altice France (including SFR, Altice Technical Services France, Altice Customer Services and, following consummation of the Altice Blue Two acquisition), Altice International (including its subsidiaries) and Altice TV (including its subsidiaries of which Altice Entertainment News and Sport).

4.8. Tower assets transaction

On June 20, 2018, Altice France entered into an exclusivity and put option agreement with Starlight BidCo S.A.S., an entity controlled by funds affiliated with KKR for the sale of 49.99% of the shares in a newly incorporated tower company "SFR TowerCo" that comprise 10,198 sites currently operated by the Group. The transaction values "SFR TowerCo" at an enterprise value of €3.6 billion. In addition, a build-to-suit agreement for 1,200 new sites between the Group and "SFR TowerCo" is expected to generate approximately €250 million in additional proceeds to the Group within the next four years.

In connection with this transaction, Altice France and the Starlight BidCo entered into a shareholders agreement relating to the management of "SFR TowerCo" and certain other matters, which will, inter alia, provide Starlight BidCo with consent rights intended to protect its financial interest over specified matters relating to the operation and financing of "SFR TowerCo". In addition, "SFR TowerCo" and the Group entered into a twenty year master services agreement for the hosting, site development and ancillary services to be provided by "SFR TowerCo" to the Group as tenant.

On December 18, 2018, Altice France and KKR announced the closing of the transaction and the creation of the new tower company, named Hivory. The consideration received was €1.8 billion, corresponding to approximately

49.99% of the total transaction value. Altice France keeps an exclusive control on Hivory wich is fully consolidated.

4.9. New employment commitment

On June 22, 2018, the Group entered into an agreement providing a new commitment to the unions to maintain its current number of employees (9,428 as of June 30, 2018) until December 31, 2020. Under this agreement, the Group has also provided a commitment to the effect that if it undertakes any minor restructuring, its employees will benefit from certain support and structured departure processes.

4.10. Agreement with Orange for the deployment of Fiber in AMII zones

At the end of June, SFR and Orange signed an agreement to extend their FTTH (Fiber to The Home) deployments outside very densely populated areas ("ZTD"). This agreement concerns part of the moderately dense areas ("AMII") which was not covered under the agreement signed by SFR and Orange in 2011.

The area concerned has 2.9 million housing units or business premises which will now be distributed as follows:

- 1.83 million homes or business premises will be deployed by Orange in 363 municipalities;
- 1.07 million homes or business premises will be deployed by SFR in 291 municipalities.

SFR undertook to finalize the 1.07 million housing and business premises by the end of 2020.

4.11. Refinancing of 2022 Notes and restructuring of associated cross currency swaps

On July 16 and July 18, 2018, the Group announced that it had successfully completed the issuance of new term loans and bonds with the intention of redeeming its USD and EUR denominated Senior Secured Notes due in 2022.

The Group issued a USD term loan for a nominal amount of $2,500 million with and interest rate of Libor 3m+4.00% falling due in 2026 and two Senior Secured Notes, a $1,750 million note with a coupon of 8.125% falling due in 2027 and a €1,000 million note with a 5.875% coupon also falling due in 2027.

The proceeds from these issuances were used to fully redeem its $4,000 million May 2022 at 6% Senior Secured Notes and the €1,000 million May 2022 at 5.735% Senior Secured Notes.

The transactions were approved by the board of the Group on July 6, 2018 and were closed in August 2018.

Additionally, cross currency interest rate swaps issued by the Group to hedge the dollar denominated debts were also restructured in order to reflect the new conditions of the new debt instruments.

As part of these transactions, the Group recorded a non-recurring expense of €148.6 million related to the restructuring of the debt and a net non-recurring expense of €8 million related to the restructuring of the cross currency swaps (refer to Note 25 – Derivative instruments for more details).

4.12. Signing of an agreement for the acquisition of Télé Lyon Métropole (TLM)

On October 10, 2018, Altice France announced the signing of an agreement to acquire Télé Lyon Métropole (TLM), the local TNT channel in Lyon, in order to create BFM Lyon (or BFM Lyon Métropole). Altice France aims to build a 100% local news channel. The studios will be installed in Lyon and will host the Lyon editorial of the channel. The *Conseil Superieur de l'Audiovisuel* ("CSA"*)* approved the acquisition of TLM to Altice France on 28th December. The closing of the transaction occurred on January 8, 2019. The acquisition price is not significant.

4.13. Acquisition of sub-group Altice Blue Two

On October 31, 2018, the Group successfully completed the acquisition of a controlling stake in Groupe Altice Blue Two, an indirect subsidiary of Altice Europe. This acquisition was part of the restructuring announced by the Altice Europe in January 2018.

Sub-group Altice Blue includes the telecom operations of Outremer Telecom, a fixed and mobile operator present in the French Overseas Territories (and reported as 'FOT' in Altice Europe's financial communication and in this financial report).

The total consideration transferred amounted to €475,8 million, a part (€300,0 million) was immediatly financed by drawing on the Group's available Revolving Credit Facility ("RCF"); the residual amount was paid before the end of December 2018.

This operation has been treated as an acquisition under common control and hence no goodwill has been created

as part of this transaction.

4.14. Agreement between SFR and Canal Plus Group around Premier League broadcasting

Canal Plus has acquired broadcasting rights to England's Premier League soccer matches during the 2019/2022 season which will kick off in August 2019. The rights for 2016/2019 are currently owned by Altice. SFR has announced that it has already started to work with Canal Plus Group, in order to allow SFR subscribers to continue to enjoy the English Premier League on its TV channels after the summer of 2019.

4.15. Partnership around fiber business in Altice France

On November 30, 2018, Altice France has entered into exclusivity agreement with Allianz Capital Partners ("ACP"), AXA Investment Managers – Real Assets, acting on behalf of its clients ("AXA IM – Real Assets"), OMERS Infrastructure ("Omers"), (together the "Partners") regarding the sale of a minority equity stake of 49.99% in SFR FTTH for a total cash consideration of €1.7 billion based on a €3.4 billion equity value. This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to Altice France. The assets and liabilities were classified as held for sale as of December 31, 2018 (refer to Note 21 – *Assets (and Liabilities) held for sale*). Please refer to Note 36 – *Subsequent events.*

5. Change in scope

Over the year ended December 31, 2018, the changes in the consolidation scope are described as follows:

- Acquisition under common control of the sub-group Altice Customer Services;
- Acquisition under common control of the sub-group Altice Transaction Services France;
- Acquisition under common control of Ma Chaîne Sport;
- Acquisition under common control of sub-group Altice Blue Two;
- Additional participation in ACL et GNP;
- Additional participation in DTV holding (Ex PHO Holding);
- Additional participation in ERT Luxembourg;
- Five new "DSP's entry in the consolidation scope (Martinique THD, Connect 76, Agglo La Rochelle THD, Gard Fibre and Corsica Fibra);
- Disposal of i24News to Altice USA;
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of Decovery, Technologues Culturels and Forum Investissement to Groupe l'Express;
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of Futur telecom and 2SIP to SFR;
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of SIG50 to Altice France;
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of PMP to PMP Holding;
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of PMP Holding to HolcoB;
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of HolcoB to HolcoA;
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of HolcoA to SFR Presse;
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of WLL Antilles Guyane SAS and WLL Réunion SAS to Outremer Telecom SAS;
- Creation of the company SFR International Carrier Services followed by a disposal to Tofane Global;
- Creation of the company Hivory followed by the disposal of a minority stake of 49.99 % to KKR.

The consolidation scope updated is presented in Note 34 – *List of consolidated entities*.

Acquisition under common control

Acquisition under common control during the first half year 2018

The acquisitions of Altice Customer Services (hereinafter "ACS"), of Altice Technical Services France (hereinafter "ATSF") were considered as "business combinations under common control" as defined by the IFRS standards and, in this respect, excluded from the scope of application of the revised IFRS 3. These transactions were recorded in the consolidated financial statements at historic accounting values for the two sub-groups in order to, as indicated in IAS 8, disclose the most relevant information.

The treatment was as follows:

- The combination date is the acquisition date;
- The purchaser is Altice France;
- The values adopted for newly-consolidated companies are the carrying amounts in the consolidated financial statements of Altice International on the acquisition date;
- No new goodwill is generated by these transactions and the difference between the acquired net position and the acquisition price of securities is allocated to equity.

No pro forma information was prepared given that these entries into the scope are immaterial at group level. The consolidated statement of income includes eight months of activity for ACS and ATSF.

The impact of the entry of ACS and ATSF in to the scope is broken down below:

ACS

(€m)	**Net value**
Non-current assets	66.4
Current assets	133.5
Assets	**199.8**
Non-current liabilities	51.3
Current liabilities	108.6
Liabilities	**160.0**
Equity acquired (a)	***39.9***
Acquisition share's price (b)	**30.0**
Impact on equity (a) - (b)	***9.9***
- Equity, Group share	*10.8*
- Non-controlling interests	(0.9)

ATSF

(€m)	**Net value**
Non-current assets	20.3
Current assets	179.3
Assets	**199.6**
Non-current liabilities	5.5
Current liabilities	102.8
Liabilities	**108.3**
Equity acquired (a)	***91.3***
Acquisition share's price (b)	**174.8**
Impact on equity (a) - (b)	***(83.5)***
- Equity, Group share	*(91.7)*
- Non-controlling interests	*8.1*

The goodwill included in the non-current assets of ACS and ATSF amounts to, respectively €26.8 million and €72.9 million.

As described in Note 4 – *Significant events of the period*, concerning ACS, an additional impact on equity has been booked for a negative amount of €23.6 million (Fair value of the put and call option on non-controlling interests).

Concerning ATSF, an additional impact on equity has been booked to record a deferred tax asset of €21.6 million related to the elimination of margins on intercompany transactions.

Acquisition under common control during the third quarter 2018

The acquisition of the entity Ma Chaîne Sport ("MCS") by SportCoTV, subsidiary of GNP, to AENS, subsidiary of Altice International was considered as "business combinations under common control" as defined by the IFRS standards and, in this respect, excluded from the scope of application of the revised IFRS 3. The treatment is explained above.

The impact of the entry of MCS amounts to €(14.9) million on the Group's share equity. As the other impacts in the statement of financial position are no significant, this statement is not disclosed. No pro forma information was prepared given that this entry into the scope is immaterial at group level. The consolidated statement of income includes six months of activity for MCS.

Acquisition under common control during the fourth quarter 2018

The acquisition of the sub-group Altice Blue Two (hereinafter "FOT") was considered as "business combinations under common control" as defined by the IFRS standards and, in this respect, excluded from the scope of

application of the revised IFRS 3. This transaction were recorded in the consolidated financial statements at historic accounting values for the sub-group in order to, as indicated in IAS 8, disclose the most relevant information.

The treatment was as follows:

- The combination date is the acquisition date;
- The purchaser is Altice France;
- The values adopted for newly-consolidated company are the carrying amounts in the consolidated financial statements of Altice International on the acquisition date;
- No new goodwill is generated by these transaction and the difference between the acquired net position and the acquisition price of securities is allocated to equity.

No pro forma information was prepared given that these entries into the scope are immaterial at group level. The consolidated statement of income includes two months of activity for the sub-group FOT.

The impact of the entry of sub-group FOT in to the scope is broken down below:

FOT	
(€m)	**Net value**
Non-current assets	489.0
Current assets	90.2
Assets	**579.2**
Non-current liabilities	463.5
Current liabilities	129.7
Liabilities	**593.2**
Equity acquired (a)	***(14.0)***
Acquisition share's price (b)	**88.6**
Impact on equity (a) - (b)	***(102.6)***
- Equity, Group share	*(102.9)*
- Non-controlling interests	*0.3*

The goodwill included in non-current assets of FOT amounts to € 276.5 million.

6. Revenue

The breakdown of revenue is detailed as follows:

Revenues **(€m)**	**December 31,** **2018**	**December 31,** **2017 restated**
Mobile-service	3,907.0	4,158.4
Mobile-equipment sales	773.0	773.3
Fixe	3,793.4	4,083.8
Wholesale	1,189.1	1,288.5
Media	462.9	516.3
Other	62.0	-
Total	**10,187.4**	**10,820.4**

The line « Other » now includes the consolidated revenues of ACS, ATSF and FOT.

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at December 31, 2018:

Maturity of revenues **(€m)**	**2019**	**2020**	**2021**	**Beyond 2022**	**Total**
Total Amount	**1,871.4**	**657.9**	**204.7**	**334.1**	**3,068.1**

7. Reconciliation of operating income to Adjusted EBITDA

The following table shows the reconciliation of the operating income in the consolidated financial statements to Adjusted EBITDA:

Reconciliation of Operating income to Adjusted EBITDA (€m)	December 31, 2018	December 31, 2017 restated
Operating income	**511.8**	**(133.5)**
Depreciation, amortization and impairment	2,600.5	2,780.9
Restructuring costs	(8.6)	672.9
Costs relating to stock option plans	1.2	2.0
Other non-recurring costs (a)	600.9	314.3
Adjusted EBITDA	**3,705.8**	**3,636.6**

(a) As of December 31, 2018, mainly include the neutralization of the break-up fee with Altice Entertainment News & Sport (€(300.0) million), the management fees with Altice Luxembourg (€(59.0) million), allowances related to Bouygues Telecom settlements (€(78.9) million), the impairment of Media goodwill and brand (€(61) million), net reversal of provision related to litigation (€64.1 million),costs related to the change in office premises to the new Altice Campus (€(51.8) million) in 2018 compare to (€(131.0) million) in 2017, network sale and buyback (€(28.4) million) in 2018 compare to (€(2.6) million) in 2017. Refer to Note 33.2 – *Civil and commercial disputes*.

The definition of Adjusted EBITDA has been revised in accordance with Altice Europe accounting policies: management fees are now excluded from Adjusted EBITDA. As a reminder, the amount of management fees was nil as of December 31, 2017.

8. Staff costs and average number of employees

Staff costs break down as follows:

Staff Costs and Average annual breakdown (Full-time equivalent) (€m)	December 31, 2018	December 31, 2017 restated
Average annual headcount (Full-time equivalent) (a)	**21,758.9**	**16,670.7**
Wages and salaries	(761.4)	(753.1)
Social security costs	(304.2)	(339.3)
Employee profit-sharing	(55.5)	(19.7)
Capitalized payroll costs	222.7	250.0
Staff costs	**(898.3)**	**(862.0)**
Costs related to stock option plans	(1.2)	(2.0)
Employee benefit plans	(7.2)	(11.7)
Other (b)	(22.9)	(1.0)
Staff costs and employee benefit expenses	**(929.6)**	**(876.8)**

(a) The increase of the staff between December 31, 2017 and December 31, 2018 is mainly due to the entry in the Group of the employees of the sub-groups ATSF, ACS and FOT prorated at the acquisition date.

(b) Includes mainly the costs of various personnel as well as social advantages and provisions for risks excluding the provisions for retirement benefits.

The amount of staff costs included in Note 10 – *Non recurring income and expenses* is €4.2 million compared to €(727.6) million. This amount mainly included the costs related to the voluntary departure plan of the telecom division and retail stores.

9. Other operating expenses

Other operating expenses consist primarily of the following items:

Other operating expenses (€m)	December 31, 2018	December 31, 2017 restated
Network operation and maintenance	(686.2)	(783.7)
Sales and marketing	(504.0)	(531.1)
Customer service	(424.7)	(512.9)
General and administrative expenses	(328.0)	(248.5)
Taxes	(228.6)	(213.8)
Other operating expenses	**(2,171.4)**	**(2,290.1)**

10. Non-recurring income and expenses

Non-recurring income and expenses consist of the following items:

Non-Recurring Income and Expenses (€m)	December 31, 2018	December 31, 2017 restated
Net restructuring costs	8.6	(672.9)
Litigation	64.1	(34.3)
Gain and loss on disposal of property, plant, equipment and intangible assets	16.4	(108.6)
Other non-recurring income and expenses	(680.5)	(163.9)
Non-recurring income and expenses	**(591.4)**	**(979.8)**

Refer to Note 2.4 – *Adjusted EBITDA* and Note 7 - *Reconciliation of operating income to Adjusted EBITDA.*

11. Financial income

Financial income is broken down below:

Financial Income (€m)	December 31, 2018	December 31, 2017 restated
Cost of gross financial debt	**(831.5)**	**(1,099.3)**
Financial income	**8.9**	**208.9**
Provisions and unwinding of discount	(28.4)	(0.2)
Other	(224.4)	(177.1)
Other financial expenses	**(252.7)**	**(177.4)**
Net financial income (expense)	**(1,075.3)**	**(1,067.8)**

The cost of gross financial debt decreased from €1,099.3 million as of December 31, 2017 to €831.5 million as of December 31, 2018, mainly as a result of the refinancing of debts carried out during the course of 2017, which lead to a decrease in the cost of debt for the Group.

The cost of the financial debt was also impacted by a favorable change in hedging instruments following an appreciation in the USD / EUR rate between 2017 and 2018 (1.2022 at December 31, 2017 compared 1.1452 at December 31, 2018).

Other financial expenses increased for the period mainly include a non-recurring expense of €148.6 million related to the refinancing of the 2022 notes. See notes 4 – *Significant events of the* period and note 24 – *Financial liabilities* for more information.

12. Income tax expense

12.1. Income tax expense components

Income Tax Income (expense) (€m)	December 31, 2018	December 31, 2017 restated
Tax income (expense)		
Current	(123.2)	23.3
Deferred	222.5	404.9
Income tax income (expense)	**99.3**	**428.1**

12.2. Tax proof

Tax Proof (€m)	December 31, 2018	December 31, 2017 restated
Net income (loss)	(476.8)	(783.8)
Neutralization :		
Income tax expense (income)	99.3	428.1
Share in net income (loss) of associates	(12.7)	(10.7)
Profit before taxes	**(563.4)**	**(1,201.3)**
Statutory tax rate in France	34.43%	34.43%
Theoretical income tax	**194.0**	**413.6**
Reconciliation between the theoretical tax rate and the effective tax rate :		
Effects of permanent differences (a)	(182.7)	(70.0)
Tax credits/tax assessments (b)	(13.3)	118.4
CVAE net of current and deferred taxes (c)	(49.9)	(48.7)
Differences on income tax rate (d)	39.1	(60.6)
Reassessments of deferred taxes (e)	116.0	96.5
Other	(3.8)	(21.0)
Income tax income (expense)	**99.3**	**428.1**
Effective tax rate (d)	**17.63%**	**35.64%**

(a) Corresponds primarily to the reintegration of net financial expenses: €(132.7) million.
(b) Corresponds mainly to risks linked to corporate tax : €(16.5) million.
(c) Corresponds to the tax charge on the added value of businesses (CVAE) reclassified as corporate income tax under the IFRS: €(76.1) million, net of the deferred tax €26.2 million.
(d) Article 84 of the Act 2017-1837 dated December 30, 2017 prescribes a progressive decrease of the income tax rate in order to reach 25.83% (including the social surtax of 3.3%) in 2022.This new rate has been applied to all temporary differences that matures in 2020 at the earliest. However, for loss carry forwards and significant straight amounts, the maturity provided by the “Loi de finance” have been applied. The impact breaks down as follows: €(7.7) million euros related to the rate change applied to short-term basis (32.2 % compared to 34.34% the previous year) + €46.3 million related to the application of a differentiated rate for long-term basis and to the change in the long-term basis of the year.
(e) The Group reviewed the deferred tax assets by taking into account the new business plan of the Group.

12.3. Change in deferred taxes by type

The change in deferred taxes for the year is broken down in the following table according to the deferred tax basis:

Change in Deferred taxes (€m)	December 31, 2017 restated (*)	Income statement	Other **	December 31, 2018
Deferred tax assets				
Tax losses (a)	803.2	59.6	(1.9)	860.9
Provisions	79.3	(8.6)	(0.8)	69.9
Property, plant and equipment and intangible assets	191.1	(21.1)	0.1	170.0
Derivative instruments	261.2	(101.2)	(6.1)	154.0
Other	97.9	22.5	29.5	149.8
Offsetting (b)	(756.3)	-	(60.5)	(816.8)
Deferred tax assets, gross	**676.4**	**(48.9)**	**(39.8)**	**587.7**
Unrecognized tax assets				
Tax losses (a)	(539.1)	77.6	4.4	(457.1)
Other	(125.7)	5.9	0.9	(118.9)
Deferred tax assets, net	**11.6**	**34.6**	**(34.5)**	**11.6**
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(927.1)	178.5	(6.1)	(754.7)
Derivative instruments	(122.4)	28.2	(19.3)	(113.6)
Other	(63.4)	(18.7)	7.1	(75.0)
Offsetting (b)	756.3	-	60.5	816.8
Deferred tax liabilities	**(356.6)**	**188.0**	**42.3**	**(126.4)**
Net deferred tax assets (liabilities)	**(345.0)**	**222.5**	**7.7**	**(114.8)**

** This amount include €(8.1) million related to financial instruments and actuarial losses in OCI and €17.5 million related to the changes in scope

(a) As of December 31, 2018, the Group recognized a deferred tax asset for €403.7 million compared to €264.1 million at year-end 2017 on the basis of projections of future use of the loss carry forward deemed probable. The additional activation breaks down as follows: €62.5 million related to the whole Group deficit and €84.3 million related to subsidiaries own or pre-integration deficits. It is specified that all deficits are mostly indefinitely reportable.

(b) In accordance with IAS 12 – *Income tax,* the deferred tax assets and liabilities of a given tax group may be offset against each other provided they all relate to income tax levied by the same tax authority; the Group has a legally enforceable right to offset tax assets and liabilities.

12.4. Tax receivables and payables

At year-end, tax receivables for €111.0 million corresponds mainly to the corporate income tax advances paid in 2018. Tax payables for €115.0 million corresponds to the provision for 2018 income tax.

13. Goodwill and impairment tests

13.1. Change in goodwill

Change in Goodwill (€m)	**December 31, 2018**	**December 31, 2017 restated**
Net carrying amount	**11,199.2**	**11,145.9**
Acquisitions (a)	376.3	-
Disposals (b)	(37.5)	-
Exchange impact	0.1	-
Impairment (c)	(58.3)	-
Other (d)	(0.0)	53.3
Net value at end of year	**11,479.8**	**11,199.2**

(a) The following table shows the detail of the goodwill included in the accounts of the sub-groups acquired under common control during 2018 :

(€m)	
ACS	26.8
ATSF	72.9
FOT	276.5
Total	**376.3**

(b) Mainly concerns the disposal of i24news.
(c) Concerns the operating segment Media, following the impairment tests.
(d) Mainly concerned the change in control of N23 Channel.

13.2. Impairment tests

The impairment tests described in this note were on the goodwill of the Group, on the basis of their useful value, assessed from projections of discounted future cash flows taking into consideration the operating segments as defined by the Group.

For the purposes of the impairment tests, goodwill is allocated in definite value at the level of the four operating segments monitored by the Group as follows:

Breakdown of Goodwill (€m)	**December 31, 2018**	**December 31, 2017 restated**
B2C Operations	5,613.0	5,613.0
B2B Operations	3,022.2	3,022.2
Wholesale	1,923.9	1,923.9
Media	544.3	640.1
Other	376.3	-
Total	**11,479.8**	**11,199.2**

13.3. Main assumptions used

The goodwill impairment test was conducted on the basis of the operating segments defined above. In accordance with IAS 36 on impairment of goodwill, the impairment test is performed by comparing the carrying amount with the recoverable amount for each of the operating segments.The conditions for allocation of assets and liabilities shared by the operating segments are described in Note 2.13 – *Impairment of assets*. The recoverable amount is determined based on the value in use using a discounted cash flow model. The value in use is determined by using cash projects based on financial budgets approved by Management covering a five-year period.

Projections of subscribers, revenue, costs and capital expenditure are based on reasonable and acceptable assumptions that represent Management's best estimates. These assumptions are based on the projected number of subscribers, the level of expenses to improve network infrastructures, and the savings related to the continued implementation of the synergies identified by the Group. The projections are based on both past experience and the expected future market penetration of the various products. All these elements have been assigned, either directly or indirectly, to the operating segments of the Group.

As indicated in Note 2.13 – *Impairment of assets,* the determination of the value in use also depends on assumptions such as the discount rate and the perpetuity growth rate.

Telecom

The value in use is determined from the following estimates at December 31, 2018:

Basis of recoverable amount	Value in use
Methodology	DCF
Projection period	5 years
Post-tax discount rate	7.00%
Perpetuity growth rate	1.75%

As of December 31, 2018, the recoverable value would be equal to the carrying value if one of the main assumptions changed as follows:

	B2C	B2B	Wholesale
Discount rate increase	0.7pt	0.8pt	11.3pt
Growth rate decrease	-0.8pt	-1.0pt	- 23.3pt
Decrease in the adjusted Ebitda margin over the business plan and terminal value period	- 1.7pt	- 2.6pt	- 30.6pt

Media

The value in use is determined from the following estimates at December 31, 2018:

Basis of recoverable amount	Value in use
Methodology	DCF
Projection period	5 years
Post-tax discount rate	8.50%
Perpetuity growth rate	1.75%

As of December 31, 2018, the recoverable value would be equal to the carrying value if one of the main assumptions changed as follows:

Discount rate decrease	-0.5pt
Growth rate increase	0.5pt
Increase in the adjusted Ebitda margin over the business plan and terminal value period	1.0pt

14. Other intangible assets

14.1. Intangible assets by type

The following is a breakdown of intangible assets by type:

Intangible Assets by Type	December 31, 2018			December 31, 2017 restated		
	Gross	Amort, dep. & impairment	Net	Gross	Amort, dep. & impairment	Net
(€m)						
SFR trade name (a)	1,050.0	(690.1)	359.9	1,050.0	(598.4)	451.6
Other trade name (b)	99.2	(47.6)	51.6	72.6	(6.3)	66.3
Licenses (c)	2,289.7	(611.1)	1,678.7	2,285.6	(453.3)	1,832.3
Customer bases (d)	2,913.7	(1,425.7)	1,488.0	2,875.2	(1,070.0)	1,805.2
Software	3,414.5	(2,160.0)	1,254.5	2,708.0	(1,506.3)	1,201.7
Other intangible assets (e)	2,894.5	(1,838.5)	1,056.1	2,390.5	(1,229.0)	1,161.5
Total	**12,661.7**	**(6,773.0)**	**5,888.7**	**11,381.9**	**(4,863.2)**	**6,518.7**

(a) The SFR brand was valued at the time of application of Purchase Price Accounting and was initially amortized over 15 years. An accelerated amortization was applied on SFR brand in 2017. At the end of December 2018, the residual useful life is four years.

(b) Includes mainly SFR Presse and NextRadioTV brands for respectively a net amount €14.5 million and €35.7 million.

(c) Includes the licenses held by :

- SFR for a net amount of €1,624.2 million (Refer to Note 2.10 – *Intangible assets*).
- NextRadioTV for a net amount of €52.3million.

(d) Includes mainly :

- The SFR customer base as valued at the time of application of Purchase Price Accounting for a gross value of €2,700 million amortized over 9 years. This base is amortized for an aggregate amount of €1,225 million.
- The Virgin Mobile customer base as valued at the time of application of Purchase Price Accounting for a gross value of €160 million amortized over 5 years. As of December 31, 2018, the Virgin customer base has a nil net carrying amount.

Primarily include the rights to use the cable infrastructure and civil engineering facilities, the concession contracts (IFRIC 12), service access fees and television programs.

14.2. Change in net intangible assets

The following is a breakdown of the change in intangible assets:

Changes in Net Intangible Assets (€m)	December 31, 2018	December 31, 2017 restated
Net carrying value in the opening balance	**6,518.7**	**7,467.1**
Amortization and impairment (a)	(1,278.5)	(1,624.5)
Acquisitions (a)	680.9	678.7
Disposals	(10.6)	(17.8)
Changes in scope	59.3	(4.1)
Assets classified in "held for sale" (b)	(112.3)	(0.0)
Other	31.2	19.3
Net carrying value in the closing balance	**5,888.7**	**6,518.7**

(a) The amounts related to acquisition costs have been reclassified in contract costs in compliance with IFRS 15.

(b) Related to the planned sale of a part of Altice France fiber optics network to SFR FTTH (Refer to Note 4 – *Significant events of the period*).

14.3. Breakdown of amortization and impairment

The following is a breakdown of amortization and impairment:

Breakdown of Amortization and Impairment (€m)	December 31, 2018	December 31, 2017 restated
Trade name	(108.0)	(454.5)
Licenses	(155.8)	(152.2)
Customer bases	(327.8)	(325.5)
Software	(400.1)	(411.3)
Other intangible assets	(286.9)	(280.9)
Total (a)	**(1,278.5)**	**(1,624.5)**

(a) The amounts related to acquisition costs have been reclassified in contract costs in compliance with IFRS 15.

15. Contract balances

The following table provides the breakdown of the contract balances:

Contract balances (€m)	December 31, 2018	December 31, 2017 restated
Contract costs, net	156.9	152.0
Contract assets, net	226.8	266.3
Contract liabilities	(981.3)	(972.5)
Total	**(597.6)**	**(554.3)**

15.1. Contract costs

The following table is a breakdown of contract costs:

Contract costs, net	December 31, 2018			December 31, 2017 restated		
(€m)	Gross	Amort, dep. & impairment	Net	Gross	Amort, dep. & impairment	Net
Opening balances	627.7	(475.7)	152.0	482.7	(335.5)	147.2
Additions	148.8	-	148.8	145.0	-	145.0
Amortization	-	(145.6)	(145.6)	-	(140.3)	(140.3)
Change in consolidation scope	17.5	(16.3)	1.2	-	-	-
Other	-	0.5	0.5	-	-	-
Closing Balances	**794.0**	**(637.1)**	**156.9**	**627.7**	**(475.7)**	**152.0**

15.2. Contract assets

The net contract assets breaks down as follows:

Contract assets, net (€m)	December 31, 2018	December 31, 2017 restated
Opening balances	**266.3**	**361.7**
Business related movements	(36.2)	(95.4)
Change in consolidation scope	3.6	-
Closing balances	**233.7**	**266.3**
Impairment loss	(6.9)	-
Contract assets, net	**226.8**	**266.3**

15.3. Contract liabilities

The following table present the changes in contract liabilities:

Contract liabilities (€m)	December 31, 2018	December 31, 2017 restated
Opening balances	**972.5**	**876.8**
Business related movements	54.5	86.9
Change in consolidation scope	21.8	-
Translation adjustments	0.8	(0.8)
Reclassification to held for sale	(63.8)	1.7
Other	(4.5)	7.9
Closing balances	**981.3**	**972.5**

The contract liabilities are detailed as follows:

Contract liabilities (€m)	December 31, 2018	December 31, 2017 restated
Contract liabilities - current	478.5	517.3
Contract liabilities - non current	502.8	455.2
Total Contract liabilities	**981.3**	**972.5**
Explained as follows :		
Prepaid revenue - IRU	213.7	262.0
Prepaid revenue - Telecommunication subscriptions	324.3	351.7
Prepaid revenue - Other	443.3	358.8
Total	**981.3**	**972.5**

16. Property, plant and equipment

16.1. Property, plant and equipment by type

The following is a breakdown of property, plant and equipment by type:

Property, Plant and Equipment by Type	December 31, 2018			December 31, 2017 restated		
(€m)	Gross	Amort, dep. & impairment	Net	Gross	Amort, dep. & impairment	Net
Land	93.3	(1.2)	92.2	92.7	(1.2)	91.5
Buildings	2,446.3	(984.1)	1,462.2	1,774.2	(361.7)	1,412.5
Technical equipment	7,654.7	(4,367.5)	3,287.3	6,044.2	(2,535.7)	3,508.5
Assets in progress	456.8	(5.2)	451.7	586.4	-	586.4
Other	2,744.0	(1,706.0)	1,038.0	1,903.9	(1,078.5)	825.3
Total	**13,395.2**	**(7,063.9)**	**6,331.4**	**10,401.4**	**(3,977.2)**	**6,424.2**

Buildings mainly consist of technical website hosting, constructed buildings and their respective amenities. Technical facilities include mainly network and transmission equipment. Property, plant and equipment in progress consist of equipment and network infrastructures. “Other” items include boxes (ADSL, fiber and cable).

16.2. Change in net property, plant and equipment

The following table is a breakdown of the change in property, plant and equipment:

Change in net Property, Plant and Equipment (€m)	December 31, 2018	December 31, 2017 restated
Net carrying value in the opening balance	**6,424.2**	**6,020.6**
Amortization, depreciation and impairment	(1,189.4)	(1,016.1)
Acquisitions	1,417.6	1,561.9
Disposals	(21.8)	(117.1)
Changes in scope	72.6	(4.0)
Assets classified in "held for sale" (a)	(326.4)	-
Other	(45.4)	(21.0)
Net carrying value in the closing balance	**6,331.4**	**6,424.2**

(a) Related to the planned sale of a part of Altice France fiber optics network to SFR FTTH (Refer to Note 4 – *Significant events of the period*).

16.3. Breakdown of amortization and impairment

The following table is a breakdown of amortization and impairment:

Breakdown of Amortization and Impairment (€m)	December 31, 2018	December 31, 2017 restated
Buildings	(145.5)	(139.3)
Technical equipment	(612.9)	(521.3)
Assets in progress	4.5	-
Other	(435.4)	(355.5)
Total	**(1,189.4)**	**(1,016.1)**

16.4. Property, plant and equipment financed by finance leases

The net carrying amount of the assets held through finance lease contracts breaks down as follows:

Finance Lease (€m)	December 31, 2018	December 31, 2017 restated
Land	1.0	1.0
Buildings	10.3	11.9
Technical equipment	78.3	92.5
Other	34.4	10.6
Total	**124.0**	**115.9**

17. Investments in associates

The change for the fiscal year is analyzed as follows:

Change of the investments in associates (€m)	
Balance as of December 31, 2017	**23.0**
Capital increase (a)	21.6
Dividends paid	(3.4)
Income / Loss	(12.7)
Deconsolidation	(5.1)
Other	(3.6)
Balance as of December 31, 2018	**19.8**

(a) Corresponds to the capital increase in La Poste Telecom.

17.1. Main interests in associates

The amount of "Investments in associates" breaks down as follows:

Main interests in associates (€m)	December 31, 2018	December 31, 2017 restated
La Poste Telecom (a)	-	-
Synerail Construction (b)	8.1	8.1
Coalition group	-	3.1
Other associates	8.8	10.1
Associates	**16.9**	**21.3**
Synerail (b)	2.1	0.8
Foncière Rimbaud (c)	0.7	1.0
Joint ventures	**2.8**	**1.7**
Total	**19.8**	**23.0**

The main investments in associates are as follows:

a) In 2011, SFR and La Poste formed La Poste Telecom, of which they own 49% and 51%, respectively. This subsidiary is a virtual mobile operator in the retail mobile telephony market under the trademark La Poste Mobile. The negative value of the equity interests in La Poste Telecom was adjusted to zero by offsetting against provisions totaling €13.0 million at year-end 2018.

b) On February 18, 2010, a group comprised of SFR, Vinci and AXA (30% each) and TDF (10%) signed a GSM-R public-private partnership contract with Réseau Ferré de France. This contract, worth a total of one billion euros over a 15-year term, is to finance, build, operate and maintain a digital telecommunications network to provide voice and data communication between trains and ground control teams in conference mode. The network will be rolled out gradually on 14,000 km of traditional and high-speed rail lines in France. Synerail Construction, a subsidiary of Vinci (60%) and SFR (40%), is responsible for the construction of this network. The value of these equity-accounted securities is positive as shown in the table above.

c) SFR and Vinci Immobilier, a subsidiary of Vinci Group, have four subsidiaries in common which they own 50:50 – Foncière Rimbaud 1, Foncière Rimbaud 2, Foncière Rimbaud 3 and Foncière Rimbaud 4 – as part of the construction of SFR's headquarters in Saint-Denis. This project was completed in two tranches. The first tranche of buildings carried by Foncière Rimbaud 1 and Foncière Rimbaud 2 was delivered in late 2013. The second tranche carried by Foncière Rimbaud 3 and Foncière Rimbaud 4 was delivered in the last quarter of 2015. As a portion of the property complex was sold off-plan (VEFA), Foncière Rimbaud companies continue for the time needed to finalize the operations.

The shareholding percentages of these principal equity associates are indicated in Note 34 – *List of consolidated entities*.

17.2. Condensed financial information

The following table presents the condensed financial information on significant equity associates:

Condensed financial information	La Poste Telecom		Synerail		Synerail Construction	
(€m)	2018	2017 Restated	2018	2017	2018	2017
Revenues	251.0	232.5	86.6	74.8	0.7	37.2
Net income (loss)	(36.0)	(28.5)	6.0	6.8	0.1	11.1
Equity	(63.0)	(66.4)	6.2	1.6	20.3	20.2
Cash (-)/Net debt (+)	46.0	28.9	390.4	440.6	22.0	(23.6)
Total balance sheet	**61.0**	**72.5**	**461.2**	**515.4**	**24.0**	**29.6**

18. Other non-current assets

Other non-current assets are detailed as follows:

Other non-current assets (€m)	December 31, 2018	December 31, 2017 restated
Derivative financial instruments (a)	1,027.2	649.9
Other	89.2	85.8
Non-current financial assets	**1,116.3**	**735.7**
Other non-current assets (b)	265.5	195.0
Other non-current assets	**1,381.8**	**930.7**

(a) Of which €1,017.5 million related to swaps (Refer to Note 25 – *Derivative instruments*) and €9.7 million related to the call option linked to ACS (Refer to Note 4 – *Significant events of the period)*.

(b) Includes mainly non-current prepaid expenses.

19. Inventories

Inventories (€m)	December 31, 2018	December 31, 2017 restated
Inventories of terminals and accessories	263.4	309.4
Inventories and work in progress	54.7	
Other	19.5	21.0
Inventories - gross	**337.5**	**330.4**
Impairment	(33.5)	(41.6)
Inventories - net value	**304.0**	**288.8**

Inventories are primarily comprised of handsets (mobile and boxes) and accessories.

The handsets inventories at year-end consisted of €88.2 million classified as inventories on deposit with distributors (classified as agents) compared with €124.4 million in 2017.

The inventories and work in progress relate to ATSF activity.

20. Trade and other receivables

Trade and other Receivables (€m)	December 31, 2018	December 31, 2017 restated
Trade receivables (a)	2,818.9	3,012.9
Impairment of doubtful debts (b)	(733.1)	(622.6)
Trade receivables, net	**2,085.7**	**2,390.3**
Receivables from suppliers	465.0	298.9
Tax and social security receivables	769.4	736.0
Prepaid expenses	155.4	132.2
Other receivables non-operating	74.0	59.0
Trade and other receivables, net	**3,549.6**	**3,616.4**
Corporate tax (c)	110.8	150.1
Corporate tax integration receivables	0.0	0.5
Tax receivables	**110.9**	**150.6**

(a) The trade receivables disclosed above are measured at amortized cost. Due to their short-term maturity, fair value and amortized cost are an estimate for the nominal amount of trade receivables.

(b) The Group considers that there is no significant risk of not recovering unprovisioned receivables due. The concentration of counterparty risk connected with trade receivables is limited as the Group's customer portfolio is highly diversified and not concentrated given the large number of customers, especially in B2C activities, with many millions of individual customers.

In the B2B segment, the twenty principal customers of the Group represent less than 5% of Group revenue.

In the operator business, revenue is more concentrated as the largest customers are the telecommunication operators (Orange, Bouygues Telecom, Free Mobile, etc.) for which the risk is moderate given the reciprocal interconnection flows.

(c) Tax receivables represent the advances paid in 2018.

21. Assets (and liabilities) held for sale

On July 18, 2018, the Sale and Purchase Agreement was signed by Altice France with Tofane Global related to the sale of the international wholesale voice carrier business in France. The transaction closed on September 12, 2018 as indicated in Note 4.3 – *Significant events of the period.* As a result, the related assets and liabilities were no longer classified as held for sale as of December 31, 2018, in accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*.

As described in Note 4.15 – *Significant events of the period,* the closing of the transaction related to SFR FTTH occurred on March 1, 2019. The table below provides the details of assets and liabilities classified as held for sale as of December 31, 2018:

Assets (and liabilities) held for sale (€m)	**December 31, 2018**
Tangible and intangible assets	438.7
Other non-current assets	0.6
Currents assets	82.7
Total assets held for sale	**521.9**
Non-current liabilities	95.7
Current liabilities	103.7
Total liabilities related to assets held for sale	**199.4**

22. Cash and cash equivalents

Cash and cash equivalents are broken down below:

Cash and Cash Equivalent (€m)	**December 31, 2018**	**December 31, 2017 restated**
Cash	741.8	384.9
Cash equivalents (a)	326.6	66.3
Cash and cash equivalents	**1,068.5**	**451.3**

(a) Cash equivalents mainly consisted of term deposits and money-market funds (SICAV).

23. Equity

As of December 31, 2018, Altice France's share capital amounted to €443,706,618 comprising 443,706,618 ordinary shares with a par value of €1 each. There was no change on share capital over the twelve month period ended December,31 2018.

The Group does not hold treasury shares.

The Group did not pay dividends to its shareholders during the fiscal years 2016, 2017 and 2018.

24. Financial liabilities

24.1. Financial liabilities breakdown

Financial liabilities breakdown as follows:

	Current		Non-current		Total	
Financial Liabilities breakdown (€m)	**December 31, 2018**	**December 31, 2017 restated**	**December 31, 2018**	**December 31, 2017 restated**	**December 31, 2018**	**December 31, 2017 restated**
Bonds	278.5	274.0	9,474.4	10,993.1	9,752.9	11,267.2
Term loans	81.4	77.3	7,167.3	5,005.0	7,248.7	5,082.4
Derivative instruments	-	-	794.1	856.3	794.1	856.3
Borrowings	**359.9**	**351.4**	**17,435.8**	**16,854.4**	**17,795.8**	**17,205.8**
Finance lease liabilities	22.9	33.4	56.4	39.5	79.3	72.9
Perpetual subordinated notes ("TSDI")	-	-	53.0	49.5	53.0	49.5
Deposits received from customers	37.2	52.2	162.4	147.4	199.6	199.6
Bank overdrafts	39.2	78.0	-	-	39.2	78.0
Securitization	229.5	248.3	-	-	229.5	248.3
Reverse factoring	600.0	556.1	-	-	600.0	556.1
Commercial paper	107.0	34.5	-	-	107.0	34.5
Other (a)	50.3	104.4	95.6	11.7	145.9	116.1
Other financial liabilities	**1,086.0**	**1,106.9**	**367.3**	**248.1**	**1,453.4**	**1,355.1**
Financial liabilities	**1,445.9**	**1,458.3**	**17,803.2**	**17,102.6**	**19,249.1**	**18,560.8**

(a) As of December 31, 2018, this amount includes €67.1 million of liabilities related to the acquisition of the minority interests (of ERT Luxembourg for €52.1 million and Icart €15.0 million), €28.0 million related to the put option on ACS's minority interests and €15.1 million related to the adjustment of the disposal price of Hivory. As of December 31, 2017, this amount included €70.4 million related to the valuation of the put and call options as part of the acquisition of NextRadioTV.

Financial liabilities issued in US dollars are converted at the following closing rate:

- As of December 31, 2018: €1 = 1.1452 USD
- As of December 31, 2017: €1 = 1.2022 USD

On August 15, 2018, the Group successfully completed the refinancing of its 2022 dollar and euro denominated notes through the issuance of new euro and dollar denominated notes and a new dollar term loan.

The new notes have the following characteristics:

- Euro denominated notes due in 2027 with a nominal of €1,000.0 million and paying a coupon of 5.875%;
- Dollar denominated notes due in 2027 with a nominal of €1,750.0 million and paying a coupon of 8.125%;
- Dollar denominated Term Loan ("TLB13") due in 2026 with a nominal of €2,500.0 million and paying a coupon of USD Libor 3m + 4.00%.

The notes were issued at par and the term loan with an OID of 2.5%.
The refinancing operation was treated as an extinguishment of debt by the Group, following the provisions of IFRS9.

The Group exercised the early redemption call option in order to repay the 2022 notes and thus paid a call premium of 3% (of the nominal amount) for the dollar notes and 2.6875% (of the nominal amount) for the euro notes for an aggregate amount of €132.9 million. Additionally, unamortized issuance costs that were capitalized as part of the initial issuance of the 2022 notes were directly expensed through the consolidated statement of profit and loss for an amount of €15.7 million.

24.2. Bonds

Bonds can be broken down as follows:

Original currency	Maturity	**Coupon** *in foreign currency*	Outstanding amount at [1] (€m) December 31, 2017 restated	December 31, 2018
EUR	May 2022	5.375%	1,000.0	-
EUR	May 2024	5.625%	1,250.0	1,250.0
EUR	January 2027	5.875%	-	1,000.0
USD	May 2022	6.000%	3,327.2	-
USD	May 2024	6.250%	1,143.7	1,200.7
USD	April 2026	7.375%	4,317.1	4,532.0
USD	January 2027	8.125%	-	1,528.1
Total			**11,038.1**	**9,510.7**

1. Amounts expressed exclude accrued interest (€284.8 million as of December 31, 2018 and €298.4 million as of December 31, 2017) and exclude the impact of the effective interest rate (€(42.6) million as of December 31, 2018 and €(69.3) million as of December 31, 2017). Including accrued interest and impact of EIR, the total bond borrowings amounted to €9,752.9 million as of December 31, 2018 and €11,267.2 million as of December 31, 2017.

24.3. Bank borrowings

The bank loans break down as follows:

Currency	Tranche	Maturity	Reference interest rate	Margin in foreign currency [1]	Outstanding amount at [2] *(€m)* December 31, 2017 restated	December 31, 2018
EUR	B11	July 2025	Euribor 3M	3.000%	1,139.3	1,127.8
EUR	B12	July 2025	Euribor 3M	3.000%	1,000.0	990.0
USD	B11	January 2026	Libor 3M	2.750%	1,175.3	1,221.4
USD	B12	January 2026	Libor 3M	3.000%	1,788.4	1,858.6
USD	B13	August 2026	Libor 3M	4.000%	-	2,183.0
Revolving credit facility					-	-
Total					**5,102.9**	**7,380.8**

1. Interest is payable quarterly at the end of January, April, July and October.
2. Amounts expressed exclude accrued interest (€24.1 million as of December 31, 2018 and €33.0 million as of December 31, 2017) and exclude the impact of the effective interest rate (€(177.1) million as of December 31, 2018 and €(79.0) million as of December 31, 2017). Including accrued interest and impact of EIR, total bank borrowings amounted to €7,227.9 million as of December 31, 2018, and €5,056.9 million as of December 31, 2017. These amounts do not include the bank loan raised by NextRadioTV.

Refer to Note 4 – *Significant events of the period* for refinancing occurred during the fiscal year 2018.

As of December 31, 2018, the Revolving Credit Facility ("RCF") has not been used.
Bank loans, excluding the RCF, will all be repaid at the rate of 0.25% of the nominal amount each quarter.

24.4. Net financial debt

Net financial debt as defined and utilized by the Group can be broken down as follows:

Net financial debt (€m)	December 31, 2018	December 31, 2017 restated
Bonds	9,510.7	11,038.1
Term loans	7,380.8	5,102.9
Finance lease liabilities	79.3	72.9
Commercial paper	107.0	34.5
Bank overdrafts	39.2	78.0
Other financial liabilities	87.1	54.6
Financial Liabilities contributing to net financial debt (a)	**17,204.1**	**16,380.9**
Cash and cash equivalents	1,068.5	451.3
Net derivative instruments - currency translation impact	976.7	546.6
Financial Assets contributing to net financial debt (b)	**2,045.2**	**997.9**
Net financial debt (a) – (b)	**15,159.0**	**15,383.0**

(a) Liability items correspond to the nominal value of financial liabilities excluding accrued interest, impact of EIR, perpetual subordinated notes, operating debts (notably guarantee deposits, securitization debts and reverse factoring) and debt on ACS and ATSF share purchase and liabilities related to Hivory price adjustment. All these liabilities are converted at the closing exchange rates. Refer to Note 24.6 – *Reconciliation between net financial liabilities and net financial debt*.

(b) Asset items consist of cash and cash equivalents and the portion of the fair value of derivatives related to the currency impact (€976.7 million as of December 31, 2018 and €546.6 million as of December 31, 2017). The fair value of derivatives related to the interest rate impacts €(753.4) million as of December 31, 2018 and €(753.0) million as of December 31, 2017 is not included.

24.5. Senior secured debt liquidity risk

The following table breaks downs, for the Group's senior secured debt (bonds, bank loans and RCF) the future undiscounted cash flows (interest payments and repayment of the nominal amount).

(€m items)	2019	2020	2021	2022	2023	2024 and beyond	Total
USD bonds	236.7	419.2	118.7	494.2	287.3	8,551.6	10,107.6
USD term loans	254.1	254.1	254.1	205.1	239.2	5,790.3	6,997.0
EUR bonds	129.1	129.1	129.1	129.1	129.1	2,490.8	3,136.1
EUR term loans	85.8	85.8	85.8	85.8	85.8	2,123.4	2,552.4
RCF	14.6	12.2	9.8	4.9	-	-	41.6
Total	**720.3**	**900.4**	**597.5**	**919.1**	**741.4**	**18,956.0**	**22,834.6**

The main assumptions used in this schedule are as follows:

- US dollar amounts are translated to euros at the closing rate (€1=$1.1452) and flows on USD Bonds and USD Term loans also include flows on derivative instruments - also refer to the specific assumptions for debts denominated in US dollars as described in Note 25.4 - *Liquidity risk on foreign currency debt*;
- Calculations of interest are based on the Euribor and Libor rates as of December 31, 2018 (which leads at that date to the application of the floor to floating rate loans in euros but not to floating rate loans in US dollars);
- The maturity dates of bonds and loans are positioned at the contractual maturity date (no early repayment is planned).

24.6. Reconciliation between net financial liabilities and net financial debt

In compliance with IAS7 amendments, the following table shows the reconciliation between net financial liabilities in the consolidated statement of financial position and the net financial debt:

Reconciliation between net financial liabilities and net financial debt (€m)	December 31, 2018	December 31, 2017 restated
Financial liabilities	19,249.1	18,560.8
Cash and cash equivalents	(1,068.5)	(451.3)
Derivative instruments - asset (a)	(1,017.5)	(649.9)
Net financial debt - consolidated statement of financial position	**17,163.2**	**17,459.6**
Reconciliation :		
Net derivative instruments - rate impact	(753.4)	(753.0)
Accrued interest	(316.3)	(335.2)
EIR	219.7	148.3
Perpetual subordinated notes ("TSDI")	(53.0)	(49.5)
Deposits received from customers	(199.6)	(199.6)
Securitization	(229.5)	(248.3)
Reverse factoring	(600.0)	(556.1)
Debt on share purchase	(45.1)	(71.0)
Dividend to pay	(1.9)	(1.9)
Current accounts	(0.9)	(8.6)
Other	(24.3)	(1.7)
Net financial debt	**15,159.0**	**15,383.0**

(a) Excluding the fair value of ACS Call (€9,7million), refer to Note 18 – *Other non-current assets*.

24.7. Reconciliation between change on financial liabilities and flows related to financing

In accordance with the amendment to IAS 7 applicable from January 1, 2017 onwards, this table presents the reconciliation between change on financial liabilities and flows related to financing as presented in the consolidated statement of cash flows.

(€m)	December 31, 2017 restated	Consolidated statement of cash flows				December 31, 2018
		Net cash flow - financing activities	Other flows	Other flows - non cash		
Non-current borrowings and other financial liabilities	16,854.4	102.9	-	478.5	2	17,435.8
Other non-current financial liabilities	248.1	(6.8)	41.1	84.9	3	367.3
Non-current financial liabilities	**17,102.6**	**96.1**	**41.1**	**563.4**		**17,803.2**
Current borrowings and financial liabilities	351.4	(789.3)	-	797.8		359.9
Other current financial liabilities	1,106.9	1,834.8	(1,800.8)	(54.9)		1,086.0
Current financial liabilities	**1,458.3**	**1,045.5**	**(1,800.8)**	**743.0**	4	**1,445.9**
Financial liabilities	**18,560.8**	**1,141.6**	**(1,759.7)** [1]	**1,306.4**		**19,249.1**

1. Of which proceeds from the 49.99 % of Hivory disposal for €(1,766.8) million (accounted counterpart in financing flows in accordance with IAS 7), debt on share purchase for €37.2 million and bank overdraft for €(44.0) million;
2. Of which change effect for €585.2 million, change in fair value of derivative instruments for €(62.2) million, and EIR for €(18.9) million. It should be noted that flows related to EIR include IFRS 9 impact for €(56.1) million (change in accounting method as of January 1, 2018);
3. Of which fair value of the put option on ACS NCI for €28.0 million, debts of new consolidated entities ACS, ATSF, FOT and MCS for €26.9 million;
4. Of which accrued interests for €775.6 million and extinguishment of the put option of ACL NCI for €(70.4) million.

25. Derivative instruments

25.1. Fair value of derivative instruments

The following table shows the derivative instruments fair value:

(€m) Type	Underlying element	December 31, 2018	December 31, 2017 restated
Cross-currency Swaps	2022 USD bonds	-	458.7
	2024 USD bonds	116.5	59.3
	2026 USD bonds	88.6	(449.7)
	2027 USD bonds	165.1	-
	January 2026 USD term loan	(20.0)	(48.9)
	January 2026 USD term loan	(17.2)	(89.3)
	July 2025 USD term loan	132.2	50.5
	August 2026 USD term loan	(49.6)	-
Interest rate swaps	Fixed rate - Floating rate USD	(160.7)	(176.1)
	January 2026 USD term loan	5.7	(12.4)
	Fixed rate - EURIBOR 3 months	(11.1)	1.5
	Swap EURIBOR 1 month - EURIBOR 3 months	(26.1)	-
	Derivative instruments classified as assets	1,017.5	649.9
	Derivative instruments classified as liabilities	(794.1)	(856.3)
	Net Derivative instruments	**223.3**	**(206.4)**
	o/w currency effect	976.7	546.6
	o/w interest rate effect	(753.4)	(753.0)

In accordance with IFRS 9, the Group uses the fair value method to recognize its derivative instruments.

The fair value of derivative financial instruments (cross currency swaps) traded over-the-counter is calculated on the basis of models commonly used by traders to measure these types of instruments. The resulting fair values are checked against bank valuations.

The measurement of the fair value of derivative financial instruments includes a "counterparty risk" component for asset derivatives and an "own credit risk" component for liability derivatives. Credit risk is measured on the basis of the usual mathematical models and market data (implicit credit spreads).

As part of the refinancing of the 2022 notes, the Group restructured the associated cross currency swaps in order to reflect the conditions of the new debt.

The cross currency swaps associated with the 2022 notes had the following characteristics:

Hedged item	Hedging instrument	Nominal in CCY(million)	Counter value in EUR (million)	Pay rate	Recv. Rate
$4,000.0 million notes due 2022	Cross currency interest rate swap	4,000.0	2,989.0	5.143%	6.000%

The Group considered that as the hedged item had been completely extinguished as part of the refinancing operation, the associated hedging instrument was also considered to be extinguished and hence any fair value variations stored in OCI were recycled via the statement of income on the date of extinguishment of the swaps. A net loss of €165.0 million was recorded in the line item, 'cost of gross financial debt' in the consolidated statement of income as part of this operation as of December 31, 2018. As part of the restructuring of these derivative instruments, the Group received €157.0 million as compensation from the different counterparties, which was recorded in the line item, 'cost of gross financial debt' in the consolidated statement of income.

The Group entered into new hedging arrangements for the new dollar denominated debt issued as part of the refinancing transaction. The details of the new instruments are as follows:

Hedged item	Hedging instrument	Nominal in CCY (million)	Counter value in Eur (million)	Pay rate*	Recv. Rate
$ 1,750.0 million notes due 2027	Cross currency interest rate swap	1,736.0	1,290.0	6.431%	8.125%
$ 2,500.0 million term loan due 2026	Cross currency interest rate swap	2,514.0	2,073.0	5.495%	Libor 3m (USD) + 4.00%

** Pay rate is the calculated based on the average interest paid on the different novations of the instrument*

As per the provisions of IAS 39 and in keeping with its hedging strategy, the Group has chosen to partially qualify the hedging instruments as cash flow hedges at inception. The variations in fair value of the qualified portion will be recorded in the statement of other comprehensive income till such time as; 1) the instrument fails to meet the criteria for prospective efficiency testing as per IAS 39 or 2) the underlying hedged item is extinguished.

The following tranche was qualified for the hedge accounting for the period ended December 31, 2018.

- $2,206.0 million for the $2,514.0 million 2026 Term loan.

The variations in fair value of the unqualified portions of the hedging instruments were recorded directly in the statement of income.

25.2. Cross currency swaps

Cross currency swaps subscribed to by the Group are intended to neutralize the exchange rate impacting future financial flows (nominal amount, coupons) or to convert the LIBOR exposure for drawdowns in US dollars for the Term Loan into EURIBOR exposure.

Hedges established are detailed in the table below:

	Notional		Fixed rate / Margin		Initial exchange	Final exchange
(in items millions)	USD	EUR	USD	EUR	date	date [1]
2024 bonds	1,375.0	1,028.0	6.250%	5.383%	April 30, 2015	May 15, 2022
2026 A bonds	2,400.0	1,735.7	7.375%	6.783%	none	July 15, 2024
2026 B bonds	2,790.0	2,458.1	7.375%	5.747%	April 11, 2016	April 15, 2024
2027 bonds	1,500.0	1,084.8	8.125%	6.802%	April 30, 2015	February 1st, 2027
2027 bonds	250.0	215.1	8.125%	5.560%	July 31, 2018	February 1st, 2027
2026 A term loan	550.0	498.0	L+3,250% [2]	E+2,730% [2]	August 3,2015	July 31, 2022
2026 A term loan	1,240.0	1,095.6	L+4,000% [2]	E+4,150% [2]	Nov. 10,2015	January 31, 2023
2025 term loan	1,424.7	1,104.0	L+4,250%	E+4,570%	none	January 15, 2024
2026 A term loan	350.0	298.1	L+3,000%	E+2,76%	Oct. 31, 2017	January. 15, 2026
2026 B term loan	2,500.0	2,061.0	L+4,000%	5.501%	April 30, 2015	August 15, 2026
Total	**14,379.7**	**11,578.6**				

1 Banks benefit from a five-year termination clause in their favor:
- in May 2019, for 2024 Bonds;
- in July 2020 for the 2025 Loan;
- in November 2020 for the 2025 Loan;
- in April 2021 for the 2026 A Bonds, 2026 B Bonds and for the 2025 Loan;
- in October 2022 for the 2026 Loan;
- in July 2023 for 2026 Loan and 2027 Bonds.

Banks may thus unilaterally terminate the hedging agreement and have Altice France pay, or pay the balance under the agreement to Altice France (depending on the market conditions at such time).

2 A minimum (floor) of 0.00% applies to the LIBOR and EURIBOR.

As part of the refinancing that occurred during the year, the Group has renegotiated the existing cross currency swaps previously related to 2022 bonds for $4,000.0 million detailed as follows:

- $1,500.0 million corresponding to 2027 bonds in US dollars,
- $2,500.0 million corresponding to B13 term loan in US dollars.

The Group has issued a new cross currency swap related to the issuance of 2027 bonds with the following characteristics:

- Nominal of $250.0 million exchanged for an amount of €215.0 million at a swap rate of 1.1620 USD/EUR,
- The three-month LIBOR plus margin of 4.00% in US dollars was exchanged to a euro fixed rate of 5.5600%.

25.3. Interest rate swaps

As of December 31, 2018, the interest rate swap listed below was still active:

- Principal: €4,000.0 million,
- Altice France pays a negative fixed rate of 0.121% versus floating three-month Euribor,
- Maturity: January 2023,
- Frequency of swaps: quarterly (January, April, July, and October).

This swap has an early termination option (held by counterparty) starting from January 2021. As this swap did not qualify for hedge accounting, changes in its fair value are recognized directly in profit and loss.

During the year, the Group set up three new interest rate swaps in order to match the one month interest's period of the term loans TLB 11, TLB 12 and TLB 13 in US dollars.

Hedge transactions are detailed in the table below:

			Fixed rate / Margin		Initial exchange	Final exchange
Hedged items	**Currency**	**Notional (€m)**	**Pay USD**	**Receive USD**	**date**	**date**
TLB 11	USD	1,406	L3M +2.5475%	L1M +2.7500%	April 30, 2018	April 30, 2019
TLB 12	USD	2,139	L3M -0.15%	L1M + 0%	July 16,2018	Avril 16,2019
TLB 13	USD	2,500	L3M +3.9000%	L1M +4.000%	August 15,2018	August 15,2019
Total		**6,045**				

As those swaps are not qualify for hedge accounting, changes in their fair value are recognized directly in profit and loss.

25.4. Liquidity risk on foreign currency debts

The following table breaks down, for the bonds and loans denominated in dollars, the future undiscounted cash flows (interest payments and repayment of the nominal amount).

The main assumptions used in this schedule are as follows:

- Amounts in dollars are translated to euros at the closing rate (€1 = $1.1452);
- Calculations of interest are based on the EURIBOR and LIBOR rates as of December 31, 2018 (which leads at that date to applying the floor on variable rate loans);
- The maturity dates of bonds and loans are positioned at the contractual maturity date (no early repayment is planned);
- The final trade date for the swaps was scheduled for the closer of (i) the final trade date provided for in the swap agreement and, where applicable, (ii) the date on which the banks have the option to terminate the agreement early.

(€m)	2019	2020	2021	2022	2023	2024 and beyond	Total
USD Bonds (a)	**236.7**	**419.2**	**118.7**	**494.2**	**287.3**	**8,551.6**	**10,107.6**
Flows in USD	532.4	532.4	532.4	532.4	532.4	8,551.6	11,213.4
Swap - Flows in USD	(1,695.5)	(457.3)	(4,822.2)	(123.1)	(1,576.6)	-	(8,674.7)
Swap - Flows in EUR	1,399.8	344.1	4,408.5	84.9	1,331.5	-	7,568.9
USD Term loans (b)	**254.1**	**254.1**	**254.1**	**205.1**	**239.2**	**5,790.3**	**6,997.0**

Flows in USD	380.2	380.2	380.2	327.1	327.1	5,790.3	7,585.1
Swap - Flows in USD	(357.8)	(357.8)	(357.8)	(3,261.4)	(2,216.9)	-	(6,551.8)
Swap - Flows in EUR	231.7	231.7	231.7	3,139.4	2,129.0	-	5,963.6
Total = (a)+(b)	**490.8**	**673.3**	**372.9**	**699.3**	**526.5**	**14,341.8**	**17,104.6**

25.5. Credit risk and counterparty risk

Altice France is exposed to bank counterparty risk in its investments and derivatives; Altice France therefore uses strict criteria when selecting public, financial or industrial institutions in which to invest or contract derivatives, in particular in terms of their financial rating.

26. Provisions

The following table details the amount of provisions:

Provisions	**December 31, 2018**					
(€m)	**Opening**	**Increase**	**Utilization**	**Reversal and changes of accounting estimates**	**Other**	**Closing**
Employee benefit plans	124.1	12.6	(3.5)	(0.1)	(1.2)	131.9
Restructuring (a)	45.9	7.9	(24.3)	(4.7)	(0.2)	24.6
Technical site restoration (b)	97.0	3.8	(8.4)	(0.2)	(3.8)	88.3
Litigation and other ('c)	559.0	142.0	(81.6)	(184.4)	13.1	448.0
Provisions	**826.0**	**166.2**	**(117.8)**	**(189.4)**	**7.9**	**692.9**
Current provisions	*349.6*	*83.1*	*(83.0)*	*(148.6)*	*15.3*	*216.5*
Non-current provisions	*476.3*	*83.1*	*(34.8)*	*(40.8)*	*(7.4)*	*476.4*

(a) Concern mainly the reversal of provision and the utilization of the Telecom division for €(24.9) million.

(b) Site restoration expenses: the Group has an obligation to restore the technical sites of its network at the end of the lease when they are not renewed or are terminated early.

(c) Litigation and other: these are included in provisions mainly when their amounts and types are not disclosed, because disclosing them may harm the Group. Provisions for litigation cover the risks connected with court action against the Group (Refer to Note 33 – *Litigation*). All provisioned disputes are currently awaiting hearing or motions in a court. The unused portion of provisions recognized at the beginning of the period reflects disputes that have been settled by the Group paying amounts smaller than those provisioned, or to a downward re-assessment of the risk.

The table for fiscal year 2017 is presented below:

Provisions	**December 31, 2017 restated**					
(€m)	**Opening**	**Increase**	**Utilization**	**Reversal and changes of accounting estimates**	**Other**	**Closing**
Employee benefit plans	161.4	15.3	(1.1)	(49.4)	(2.0)	124.1
Restructuring	145.6	746.2	(765.7)	(45.6)	(34.6)	45.9
Technical site restoration	118.8	3.4	(10.6)	-	(14.6)	97.0
Litigation and other	810.7	231.4	(201.0)	(301.2)	19.1	559.0
Provisions	**1,236.4**	**996.3**	**(978.4)**	**(396.2)**	**(32.1)**	**826.0**
Current provisions	*396.2*	*839.5*	*(826.1)*	*(42.6)*	*(17.3)*	*349.6*
Non-current provisions	*840.2*	*156.8*	*(152.3)*	*(353.6)*	*(14.8)*	*476.3*

27. Post-employement benefits

All Group employees benefit from severance packages upon retirement based on the collective bargaining agreement with the company to which they are attached.

The rights to conventional retirement benefits vested by employees were evaluated individually, based on various parameters and assumptions such as the employee's age, position, length of service in the Group and salary, according to the terms of their employment agreement.

27.1. Assumptions used for defined-benefit plans

Assumptions used for defined-benefit plans	December 31, 2018	December 31, 2017 restated
Discount rate	1.60%	1.40%
Expected salary increase rate	2.00%	2.00%
Inflation rate	2.00%	2.00%

Demographic assumptions are specific to each company.

27.2. Change in commitments

Change in Commitments (€m)	December 31, 2018	December 31, 2017 restated
Benefit obligation - opening balance	**124.1**	**161.4**
Service cost	10.7	12.9
Interest cost	1.8	2.4
Actuarial loss (gain)	(10.5)	0.8
Benefit paid	(0.6)	(1.1)
Business combinations	11.3	-
Restructuring	(3.3)	(49.4)
Reclassification to liabilities directly associated to assets held for sale	(1.5)	(2.8)
Benefit obligation - closing balance	**131.9**	**124.1**

The Group had no plan assets as of December 31, 2018 or as of December 31, 2017.

27.3. Breakdown of recognized expense in the consolidated statement of income

Breakdown of Recognized Expense in the Consolidated Statement of Income (€m)	December 31, 2018	December 31, 2017 restated
Service cost	10.7	12.9
Interest cost	1.8	2.4
Restructuring	(3.3)	(49.4)
Benefit paid	(0.6)	(1.1)
Net period expense of post-employment benefits	**8.6**	**(35.3)**

27.4. Actuarial gains and losses recognized in comprehensive income

Actuarial Gains and Losses Recognized in Comprehensive Income (€m)	December 31, 2018	December 31, 2017 restated
Actuarial losses (gains) from experience	(0.6)	(0.6)
Actuarial losses (gains) from changes of assumptions	(9.9)	1.3
Actuarial losses (gains) recognized in comprehensive income	**(10.5)**	**0.8**
Actuarial losses (gains) cumulated in comprehensive income (OCI)	***0.6***	***11.1***

27.5. Sensitivities

The impact of a change in discount rate within more or less 0.25 point for the actuarial liability is presented in the table below:

Sensitivities (€m)	December 31, 2018	December 31, 2017 restated
Benefit obligation at 1.35%	138.0	132.8
Benefit obligation at 1.60%	131.9	124.1
Benefit obligation at 1.85%	118.4	121.9

27.6. Maturity of post-employment benefits

The estimated amount (in nominal value) of the benefits to be paid in the next ten years is as follows:

(€m)	Total	Under one year	Two to five years	Six to ten years
Estimated benefits payable	**49.3**	1.2	5.0	43.0

28. Other non-current liabilities

This item breaks down as follows:

Other Non-Current Liabilities (€m)	December 31, 2018	December 31, 2017 restated
GSM and LTE licenses (a)	36.8	50.4
Other	13.6	61.9
Other non-current liabilities	**50.4**	**112.3**

(a) Debt maturing at the latest in 2021.

29. Trade payables and other current liabilities

Trade Payables and Other Current Liabilities (€m)	December 31, 2018	December 31, 2017 restated
Trade payables and other liabilities	3,178.2	3,266.7
Payables from purchase of intangible and tangible assets	529.5	808.9
Advances and deposits from customers, credit customers	599.4	574.4
Tax liabilities	676.3	626.7
Social liabilities (a)	574.6	768.4
Other current liabilities	42.9	48.9
Trade payables and other current liabilities	**5,600.9**	**6,094.1**

(a) These amounts include €116.0 million of liabilities related to the voluntary departure plan (compared to €443.0 million in December 2017).

30. Financial instruments

30.1. Fair value of financial instruments

The following tables show the net carrying amount per category and the fair value of the Group's financial instruments at December 31 of each year:

(€m)	Note	Classification IAS 39	December 31, 2018	
			Net carrying value	Fair value
Assets				
Trade and other receivables *	20	- Assets at amortized cost	3,394.2	3,394.2
Derivative instruments classified as assets	18		**1,027.2**	**1,027.2**
		- Derivatives qualifying as hedges	118.4	118.4
		- Fair value through income	899.1	899.1
		- Assets at amortized cost	9.7	9.7
Non-current financial assets	18		**89.0**	**89.0**
		- Assets available for sale	18.2	18.2
		- Loans and receivables	70.4	70.4
		- Assets at amortized cost	0.5	0.5
Other non-current assets	18	- Assets at amortized cost	6.2	6.2
Current financial assets		- Loans and receivables	2.2	2.2
Cash and cash equivalents	22	- Fair value through income	1,068.5	1,068.5
Liabilities				
Non-current borrowings and financial liabilities	24	- Liabilities at amortized cost	16,641.7	16,095.1
Derivative instruments classified as liabilities	24		**794.1**	**794.1**

		- Derivatives qualifying as hedges	204.1	204.1
		- Fair value through income	590.0	590.0
Other non-current financial liabilities	24	- Liabilities at amortized cost	367.3	367.3
Other non-current liabilities *	28	- Liabilities at amortized cost	50.4	50.4
Current borrowings and financial liabilities	24	- Liabilities at amortized cost	359.9	359.9
Other financial liabilities	24	- Liabilities at amortized cost	1,086.0	1,086.0
Trade payables and other liabilities	29	- Liabilities at amortized cost	5,558.0	5,558.0
Other current liabilities *		- Liabilities at amortized cost	42.8	42.8

* Excluding prepaid expenses and contracts assets and liabilities

As of December 31, 2017

(€m)	Note	Classification IAS 39	December 31, 2017 restated Net carrying value	Fair value
Assets				
Trade and other receivables *	20	- Assets at amortized cost	3,484.1	3,484.1
Derivative instruments classified as assets	18		**649.9**	**649.9**
		- Derivatives qualifying as hedges	545.6	545.6
		- Fair value through income	104.3	104.3
Non-current financial assets	18		**85.8**	**85.8**
		- Assets available for sale	15.6	15.6
		- Loans and receivables	69.3	69.3
		- Assets at amortized cost	0.9	0.9
Other non-current assets	18	- Assets at amortized cost	10.9	10.9
Current financial assets		- Loans and receivables	17.4	17.4
Cash and cash equivalents	22	- Fair value through income	451.3	451.3
Liabilities				
Non-current borrowings and financial liabilities	24	- Liabilities at amortized cost	15,998.2	16,205.9
Derivative instruments classified as liabilities	24	- Fair value through income	**856.3**	**856.3**
			508.4	508.4
			347.9	347.9
Other non-current financial liabilities	24	- Liabilities at amortized cost	248.1	248.1
Other non-current liabilities *	28	- Liabilities at amortized cost	112.3	112.3
Current borrowings and financial liabilities	24	- Liabilities at amortized cost	351.4	351.4
Other financial liabilities	24	- Liabilities at amortized cost	1,106.9	1,106.9
Trade payables and other liabilities	29	- Liabilities at amortized cost	6,045.3	6,045.3
Other current liabilities *		- Liabilities at amortized cost	48.8	48.8

* Excluding prepaid expenses and contracts assets and liabilities

The carrying amount of trade and other receivables, of cash and cash equivalents, and of trade payables and other current liabilities is nearly equal to their fair value given the short maturities of these instruments, or otherwise, their recognition at their discounted value.

With the exception of derivatives, loans and other short-term and long-term financial debts, and other current and non-current financial liabilities are measured at their amortized cost, which corresponds to the estimated value of the financial liability when initially recognized, minus repayments of principal, and plus or minus cumulative amortization, measured using the effective interest rate method.

Derivatives are measured at fair value through the income statement, or through other items of comprehensive income, for the effective portion of the change in fair value of derivatives qualifying as cash flow hedges.

Fair value measurement through the balance sheet

Fair value is calculated using market prices. When market prices are not available, an analysis of discounted cash flow is carried out.

In accordance with IFRS 7, a three-level hierarchy is applied when measuring fair value:

- Level 1: prices listed on an active market;

- Level 2: internal model with parameters that are observable using internal valuation techniques. These techniques rely on the usual mathematical calculation methods that include observable market data (futures prices, yield curve, etc.);
- Level 3: an internal model with non-observable parameters.

The following table shows the measurement method used for financial assets and liabilities measured at fair value at December 31 of each year:

	December 31, 2018			
(€m)	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value				
Derivative instruments	1,017.5	-	1,017.5	-
Other non-current financial assets	18.2	-	-	18.2
Other current financial assets				
Cash and cash equivalents	1,068.5	1,068.5	-	-
Financial liabilities measured at fair value				
Derivative instruments classified as liabilities	794.1	-	794.1	-

	December 31, 2017 restated			
(€m)	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value				
Derivative instruments	649.9	-	649.9	-
Other non-current financial assets	15.6	-	-	15.6
Other current financial assets				
Cash and cash equivalents	451.3	451.3	-	-
Financial liabilities measured at fair value				
Derivative instruments classified as liabilities	856.3	-	856.3	-

30.2. Financial risk management and derivative instruments

The Group's treasury department provides services, coordinates access to national and international financial markets, measures and manages the financial risks connected with the Group's activities. These risks include market risks (mainly exchange rate and interest rate risks), credit risks and liquidity risks. The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures.

30.3. Currency risk

The Group's exchange rate risk relates to bond issues and bank borrowings denominated in US dollars.

The Group's borrowings arranged in US dollars are fully hedged by derivative instruments in the form of cross currency swaps.

The following table shows the impact of hedging on the initial debt (at the debt issue date), before and after hedging.

		Initial position		Hedging instrument		Final position	
Original amount, expressed in millions	**Currency**	**In foreign currency**	**In euros**	**In foreign currency**	**In euros**	**In foreign currency**	**In euros**
2024 Bonds	USD	(1,375.0)	-	1,375.0	(1,028.0)	-	(1,028.0)
2026 Bonds	USD	(5,190.0)	-	5,190.0	(4,194.0)	-	(4,194.0)
2027 Bonds	USD	(1,750.0)	-	1,750.0	(1,300.3)	-	(1,300.3)
2025 Term Loan	USD	(1,420.0)	-	1,425.0	(1,100.0)	5.0	(1,100.0)
2026 A Term Loan	USD	(2,150.0)	-	2,140.0	(1,892.0)	(10.0)	(1,892.0)
2026 B Term Loan	USD	(2,500.0)	-	2,500.0	(2,061.0)	-	(2,061.0)
Total		**(14,385.0)**	**-**	**14,380.0**	**(11,575.3)**	**(5.0)**	**(11,575.3)**

The following table shows the impact of hedging on the residual debt as of December 31, 2018 before and after hedging:

		Initial position		Hedging instrument		Final position	
Amounts as of December 31, 2018 expressed in millions	**Currency**	**In foreign currency**	**In euros**	**In foreign currency**	**In euros**	**In foreign currency**	**In euros**
2024 Bonds	USD	(1,375.0)	-	1,375.0	(1,028.0)	-	(1,028.0)
2026 Bonds	USD	(5,190.0)	-	5,190.0	(4,194.0)	-	(4,194.0)
2027 Bonds	USD	(1,750.0)	-	1,750.0	(1,300.3)	-	(1,300.3)
2025 Term Loan	USD	(1,398.7)	-	1,425.0	(1,100.0)	26.3	(1,100.0)
2026 A Term Loan	USD	(2,128.5)	-	2,140.0	(1,892.0)	11.5	(1,892.0)
2026 B Term Loan	USD	(2,500.0)	-	2,500.0	(2,061.0)	-	(2,061.0)
Total		**(14,342.2)**	**-**	**14,380.0**	**(11,575.3)**	**37.8**	**(11,575.3)**

As of December 31, 2018, a sudden 10% change in value of the euro against the US dollar would have, given the assets and liabilities on the balance sheet, an immaterial impact on the Group's currency translation results given the hedging instruments set up by the Group. For the purposes of this analysis, all other variables, in particular interest rates, are assumed to remain unchanged.

Forward purchases

The Group hedges proactively its operating purchases (Capex and Opex) in US dollars. As of December 31, 2017, the Group signed with various counterparties forward purchases of US dollars.

As of December 31, 2018 the Group purchased $163.5 million at an average price of US$1.1527 for €1 with maturities starting from January 3, 2019 to August 30, 2019. As of December 31, 2018 the average remaining maturity of these forward purchases is about 119 days.

The total fair value of these instruments amounts to €0.6 million in disfavour of the Group.

30.4. Rate risk

Interest rate risk

The Group is exposed to interest rate risks mainly on bank borrowings on a variable interest rate basis. The Group limits such risks, when it considers appropriate, through interest rate swaps and interest rate caps.

Interest rate sensitivity analysis

The analysis of sensitivity to interest rate fluctuations for instruments at variable rates takes into accounts all variable flows of financial instruments. The analysis assumes that the liabilities and financial instruments on the balance sheet as of December 31, 2018 remain unchanged over the year. For the purposes of this analysis, all other variables, in particular exchange rates, are assumed to remain unchanged.

A 50 basis point rise (fall) in the EURIBOR at the period-end date would not have material impact on the cost of gross debt.

30.5. Liquidity risk management

The Group manages liquidity risk by maintaining adequate levels of cash, cash equivalents and lines of credit, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Cash position including cash equivalents

As of December 31, 2018, Altice France's cash position more than covered the repayment schedules of its current financial debt:

Amount available (€m)	
Cash	741.8
Cash equivalents	326.6
Amount available for drawing from lines of credit	1,125.0
Cash position	**2,193.5**

30.6. Management of credit risk and counterparty risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that could increase credit risk are mainly trade receivables, cash investments and derivative instruments.

Trade receivables

The Group considers that it has extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential and public institutions) operating in numerous industries across France.

Cash investments and derivative instruments

Altice France is exposed to bank counterparty risk in its investments and derivatives, and therefore uses strict criteria when selecting public, financial or industrial institutions in which to invest or contract derivatives, in particular in terms of their financial rating.

31. Related party transactions

Parties related to the Group include:

- All companies included in the consolidation scope, regardless of whether they are fully consolidated or equity associates;
- Altice Europe, the entities that it consolidates and its related parties;
- All the members of the Executive Committee of Altice France and companies in which they hold a directorship.

Transactions between fully consolidated entities within the consolidation scope have been eliminated when preparing the Consolidated Financial Statements. Details of transactions between the Group and other related parties are disclosed below.

31.1. Senior executive compensation

The Group's senior executives include members of Altice France's Executive Committee.

The following table shows the compensation allocated to individuals who were, at period-end, or had been in previous years, members of the Executive Committee.

Senior executive compensation (€m)	December 31, 2018	December 31, 2017 restated
Short-term benefits (a)	5.5	5.5
Indemnity linked to the public buyout offer (b)	-	27.7
Executive compensation	**5.5**	**33.2**

a) Includes gross salaries (fixed component and variable component), profit-sharing as well as benefits in kind recognized during the year.

b) Indemnities paid in the context of the squeeze-out of Altice France's shares (Refer to the Group's 2017 annual consolidated financial statements).

31.2. Associates and joint ventures

Associates and joint ventures, measured through equity, are presented in Note 17– *Investments in associates*.

The main transactions with equity associates relate to:

- La Poste Telecom SAS as part of its telecommunication activities,
- Synerail SAS and Synerail Construction SAS as part of the GSM-R public-private partnership.

Associates and Joint Ventures	Associates		Joint ventures	
(€m)	December 31, 2018	December 31, 2017 restated (*)	December 31, 2018	December 31, 2017 restated (*)
Assets	**51.3**	**34.7**	**12.7**	**14.8**
Non-current assets	-	-	12.7	14.8
Current assets	51.3	34.7	-	-
Liabilities	**2.8**	**3.3**	**-**	**-**
Non-current liabilities	-	-	-	-
Current liabilities	2.8	3.3	-	-
Net financial income (expense)	**105.1**	**89.5**	**-**	**1.9**
Operating income	132.9	117.1	-	-
Operating expenses	(27.9)	(27.6)	-	-
Financial income	0.1	0.0	-	1.9
Off balance-sheet commitments	**10.1**	**67.5**	**50.9**	**63.6**
Operating	-	-	-	-
Financial	10.1	67.5	36.0	46.4
Pledges	-	-	14.9	17.1

31.3. Shareholders

Transactions with shareholders and their related parties

In 2018, the summary of these transactions is as follows:

(€m)	December 31, 2018	December 31, 2017 restated
Total income	89.5	114.1
Total expenses	(504.0)	(635.4)
Total	**(414.5)**	**(521.3)**

These transactions were conducted as part of the Group's activities mainly with the following companies:

- Outremer Telecom (till October 31,2018), Hot, Portugal Telecom: telecommunication services;
- i24 US ,MCS (till June 30,2018) Altice Entertainment News and Sport : television royalties and content;
- Altice Management International and Altice Customer Services (Intelcia) (till April 30,2018) : customer services;
- Altice Technical Services (ERT, Icart and Rhon'Telecom till April 30, 2018): construction and deployment of networks;
- Quadrans: real estate rentals.

On December 31, 2018, the significant changes in the statement of income concern:

- Decrease in purchase of customer services from Altice Management International and Intelcia : €73.2 million,
- Decrease in purchase of TV channels programs, including sports channel (saving of €397.7 million) from Altice Entertainment News & Sport and Ma Chaîne Sport offset by €300.0 million of break-up fee (Refer to Note 4 – *Significant events of the period.*

These expenses include management fees (€59.0) million from Altice Europe.

Investments made (especially construction and deployment of networks with ATS) amounted to €138.4 million as of December 31, 2018 (for four months of activity) compared to €253.0 million as of December 31, 2017.

As a reminder, the acquisition of ATSF, ACS, MCS and FOT are transactions between related parties as well as the disposal of i24News.

The commitments given to Altice Europe and its related parties amounts to €855.7 million compared to €2,290.1 million as of December 31, 2017. The main change is due to the renegotiation of the TV channel contract with AENS €(1.2) billion.

32. Commitments and contractual obligations

The significant contractual commitments undertaken or received by the Group are disclosed below.

32.1. Commitments relating to bonds and term loans

In May 2014, the Group issued bonds and set up term loans to refinance its historic debt and fund a portion of the SFR acquisition. In July 2015, in the form of an additional facility under the same legal documentation as the loans taken out in May 2014, the Group set up new term loan for the purpose of refinancing its revolving credit lines. Then, in order to fund a portion of the December 2015 distribution, the Group took out a term loan in October 2015. The latter was also structured as an additional tranche under the existing documentation. In April 2016, the Group set up new bonds and term loans for the purpose to refinance a portion of the loans raised in 2014. In October 2016, the Group set up new term loan tranches. The loans setting up in 2016 were structured as additional debt under the existing documentation. In April and October 2017, the Group refinanced some of its term loans and were structured as additional debt under the existing documentation. On July and August 2018, the Group refinanced bonds in euros and dollars with a maturity at 2022. Those Bonds have been structured as additional debt under the existing documentation.

As part of these various loans, established under the same financial documentation, a certain number of Group subsidiaries (Altice France, SFR, Ypso France, Altice B2B France, SFR Fibre, Numericable US LLC, Numericable US SAS, Completel ,Ypso Finance, SFR Presse Distribution and SFR Presse) pledged certain assets to banks (equity instruments of Group companies, bank accounts intercompany loans, trademarks and goodwill).

Additionally, in the event of a change in control (should a company other than Altice Europe or an affiliate of Altice Europe come to hold more than 51% of Altice France), the Group would have to offer to repay its debt for an amount equal to 101% of the amount outstanding on that debt.

Term loans and Bonds issued also include certain restrictions that limit the Group’s ability to:

- Incur or guarantee any additional debt, subject to a consolidated net debt leverage ratio (4.5x for total debt and 3.25x for bonds);
- Draw the RCF line subject to a consolidated net debt leverage ratio of 4.5x;
- Make investments or other payments that are subject to restrictions (including dividends);
- Grant sureties;
- Dispose of subsidiaries’ assets and equity instruments;
- Conclude certain transactions with its affiliates;
- Enter into agreements limiting the ability of its subsidiaries to pay it dividends or repay intercompany loans and advances; and
- Carry out mergers or consolidations.

32.2. Commitments assumed by Altice France towards the French Competition Authority under its concentration operation and the monitoring of these commitments

On October 30, 2014, the French Competition Authority authorized exclusive control of SFR by the Altice Group, the parent company of Altice France, subject to compliance with several commitments (Decision No. 14.DCC-160 of October 30, 2014 by the Competition Authority). In compliance with this decision, Altice France is implementing the respective commitments.

32.3. Commitments relating to assets (excluding network sharing)

The contractual commitments to acquire intangible assets and property, plant and equipment amount to €1,288.5 million as of December 31, 2018. The amount includes commitments related to the use of telecommunications systems.

The commitment schedule is as follows:

Investment Commitments (€m)	Minimum future payments 2018	Maturity			December 31, 2017 restated
		Less than one year	Two to five years	More than five years	
Commitments relating to Delegated Public Services	631.9	51.4	227.4	353.1	391.1
Commitments relating to Less Dense Areas ZMD (a)	6.9	61.5	(54.6)	-	3.4
of which commitments given	*164.6*	*120.8*	*43.8*	-	*67.4*
of which commitments received	*(157.7)*	*(59.4)*	*(98.4)*	-	*(64.1)*
Other investment	649.8	585.8	63.9	0.1	785.3
Total net investment commitments	**1,288.5**	**698.7**	**236.7**	**353.2**	**1,179.8**

(a) Commitments relating to the deployment of FTTH (Fiber To The Home) in less densely populated areas (ZMD).

The amount related to entities included in SFR FTTH transactions is detailed below:

Investment Commitments (€m)	Minimum future payments 2018	Maturity		
		Less than one year	Two to five years	More than five years
Commitments relating to Delegated Public Services	625.2	44.7	227.4	353.1
Commitments relating to Less Dense Areas ZMD	(157.7)	(59.4)	(98.4)	-
of which commitments given	-	-	-	-
of which commitments received	*(157.7)*	*(59.4)*	*(98.4)*	-
Other investment	-	-	-	-
Total net investment commitments	**467.5**	**(14.6)**	**129.0**	**353.1**

32.4. Agreement to share part of SFR's mobile network

On January 31, 2014, SFR and Bouygues Telecom signed a strategic agreement to share their mobile networks. They will deploy a new shared-access mobile network in an area covering 57% of the population. The agreement allows the two operators to improve their mobile coverage and to achieve significant savings over time.

The agreement is based on two principles:

- create a special purpose joint venture (Infracos) to manage the shared assets of the radio sites, i.e., the passive infrastructures and geographical sites where the telecom infrastructures and equipment are deployed. SFR and Bouygues Telecom each retain full ownership of their own telecom equipment assets and frequencies;
- set up a RAN-sharing service that 2G, 3G and 4G operators can use in the shared territory. Each operator is responsible for the part of the shared territory in which it designs, deploys, operates and maintains the RAN-sharing service.

The sharing agreement is similar to many mechanisms set up in other European countries. Each operator retains its own independent innovation capacity and total commercial and pricing independence. The first deliveries of cell plans were on April 30, 2014. On that occasion, each operator was informed of its partner's deployment plans, as exchanges of technical information about the sites when developing the sharing agreement had been prohibited by ARCEP. This exchange of information led on October 24, 2014 to the agreement being adjusted, in particular regarding certain engineering choices that had been made at a time when the negotiating parties did not have full access to relevant data about each other's networks. The target network completion date was pushed back by a year, from the end of 2017 to the end of 2018, to take into account previous deployment delays encountered.

The first roll-outs of the RAN sharing coverage were in September 2015, and 11,591 sites were rolled out the end of December 31, 2018. SFR estimates that as of late December 2018, this agreement corresponds to approximately €1,193.9 million in commitments given, and approximately €1,664.8 million in commitments received, for a net commitment of approximately €470.9 million, covering the entire long-term agreement.

32.5. Intangible assets and property, plant and equipment relating to SFR telecommunication activities

SFR is the holder of operating authorizations for its networks and the provision of its telecommunications services on the French territory, as presented below:

Band	Technology	Decisions	Start	End
700 MHz	4G (2 × 5 MHz)	ARCEP Dec. n° 15-1569	December 8, 2015	December 8, 2035
800 MHz	4G (2 × 10 MHz)	ARCEP Dec. n° 12-0039	January 17, 2012	January 17, 2032
900 MHz	2G/3G/4G (2 × 10 MHz)	ARCEP Dec. n° 06-0140 ARCEP Dec. n° 18-0683	March 25, 2006	March 25, 2021
	2G/3G/4G (2 × 8.7 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2031
1800 MHz	2G/4G (2 × 20 MHz)	ARCEP Dec. n° 15-0976	May 25, 2016	March 25, 2021
	2G/3G/4G (2 × 20 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2035
2.1 GHz	3G (2 × 14.8 MHz)	Dec. Issued on July 8, 2001	August 21, 2001	August 21, 2021
	3G (2 × 5 MHz)	ARCEP Dec. n° 10-0633	June 8, 2010	June 8, 2030
	2G/3G/4G (2 × 9.8 MHz)	ARCEP Dec. n° 18-1393	August 21, 2021	August 20, 2031
2.6 GHz	4G (2 × 15 MHz)	ARCEP Dec. n° 11-1171	October 11, 2011	October 11, 2031

The applicable financial terms are as follows:

- For the license in 900 MHz and 1800 MHz bands granted from March 25, 2006: annual payments for 15 years which are broken down each year into two parts: a fixed component amounting to €25 million per year (this discounted amount was capitalized as €278 million in 2006) and a variable component corresponding to 1% of the annual revenue generated by the use of those frequencies;
- For the license in the 2.1 GHz band granted from August 21, 2001: the fixed component paid in 2001, i.e., €619 million, was recognized in intangible assets and the variable component of the royalty amounted to 1% of the annual revenue generated by the use of this frequency. Additionally, under this license, SFR acquired new frequencies for €300 million in June 2010, for a 20-year period;
- For the licenses in the 2.6 GHz, 800 MHz and700 MHz bands: the fixed components paid in October 2011 (€150 million) and January 2012 (€1,065 million) were recognized in intangible assets on the license allocation dates respectively in 2.6 GHz, 800 MHz and 700MHz bands. SFR acquired new frequencies in December 2015, for €466 million, payable in four installments. The variable portion of the royalty is 1% of the annual revenue generated by the use of those frequencies. The variable component of these license fees, which cannot be reliably measured in advance, are not recorded on the balance sheet but are recognized under expenses for the period in which they are incurred.
- For the license in 900 MHz and 1800 MHz bands granted from March 25, 2021: the fixed part of the annual license fee amounts to €1068 per kHz duplex allocated in the 900 MHz and €571 per kHz duplex allocated in the 1800 MHz band. The variable component corresponding to 1% of the annual revenue by the use of those frequencies.
- For the license in 2.1 GHz band granted from August 21, 2021: the fixed part of the annual license fee amounts to €571 per kHz duplex allocated. The variable component corresponding to 1% of the annual revenue by the use of those frequencies.

Furthermore, SFR is paying a contribution to the spectrum development fund for frequency bands which were thus developed, as decided by the French Prime Minister (700 MHz, 800 MHz, 2.1 GHz and 2.6 GHz,) as well as a tax to the National Frequencies Agency intended to cover the complete costs incurred by this establishment for the collection and treatment of claims of users of audiovisual communications services relating to interference caused by the start-up of radio-electric stations (700 MHz and 800 MHz).

32.6. Coverage commitments relating to SFR telecommunication licenses

As part of the allocation of the first block of LTE frequencies in October 2011 (2.6 GHz), SFR undertook to provide coverage for 25% of France's metropolitan population by October 11, 2015, 60% by October 11, 2019, and 75% by October 11, 2023.

As part of the allocation of the second block of 4G frequencies in January 2012 (800 MHz), SFR undertook to meet the following obligations:

(i) SFR must provide the following very-high-speed mobile services:

- 98% of France's metropolitan population by January 2024 and 99.6% by January 2027;

- Coverage in the primary deployment area (approximately 18% of the metropolitan population and 63% geographically): SFR must cover 40% of the population in this primary deployment area by January 2017 and 90% by January 2022 (this obligation is to comply using 800 MHz frequencies);
- Coverage at a departmental level: SFR must cover 90% of the population of each department by January 2024 and 95% by January 2027;
- Coverage of high-priority roads (about 50,000 kilometers): SFR must cover 100% of these axes by January 2027 (this obligation is to comply using 800 MHz frequencies).

(ii) SFR and Bouygues Telecom have a joint obligation to pool networks or share frequencies in the primary deployment area.

(iii) SFR has an obligation to allow roaming for Free Mobile in the primary deployment area once Free Mobile covers 25% of France's population with its own 2.6 GHz network and if it has not signed a national roaming agreement with another operator.

(iv) SFR must, jointly with the other holders of 800 MHz band licenses, cover the city centers identified by the public authorities in the "Zones blanches" program (more than 98% of the population) within no more than 15 years.

As part of the allocation of the third block of LTE frequencies in December 2015 (700 MHz) SFR undertook to comply with the following deployment obligation in very-high-speed mobile networks:

- Coverage of the primary deployment area: SFR must cover 50% of the population in this area by January 2022, 92% by January 2027 and 97.7% by December 2030 (this obligation is to comply using 700 MHz frequencies);
- Coverage of high-priority roads (about 50,000 kilometers) : SFR must cover 100% of these axes by December 2030 (this obligation is to comply using 700 MHz frequencies);
- Coverage of regional railway network (at national level) : at national level, SFR must comply with a 60% coverage rate of regional railway network by January 2022, 80% by January 2027 and 90% by December 2030;
- Coverage of regional railway network (at regional level); in each region, SFR must comply with a 60%
- coverage rate of regional railway network by January 2027 and 80% by December 2030.

In the context of the change of its current frequency authorizations in the 900 MHz, 1800 MHz and 2.1 GHz bands (and in exchange for the lifting of technological limitation of frequency use in the 900 MHz band), SFR undertook to respect the following obligations:

- Participation in the targeted coverage to increase coverage of the metropolitan area;
- Widespread access to very high speed mobile access from all sites in its network in December 2020 (and by exception 75% of existing "Zones blanches" sites as of July 1, 2018);
- Coverage of priority roads outside the vehicles in December 2020;
- On-demand coverage inside buildings;
- Provide a fixed Internet access service on its very high speed mobile network;
- Participation in the extension of the "4G fixed" coverage.

On November 15, 2018, ARCEP adopted the decision related to the result of the allocation procedure in the 900 MHz band and the 4 decisions authorizing the use of frequencies in the 900 MHz, 1800 MHz and 2.1 GHz bands allocated to the winners selected on October 23, 2018. The new authorization for the use of frequencies delivered to SFR is part of the New Deal mobile, occurred between the Government, ARCEP and operators in January 2018. This authorization is granted from March 25, 2021 until March 24, 2031. It is accompanied by ambitious obligations for the digital development of the territory. In particular, SFR is committed to:

- Improve reception's quality in all the territory, especially in rural areas. The new standard of requirement applied to operators' obligations is the one of a good coverage;
- Increase the pace of targeted programs to improve coverage and in this context build at least 5,000 new sites in all the territory, sometimes pooled, which will now go beyond the "Zones blanches" and whose charge is now fully taken by the operators;
- Generalize reception in 4G which implies for the operators to cover more than one million French people out of 10,000 communes, by equipping in 4G all the mobile sites;

- Accelerate the coverage of transport routes, in order that the main roads and railways are covered in 4G;
- Generalize telephone coverage inside buildings, especially by offering its customers equipped with a compatible terminal the voice by Wi-Fi.

32.7. Commitments related to the deployment of Fiber in AMII zones

To meet the French government expectations, Altice France makes the commitment, based upon the article L.33-13 of the French Postal and Electronic Communications.
By the end of 2020, the Group will deploy the homes and business premises of the listed cities in the appendix of the commitment letter, representing 1.4 million of homes, so 1.6 million access points (source Insee 2014) which are now in its charge for a minimum thresholds 92% connectable (8% remains will be "connectable upon request", within six months).
In addition of this deployment 1,070,000 additional homes and business premises on the AMII area the list is also attached to the commitment letter (Refer to Note 4 – *Significant events of the period*).

32.8. Commitments relating to operating leases

The minimum future rents for operating leases are shown in the following table:

Operating Lease Commitments		**Maturity**			
(€m)	**Minimum future payments 2018**	**Less than one year**	**Two to five years**	**More than five years**	**2017 restated**
Buildings	1,996.6	327.2	965.4	703.9	2,001.7
o/w administrative premises	*737.8*	*76.8*	*310.8*	*350.3*	*672.6*
o/w technical premises	*1,248.1*	*244.1*	*650.3*	*353.7*	*1,328.1*
o/w other	*10.7*	*6.3*	*4.4*	-	*1.0*
Other	52.4	26.2	24.3	2.0	122.3
Leases	**2,048.9**	**353.4**	**989.7**	**705.9**	**2,124.0**
Buildings	(491.5)	(65.6)	(192.2)	(233.7)	(301.0)
o/w administrative premises	-	-	-	-	*(1.5)*
o/w technical premises	*(491.5)*	*(65.6)*	*(192.2)*	*(233.7)*	*(299.5)*
o/w other	-	-	-	-	-
Sublets	**(491.5)**	**(65.6)**	**(192.2)**	**(233.7)**	**(301.0)**
Total net	**1,557.4**	**287.7**	**797.5**	**472.2**	**1,823.0**

The total future technical rents include rights of way and rents related to the right to use fiber optics.

A portion of commitments relating to operating leases was signed with related parties of the Group (Refer to Note 31 – *Related party transactions*).

The reconciliation between operating lease commitments as at December 31, 2018 and lease liabilities recognized in the statement of financial position at the date of initial application is presented in Note 1.2 – *New standards and interpretations.*

32.9. Commitment relating to long-term contracts

Commitments relating to long-term contracts concern mainly television broadcasting contracts.

Long Term Contracts Commitments (€m)	Minimum future payments 2018	Maturity Less than one year	Two to five years	More than five years	December 31, 2017 restated
Commitments given	740.0	271.6	436.5	31.9	1,991.0
Commitments received	(126.4)	(28.1)	(54.8)	(43.5)	(125.9)
Total net commitments	**613.6**	**243.6**	**381.6**	**(11.6)**	**1,865.1**

The change in commitments relating to long-term contracts is explained by the contract renegotiations with related parties of the Group (Refer to Note 31 – *Related party transactions*).

The amount related to entities included in SFR FTTH transaction is €(0.5) million.

32.10. Other commitments

Other Commitments (€m)	2018	Maturity Less than one year	Two to five years	More than five years	2017 restated
Bank security guarantee GSM-R (a)	36.0	-	-	36.0	36.0
Bank guarantees GSM-R (a)	2.3	-	-	2.3	12.7
Other bank security deposits and guarantees (b)	53.5	7.8	4.4	41.4	73.1
Commitments to purchase securities (c)	13.3	2.1	0.8	10.4	15.8
Pledges (d)	17.0	-	-	17.0	17.7
Commitments given	**122.1**	**9.9**	**5.2**	**107.0**	**155.3**
Other guarantees and bank security deposits	-	-	-	-	(1.4)
Commitments received	**-**	**-**	**-**	**-**	**(1.4)**

(a) Public-Private Partnerships (PPP) between the SFR, Vinci, AXA and TDF groups and Réseau Ferré de France (R.F.F.).

(b) This amount includes mainly commitments given for Altice France subsidiaries in order to carry out their activities. The amount related to entities included in SFR FTTH transaction is €20.5 million with a maturity longer than five years.

(c) The Group has made unilateral promises to buy out minority interests of a financial partner in certain entities. Such promises can be made only in the event that the Group's entities do not meet the contractual commitments made when signing the related shareholders' agreements.

(d) This amount does not include the pledges granted for Senior secured debt requirements.

33. Litigation

The Group is involved in legal and administrative proceedings that have arisen in the ordinary course of business. A provision is recorded by the Group when there is sufficient probability that such disputes will lead to costs that the Group will bear and when the amount of these costs can be reasonably estimated. Certain Group companies are involved in some disputes related to the ordinary activities of the Group. Only the most significant litigation and proceedings in which the Group is involved are described below.

The Group is not aware of any governmental, legal or arbitration proceedings (including any proceedings of which the Group is aware that are pending or threatened) other than those described below in this section that may have or have had in the last twelve months significant effects on the financial position or profitability of the Group.

33.1. Tax disputes

33.1.1. SFR Fibre (ex NC Numericable)

The French tax authorities have conducted various audits since 2005 with respect mainly to the VAT rates applicable to our multi-play offerings, and to a lesser extent to the tax on telecommunication services. Pursuant to

the French tax code, television services are subject to a reduced VAT rate at 10%, whereas internet and telecommunication services are subject to the normal VAT rate at 20%. French tax authorities have reassessed the application of VAT rates on certain multi-play offerings for fiscal years 2011 to 2015. The company is disputing all proposed assessments and has filed appeals and litigation at various levels depending on fiscal years adjusted.

The company has recognized a provision in its accounts for an amount of €101 million (of which €68 million recorded in "Provisions" and the remaining amount in "Trade payables and other current liabilities") as of December 31, 2018. Finally, the company is subject to a tax audit regarding VAT for fiscal year 2016.

33.1.2. SFR

The French tax authorities have conducted audits on fiscal years 2012 to 2015. The main reassessments relate to corporate income tax (deduction of foreign tax credits on foreign dividends, deduction of exceptional amortization of 4G licenses), and VAT rate on certain TV services. The company is disputing the main reassessments and recognized a provision of €59.2 million at December 31, 2018 related to those tax disputes. Finally, the company is subject to a tax audit regarding VAT for 2016.

In addition, the CNC ("Centre National du Cinéma") has conducted an audit on SFR on the tax on television services ("TST") for 2014 to 2017, which led to a reassessment relating to the scope of such tax, which should include, according to the tax authorities, all services included in an offer and not only on those allowing the access to a television service. The Group is disputing this reassessment and recognized a provision of €31.4 million at December 31, 2018 related to this dispute.

33.1.3. Altice France

Tax Authorities have conducted an audit on the taxable income of the tax group of Altice France for fiscal years 2014 and 2015. Main proposed tax reassessments relate to (i) the computation of non-deductible financial expenses pursuant to the French thin capitalization regime and (ii) on the amount of the fiscal losses inherited from previous tax groups pursuant to the mechanism of imputation on a broad base ("mécanisme d'imputation sur une base élargie"). Altice France is disputing this reassessment and recognized a provision of €14 million at December 31, 2018 related to this dispute.

33.2. Civil and commercial disputes

33.2.1. Litigation on progress

Complaint by Bouygues Telecom against SFR and Orange regarding the wholesale market in mobile call termination and the retail market in mobile telephony

The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange claiming that the latter were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority decided to postpone its decision and remanded the case for further investigation. On August 18, 2011, SFR received a complaint claiming unfair pricing. On December 13, 2012, the Competition Authority fined SFR €66 million for abuse of dominant position, which SFR has paid.

SFR appealed the decision. The case was heard by the Paris Court of Appeal on February 20, 2014. The Paris Court of Appeal rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation, the French Supreme Court, by SFR on July 9, 2014; on October 6, 2015, the Court of Cassation rejected SFR's appeal) and asked the European Commission to provide an Amicus Curiae to shed light on the economic and legal issues raised by the case. The Court of Appeal postponed ruling on the merits of the case pending the Commission's opinion. The Commission rendered its opinion on December 1, 2014, which went against SFR. The Court of Appeal issued its ruling on May 19, 2016; it granted a 20% fine rebate to SFR due to the new nature of the infraction. The French treasury (Trésor Public) returned €13.1 million to SFR. SFR appealed on a point of law on June 20, 2016.

As a result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, Omea Telecom and EI Telecom (NRJ Mobile) brought suit against SFR in the Commercial Court for damages. In accordance with the transaction between SFR and Bouygues Telecom in June 2014, the closing hearing of the conciliation proceedings was held on December 5, 2014. The motion for discontinuance granted on September 11, 2014 ended the legal action between the two companies. With respect to the claim by Omea Telecom (€67.9 million) and EI Telecom (€28.6 million), SFR applied for stay on a ruling pending the decision of the Paris Court of Appeal, and obtained it. Omea withdrew on May 24, 2016. EI Telecom decided to recommence its legal proceedings and updated its loss to €28.4 million. The procedure is pending.

eBizcuss.com against Virgin

eBizcuss.com filed a complaint against Virgin on April 11, 2012 before the French Competition Authority regarding an anticompetitive vertical agreement between Apple and its wholesale distributors (including Virgin). The case is pending.

Complaint by SFR Fibre (ex NC Numericable) to the French Competition Authority

On May 20, 2015, SFR Fibre filed a complaint against Groupe Canal Plus before the French Competition Authority based upon an abuse of dominant position of Groupe Canal Plus regarding its self-distribution. The complaint is pending.

Complaint against Orange to the Competition Authority regarding the market in mobile telephony services for businesses

On August 9, 2010, SFR filed a complaint against Orange with the Competition Authority for anticompetitive practices in the business mobile telephony services market.

On March 5, 2015 the Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the Authority ordered Orange to pay a fine of €350 million.

On June 18, 2015, SFR filed suit against Orange in the Commercial Court and is seeking €2.4 billion in damages subject to adjustment as remedy for the loss suffered as a result of the practices in question in the proceedings with the Competition Authority. On June 21, 2016, Orange filed an injunction to disclose several pieces of confidential data in SFR’s economic report for July 21, 2016. On June 28, 2017, the judge ruled on this procedural issue.

Following this ruling, two Data Rooms were opened at Orange, the first one in September for the mobile services, and the second one in October for the fixed services. The substantive debate will only start after the analysis, from Orange, of the documents placed in Data Room.

Potential failure to meet commitments made by Altice France as part of the takeover of exclusive control of SFR relating to the agreement signed by SFR and Bouygues Telecom on November 9, 2010 (Faber)

Following a complaint from Bouygues Telecom, the Competition Authority officially opened an inquiry on October 5, 2015 to examine the conditions under which Altice France performs its commitments relating to the joint investment agreement entered into with Bouygues Telecom to roll out fiber optics in very densely populated areas. A session before the Competition Authority board was held on November 22, and then on December 7, 2016.On March 8, 2017, the Competition Authority imposed a financial sanction of €40 million against Altice and Altice France, for not having respected the commitments set out in the “Faber Agreement” at the time of the SFR acquisition by Numericable. This amount was recognized in the financial statements as of March 31, 2017 and was paid during the second quarter. The Competition Authority also imposed injunctions (new schedule including levels of achievement, with progressive penalty, in order to supply all the outstanding access points).

A summary was lodged on April 13, 2017 before the Council of State. The judge in chambers of the Council of State said there is no matter to be referred. On September 28, 2017, the Council of State rejected the application for cancellation of the decision of the Competition Authority requested by Altice Europe and Altice France Group.

The French Competition authority is currently controlling the compliance by SFR of the commitment set out in the Faber Agreement. As of December 31, 2018, the Group considers that the risk is difficult to estimate reliably and is hence considered to be a contingent liability under IAS 37.

SFR against Orange: abuse of dominant position in the second homes market

On April 24, 2012, SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014, the Paris Court of Appeals overturned the Paris Commercial Court's ruling of February 12, 2014 and dismissed SFR’s requests. The Court of Appeals ruled that it had not been proven that a pertinent market limited to second homes actually exists. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014 SFR received notification of the judgment of the Paris Court of Appeals of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014, SFR appealed the ruling.

On April 12, 2016, the French Supreme Court overturned the Court of Appeal’s decision and referred the case back to the Paris Court of Appeal. Orange returned €52.7 million to SFR on May 31, 2016. Orange refilled the case before the Paris Court of Appeal on August 30, 2016.

On June 8, 2018, the Paris Court of Appeal rejected Orange’s appeal. On December 24, 2018, Orange refiled an appeal with the Supreme Court.

Orange against SFR and Bouygues Telecom (Sharing Agreement)

On April 29, 2014, Orange applied to the French Competition Authority to disallow the agreement signed on January 31, 2014 by SFR and Bouygues Telecom to share their mobile access networks, based on Article L. 420-1 of the French Commercial Code and Article 101 of the Treaty on the Functioning of the European Union (TFEU). In addition to this referral, Orange asked the Competition Authority for a certain number of injunctions against the companies involved.

In a decision dated September 25, 2014, the Competition Authority dismissed all of Orange’s requested injunctions to stop SFR and Bouygues Telecom from implementing the agreement that they had signed to share part of their mobile networks.

Orange appealed the Competition Authority's decision to dismiss its request for provisional measures.

The Court of Appeal upheld this decision on January 29, 2015. Orange is now appealing the matter to the French Supreme Court. The Court of Cassation rendered a decision dismissing the appeal filed by Orange on October 4, 2016. The procedure is pending.

SCT against SFR

On October 11, 2017, SCT summoned SFR before Paris Commercial Court for some supposed dysfunctions and multiple failings in the delivery of our Fixe services, such as the loss of final clients as part of the supply of mobile services (MVNO).

For this reason, SCT asks, on various grounds, for an amount around €48 million (divided into €25 million on the fixed services, €15 million for the loss of clients, €2 million for loss of revenues, €1 million for deployment delays, €3.5 million for dysfunctions which led a negative impact on their internal management, €0.5 million for overcharging, €0.8 million for purchases with Orange and €0.2 million for damages to their image).

This case was subject to a conciliation proceeding between the parties. After the failure of this proceeding, the case was sent on the merits and SFR communicated its conclusions in response on March 13, 2018.

SFR concluded its defense pleadings on February 26, 2019. SCT had until March 26, 2019 to respond.

CLCV's summons and complaint against SFR

On January 7, 2013, the consumer association CLCV filed a complaint against SFR in the Paris Commercial Court. CLCV claimed that some of the clauses in SFR’s general terms of subscription, and those of some other telephone operators, were unfair. It also asked for compensation for the collective loss suffered. The Paris District Court ruled that the clauses were unfair. On February 24, 2015, the Paris District court ruled that eight clauses included in the general terms of subscription were unfair and ordered SFR to publish the ruling on its website and three daily print publications. SFR was also asked to pay € 30,000 in damages to the CLCV. This decision was not executory and SFR appealed this ruling on April 16, 2015. The case was pleaded before the Appeals court of Paris on October 19, 2017.

On March 30, 2018, the Appeals court of Paris ruled that seven (of the fifty or so clauses which the CLCV claimed were unfair/abusive) were unfair and demanded that SFR publish the entire ruling on its website preceded by the phrase ’legal communique’ and ordered SFR to remove said clauses from the general terms of subscription with a penalty of up to 300 euros per day of delay. The procedure is pending.

Free against SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court. Free challenged the subsidy used in SFR's “Carrés” offers sold over the web between June 2011 and December 2012, claiming that it constituted a form of consumer credit and, as such, SFR was guilty of unfair practices by not complying with the consumer credit provisions, in particular in terms of prior information to customers. Free asked the Paris Commercial Court to require SFR to inform its customers and to order it to pay €29 million in damages.

On January 15, 2013, the Commercial Court dismissed all of Free’s requests and granted SFR €0.3 million in damages. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Paris Court of Appeal confirmed the Paris Commercial Court's ruling and denied all claims filed by Free. The amount of damages payable by Free to SFR was increased from €0.3 million to €0.5 million. On May 6, 2016, Free filed an appeal. SFR's pleadings in defense were filed on November 8, 2016.

The court of cassation rendered a decision on March 7, 2018 .This decision overturned and partially cancelled the decision rendered by the Court of Appeal and referred the case back to the Court of Appeal. The Court of Cassation considered that the Paris Court of Appeal had based its prior judgment on improper motives to exclude the mobile subsidy provided by SFR on its subscriptions from the scope of consumer credit. In addition, the Court of Cassation reaffirmed the sentencing for Free mobile to pay €0.5 million for the defamation suffered by Altice France. The Group is awaiting the reintroduction of Free mobile's request before the Court of Appeals.

<u>SFR against Iliad, Free and Free mobile: unfair competition by disparagement</u>

On May 27, 2014, SFR filed a complaint against Iliad, Free and Free Mobile in the Paris Commercial Court for unfair competition claiming that when Free Mobile was launched and afterwards, Iliad, Free and Free Mobile were guilty of disparaging SFR services. SFR claimed €493 million in damages.

On September 9, 2016 by pleadings on counterclaims, Free requested the court to judge that SFR denigrated their capacities and services and claimed €475 million in damages. The Paris Commercial Court rendered its judgment on January 29, 2018. The Court sentenced Free Mobile to pay to SFR €20 million as moral damage as a result of unfair competition made by disparagement.

In addition, the court sentenced SFR to pay to Free Mobile €25 million as moral and material damage as a result of unfair competition made by disparagement.

Accordingly, the court sentences, as compensation, SFR to pay to Free Mobile €5 million as damages. This decision was executed and the Group paid the €5 million net amount to Free Mobile in June 2018. SFR appealed this decision. The case is still pending.

<u>Disputes regarding the transfer of customer call centers from Toulouse, Lyon and Poitiers</u>

Following the transfer of customer call centers from Toulouse and Lyon to the company Infomobile and the Poitiers call centers to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at Labor Tribunals in each city to penalize what they claim were unfair employment contracts constituting fraud under Article L. 1224-1 of the French Labor Code and also contravening the legal provisions regarding dismissal for economic reasons. The rulings in 2013 were mixed as the Toulouse Court of Appeals penalized SFR and Téléperformance in half of the cases while the Lyon and Poitiers courts ruled in favor of SFR. The cases are now at different stages of proceedings: Labor Tribunal, Court of Appeals and Court of Cassation.

<u>Litigation over distribution in the independent network (Consumer market and SFR Business Team)</u>

SFR, like companies operating an indirect distribution model, faces complaints from a certain number of its distributors and almost routinely from former distributors. Such recurring complaints revolve around claims of sudden breach of contractual relations, abuse of economic dependency and/or demands for requalification as a sales agent as well as, more recently, demands for requalification as a contractual branch manager and requalification as SFR contracted point of sale staff.

<u>Free against SFR</u>

In July 2015, Free filed suit against SFR in order to stop it from using the word "Fiber," claiming that the solution marketed by SFR is not a fiber to the home (FTTH) solution. Free considers SFR's communication to be deceptive about substantial qualities and, on that basis, is asking the court to find there is parasitism and unfair competition.

On January 19, 2018, the court rendered a decision. The decision condemned SFR to:

- €1 million as moral damages;
- Communicate, within 90 days following the date of the judgment notification, to each client having subscribed to SFR or Numericable, of an offer including the term « fibre » (excluding FTTH offers) on IT support and paper support information relating to : i) the precise nature of its connection to optical fibre ii) the number of subscribers sharing coaxial connection and iii) the average connection speed at peak hours and off-peak hours;
- Inform, within 90 days following the date of the judgment notification, each client having subscribed to SFR or NC to an offer including the term « fibre » (excluding FFTH offers) that they benefit from a possibility of immediate termination to default of previous information about the exact characteristics of the offer;

- €0.1 million as article 700.

The court considered having made a material error in failing to mention provisional enforcement in the judgment. Accordingly, the court decided, by the judgment dated February 12, 2018, the provisional enforcement for all convictions in this case.

Pending notification of judgments by Free, SFR is preparing the summons in summary proceedings for the First President of the Court of Appeal in order to cease provisional enforcement in this case.

Familles Rurales against SFR

In May 2015, *Familles Rurales* filed suit against SFR in the Paris District Court in the context of a class action seeking remedy for the loss allegedly suffered by consumers, claiming deceptive sales practices used by SFR in its communications about 4G.Familles Rurales requested a provision of €0.1 million.

On October 3, 2018, the Tribunal de Grande Instance of Paris rendered a judgment rejecting the requests of Familles Rurales and sentenced the Familles Rurales association to pay €0.02 million based on Article 700 of the Code de Procédure Civile. The closing ordinance will occur on April 11, 2019, and the case will be pleaded concomitantly in collegiate before the Court of Appeal of Paris.

Tracetel and Intermobility against SFR: Velib

In May 2017, Tracetel and Intermobility sued SFR before the "Tribunal de Commerce de Paris" in order to obtain compensation for the damage allegedly suffered by the two contracting parties in the context of the response to the tender procedure of the Vélib DSP. They accuse SFR of not having filed the joint offer and are asking for the sentencing of SFR to the tune of €76.7 million for loss of tender. To date, the Group is challenging the merits of these claims.

In November 2018, at the time of the submission of summary conclusions, Tracetel and Intermobility requested that, in the event of rejection of their principal claim, the Group will be ordered to pay a minimum of €2.5 million. The conclusions of SFR in response were filed on January 25, 2019. The hearing date is not yet fixed.

In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities

On July 17, 2013, the European Commission signaled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to SFR Fibre (ex NC Numericable) was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives the latter an economic advantage not enjoyed by its competitors, and that it therefore constitutes government aid within the meaning of the rules of the European Union and that the free-of-charge transfer of the cable networks and ducts by 33 French municipalities to SFR Fibre, they have argued, confers a benefit of this type and, as such, is government aid. The European Commission has expressed doubts about the compatibility of the alleged aid with the rules of the European Union. The Group firmly denies the existence of any government aid. In addition, the decision to open an investigation concerns a relatively small number of network connections (approximately 200,000), the majority of which have not been migrated to EuroDocsis 3.0 and only allow access to a limited number of the Group's television services. The European Commission's decision of July 17, 2013 was published in the Official Journal of the European Union on September 17, 2013. Since then, discussions have continued within the framework of this process both in terms of comments from third parties as well as those from the parties to the proceedings as to the allegation of the existence of aid and its extent, with the Group firmly challenging the existence of any government aid.

Dispute with Orange concerning certain IRUs

The Group signed four non-exclusive IRUs with Orange on May 6, 1999, May 18, 2001, July 2, 2004 and December 21, 2004, in connection with the Group's acquisition of certain companies operating cable networks built by Orange. These cable networks, accessible only through the civil engineering installations of Orange (mainly its ducts), are made available to the Group by Orange through these non-exclusive IRUs. Each of these IRUs covers a different geographic area and was signed for a term of 20 years.

Following ARCEP's Decision 2008-0835 of July 24, 2008, Orange published, on September 15, 2008, a technical and commercial offer made to telecommunication operators allowing them access to the civil engineering infrastructures of the local wire-based network, pursuant to which the operators can roll out their own fiber networks in Orange's ducts. The terms of this mandatory technical and commercial offer are more restrictive than the terms that the Group enjoys under the Orange IRUs.

As a result, in December 2011, SFR Fibre (ex NC Numericable) and Orange signed amendments to the IRUs in order to comply with the November 4, 2010 ARCEP decision and to align the operating procedures set out in the IRUs with the procedures set out in the Orange general technical and commercial offer.

Lastly, SFR Fibre initiated parallel proceedings against Orange before the Commercial Court of Paris on October 7, 2010 claiming damages of €2.7 billion for breach and modification of the IRUs by Orange. On April 23, 2012, the Commercial Court of Paris ruled in favor of Orange and dismissed the Group's claims for damages, ruling that there were no material differences between the original operational procedures and the new operational procedures imposed on SFR Fibre by Orange under the terms of its general technical and commercial offer, published on September 15, 2008. SFR Fibre appealed this decision before the Paris Court of Appeals and claimed the same amount of damages as it had before the Paris Commercial Court. Orange, in turn, claims that this proceeding materially impaired its brand and image, and is seeking an order to make SFR Fibre pay damages of €50 million. In a ruling dated June 20, 2014, the Paris Court of Appeals dismissed SFR Fibre's appeal, which was referred to the Court of Cassation on August 14, 2014. On February 2, 2015, the Court of Cassation set aside the ruling of the Paris Court of Appeals except in that it recognized SFR Fibre's interest in acting and referred the case back to the Paris Court of Appeals.

Action by Colt, Free and Orange in the General Court of the European Union concerning the DSP 92 project

Colt, Free and Orange, in three separate motions filed against the European Commission before the General Court of the European Union seeking to annul the European Commission's final decision of September 30, 2009 (Decision C (2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute government aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French government and the department of Hauts-de-Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union.

Litigation between Sequalum and CG 92 regarding DSP 92

A disagreement arose between the Hauts-de-Seine General Council ("CG92") and Sequalum regarding the terms of performance of a utilities public service concession contract ("THD Seine") signed on March 13, 2006 between Sequalum, a subsidiary of the Group, and the Hauts-de-Seine General Council; the purpose of this delegation was to create a very-high-speed fiber optic network in the Hauts-de-Seine region. The Hauts-de-Seine General Council meeting of October 17, 2014 decided to terminate the public service delegation agreement signed with Sequalum "for misconduct by the delegatee for whom it is solely responsible".

Pursuant to two decisions rendered on March 16, 2017, Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against two enforcement measures issued by the department of Hauts-de-Seine in respect of penalties, for amounts of €51.6 million and €45.1 million. Sequalum appealed the two decisions before the Administrative Court of Versailles, but paid the amount of €97 million over the month of July. Refer to Note 4 – *Significant events for the fiscal year*.

Sequalum claims that the termination was unlawful and continued to perform the contract, subject to any demands that the delegator may impose. Should the competent courts confirm this interpretation of unlawful termination, Sequalum may primarily have (i) to repay the public subsidies received for the DSP 92 project, normally the outstanding component of the subsidies (the company received €25 million in subsidies from the General Council), (ii) to reimburse any deferred income (estimated at €32 million by the Department) and (iii) to compensate the Department for any losses suffered (amount estimated by the Department of €212 million).

In turn, the department of Hauts-de-Seine received the returnable assets of the DSP on July 1, 2015. Furthermore, the General Council will have to pay compensation to Sequalum, which essentially corresponds to the net value of the assets.

On October 16, 2014, Sequalum filed a motion in the Administrative Court of Cergy Pontoise requesting the termination of the public service concession because of *force majeure* residing in the irreversible disruption of the structure of the contract, with the resulting payment of compensation in Sequalum's favor.

At December 31, 2015, the assets were removed from Sequalum's accounts in the amount of €116 million. Income receivable in the amount of €139 million related to the expected indemnification was also recognized, an amount fully depreciated given the situation.

On July 11, 2016, the department of Hauts-de-Seine established a breakdown of all amounts due (in its opinion) by each Party for the various disputes, and issued demands based on said breakdown. Each amount was subject to a decision by the public accountant dated July 13, 2016 (final amount established by the latter for a net amount of €181.6 million, taking into account the carrying amount due in his opinion to Sequalum). This breakdown, the

various demands and the compensation decision were subject to applications for annulment filed by Sequalum with the Administrative Court of Cergy Pontoise on September 10, 12 and 14, 2016. These applications remain pending, except for the application for annulment relating to the breakdown (the court having considered that the breakdown was not a measure which could be appealed. Sequalum appealed this decision before the Versailles Administrative Court of Appeals). Altice France outlined that it had its own optical fiber in the Haut-de-Seine department enabling it to serve its customers.

In September 2017, the department issued three revenue orders (*titres de recette*) in order to minimize the balance due to Sequalum at the time of counting. These demands were contested:

- Order of an amount of €23.2 million for the unamortized portion of the subsidies : SFR’s appeal dismissed,
- Order of an amount of €31.9 million for deferred income : successful appeal for SFR,
- Order of an amount of €5.7 million for amounts received as prepayment for connections: SFR’s appeal dismissed.

The Department issued a revenue order of €212 million for damages suffered as a result of the faults based on which the contract was terminated. The judgment was rendered on February 15, 2018. It reduces the indemnity by €187 million and reduces, correlatively, the amount of the revenue order to €26 million. The department appealed this judgment; the judgment rendered on July 5, 2018 granted Sequalum's request for cancellation of the compensation. On the other hand, the request for repayment was rejected. This rejection was appealed.

33.2.2. Closed litigation

Canal Plus Group (GCP) against SFR and SFR Fibre (ex NC Numericable)

On October 4, 2017, GCP summoned SFR and SFR Fibre before Paris Commercial Court. GCP claimed that both SFR and SFR Fibre breached their contractual obligations and notably:

- the marketing of substitute products to the GCP allowing customer poaching from GCP offers to the benefit of « Altice » offers ;
- the decrease of GCP’s offers promotions ;
- the promotion of migration of the subscribers base in favor of FTTB offer, which does not allow access to Canalsat offer ;
- misleading advertising on contents (ex : « Le Grand Football est chez SFR ») ;
- the refusal to set up new offers ;
- the modification of the GCP channels numbering ;
- the GCP channels denigration on SC platforms.

GCP requested the termination of the above under financial penalty of thirty thousand euros per day, and damages in the amount of €174 million. On September 18, 2018, the two parties signed a contract allowing GCP to distribute sports channels produced by the Group via satellite. As part of this agreement, both parties decided to mutually desist from all open legal proceedings, thus ending the aforementioned litigation.

Claim by Bouygues Telecom against SFR Fibre (ex NC Numericable) and Completel

In late October 2013, SFR Fibre and Completel received a claim from Bouygues Telecom regarding the “white label” contract signed on May 14, 2009, initially for five years and extended once for an additional five years for the supply to Bouygues Telecom of double- and triple-play very-high-speed offers. In its letter, Bouygues Telecom claimed damages totaling €53 million because of this contract. Bouygues Telecom alleges a loss that, according to Bouygues Telecom, justifies damages including (i) €17.3 million for alleged pre-contractual fraud (providing erroneous information prior to signing the contract), (ii) €33.3 million for alleged non-performance by the Group companies of their contractual obligations and (iii) €2.4 million for alleged damage to Bouygues Telecom’s image. The Group considers these claims unfounded both in fact and in contractual terms, and rejects both the allegations of Bouygues Telecom and the amount of damages claimed.

On July 24, 2015, Bouygues Telecom filed suit against SFR Fibre and Completel concerning the performance of the contract to supply very-high-speed links (2P/3P). Bouygues Telecom is accusing SFR Fibre and Completel of abusive practices, deceit and contractual faults, and is seeking nullification of certain provisions of the contract and indemnification of €79 million. On June 21, 2016, Bouygues Telecom filed revised pleadings, increasing its claims for indemnification to a total of €180 million.

In addition, in a counter-claim, SFR Fibre and Completel are seeking €10.8 million in addition to the contractual interest as well as €24 million in royalties due for fiscal years 2015, 2016 et 2017.

SFR Fibre and Completel have made a new counterclaim based on the abrupt termination of business relations for an amount up to €32.6 million. SFR Fibre and Completel have filed their pleadings on January 30, 2018. On December 5, 2018, the Group concluded a settlement with Bouygues Telecom in order to close this litigation.

Bouygues Telecom against SFR (Faber CCI)

On October 19, 2017, Bouygues Telecom submitted a request for arbitration to the secretary of the International Chamber of Commerce ("ICC") relating to a disagreement regarding the Faber Agreement between Bouygues Telecom and SFR.

Bouygues Telecom claims that SFR breached certain contractual duties and commitments made before the French Competition Authority relating to the Faber Agreement (namely, certain delays and not having connected certain categories of buildings, thereby causing damage to Bouygues Telecom).The Arbitration court has been setup and proceeding began in May 2018. In a document dated June 15, 2018, Bouygues Telecom alleged that it has suffered prejudices amounting to €164.9 million. The Group fully disputed these claims. The Group presented its counter claims on October 15, 2018 and prepared the estimate of its own prejudice suffered and analyzed the prejudice mentioned by Bouygues Telecom in collaboration with an independent expert. As of September 30, 2018, the Group considered that the risk was difficult to estimate reliably and was hence considered to be a contingent liability under IAS 37.
On December 5, 2018, SFR and Bouygues reached a settlement agreement through which both parties agreed to mutually put an end to the Faber disputes. As part of the agreement, both parties agreed to draw up new guidelines for the deployment of the fiber network under the terms of the Faber contract. Bouygues Telecom received a one-off indemnity as part of the settlement, amounting to an aggregate amount of € 58 million.

Complaint by Orange Réunion and Orange Mayotte against SRR and SFR

Differential on-net/off-net pricing in the mobile telephony market in Mayotte and Réunion

Orange Réunion, Orange Mayotte and Outremer Telecom filed a complaint with the French Competition Authority in June 2009 alleging unfair differential on-net/off-net pricing by SRR in the mobile telephony market on Mayotte and Réunion seeking conservatory measures from the Competition Authority.

On September 15, 2009, the French Competition Authority announced provisional measures against SRR, pending its decision on the merits. SRR had to discontinue any price spread exceeding its actual "off-net/on-net" costs in the network concerned. As the French Competition Authority found that SRR had not fully complied with its injunction, it fined SRR €2 million on January 24, 2012. In the proceedings on the merits, with regard to the "Consumers" component of the case, SRR requested and obtained a "no contest" on the complaints on July 31, 2013. On June 13, 2014, the Authority rendered its decision for the "Consumers" component of the case, fining SFR and its subsidiary SRR €45.9 million.
On June 18, 2018, the Group agreed on a settlement with Orange, whereby both parties mutually agreed to desist from certain ongoing legal provisions.

Compensation disputes

Following the Competition Authority's decision of September 15, 2009 (provisional measures) and pending the Authority's decision on the merits, on June 17, 2013, Outremer Telecom filed suit against SRR and SFR in the Commercial Court seeking remedy for the loss it believes it suffered as a result of SRR's practices. Outremer Telecom claimed €23.5 million in damages subject to adjustment for unfair practices by SRR in the consumer market in mobile telephony on Réunion and Mayotte, and €1 million as damages in full for unfair practices by SRR in the business market in mobile telephony on Réunion and Mayotte. Outremer withdrew from the proceedings against SRR and SFR on May 10, 2015. On October 8, 2014, Orange Reunion sued SRR and SFR jointly and severally to pay €135.3 million for the loss suffered because of the practices sanctioned by the Competition Authority. Various procedural issues have been raised, on which a judgment is pending. The Court rendered its ruling on June 20, 2016 stating that the petitions of Orange Réunion cannot relate to the period preceding October 8, 2009 and therefore refused to exonerate SFR. On December 20, 2016, following the Court's judgment, Orange updated its estimate of the loss it believes it suffered after October 8, 2009 and reached the amount of €88 million (which represents the non-time-barred portion of the alleged loss).
As part of the agreement described above, on June 18, 2018, Orange has agreed to close this litigation.

Orange suit against SFR in the Paris Commercial Court (overflows case)

Orange filed a claim on August 10, 2011 with the Paris Commercial Court asking the Court to order SFR to immediately cease its unfair "overflow" practices and to order SFR to pay €309.5 million in contractual penalties. It accused SFR of deliberately organizing overflows onto the Orange network for the purpose of economically optimizing its own network (under designing the Primary Digital Block (PBN)). In a ruling of December 10, 2013, the Court ordered SFR to pay Orange €22.1 million. SFR and Orange both appealed the ruling. On January 16, 2015 the Paris Court of Appeals upheld the Commercial Court's ruling and SFR paid the €22.1 million. On January 13, 2017, SFR appealed the ruling.

On August 11, 2014, SFR also petitioned the District Court enforcement judge, who rendered his decision on May 18, 2015 by ordering SFR to pay €0.6 million (assessment of penalty for 118 abusive overflows).

On July 24, 2017, Orange summoned SFR before the Paris Commercial Court in order to obtain the payment of €11.8 million by application of contractual penalty clauses concerning misbehaviors between July 2011 and July 2014. At the same date, Orange summoned Completel before the same Court, for the same reasons and basis, but for an amount of €9.7 million.

By pleadings dated January 30, 2018, SFR and Completel asked for a ruling deferment in order to await the Court of Cassation judgment.
As part of the agreement described above, on June 18, 2018, Orange has agreed to close this litigation.

34. List of consolidated entities

Entity	Country Registered office	Group interest 2018	Group interest 2017	Method [(1)] 2018	Method [(1)] 2017
Altice France SA	**France**	**100%**	**100%**	**Parent company**	
SFR SA	France	100%	100%	FC	FC
SFR Fibre SAS	France	100%	100%	FC	FC
Altice B2B France SAS	France	100%	100%	FC	FC
Ariège Telecom SAS	France	100%	100%	FC	FC
B3G International BV	Netherlands	100%	100%	FC	FC
Cap Connexion SAS	France	100%	100%	FC	FC
CID SA	France	100%	100%	FC	FC
SFR Business Distribution SA	France	100%	100%	FC	FC
Completel SAS	France	100%	100%	FC	FC
Debitex Telecom SAS	France	100%	100%	FC	FC
Eure et Loir THD SAS	France	100%	100%	FC	FC
Isère fibre SAS	France	100%	100%	FC	FC
FOD SNC	France	100%	100%	FC	FC
Foncière Velizy SCI	France	100%	100%	FC	FC
Futur Telecom SAS	France	-	100%	-	FC
Gravelines Network SAS	France	100%	100%	FC	FC
Haut-Rhin Telecom SAS	France	100%	100%	FC	FC
LD Communications Italie Srl	Italy	100%	100%	FC	FC
LD Communications Suisse SA	Switzerland	100%	100%	FC	FC
Loiret THD SAS	France	100%	100%	FC	FC
LTBR SA	France	100%	100%	FC	FC
MACS THD SAS	France	100%	100%	FC	FC
Numergy SAS	France	100%	100%	FC	FC
Numericable US LLC	United Stated	100%	100%	FC	FC
Numericable US SAS	France	100%	100%	FC	FC
Oise Numérique SAS	France	100%	100%	FC	FC
Omer Telecom LTD	United Kingdom	100%	100%	FC	FC
Opalys Telecom SAS	France	100%	100%	FC	FC
Pays Voironnais Network SAS	France	100%	100%	FC	FC
Rennes Métropole Telecom SAS	France	100%	100%	FC	FC
Rimbaud Gestion B SCI	France	100%	100%	FC	FC

Entity	Country Registered office	Group interest 2018	Group interest 2017	Method [1] 2018	Method [1] 2017
Sequalum Participation SAS	France	100%	100%	FC	FC
Sequalum SAS	France	100%	100%	FC	FC
SFCM SA	France	100%	100%	FC	FC
SFR Distribution SA	France	100%	100%	FC	FC
SFR Collectivités SA	France	100%	100%	FC	FC
SFR Développement SAS	France	100%	100%	FC	FC
SFR Participation	France	100%	100%	FC	FC
SHD SA	France	100%	100%	FC	FC
SIG 50 SA	France	-	100%	-	FC
SRR SCS	France	100%	100%	FC	FC
SFR Business Solutions Morocco SA	Morocco	100%	100%	FC	FC
TME France SA	France	100%	100%	FC	FC
Valofibre SAS	France	100%	100%	FC	FC
Ypso Finance S.à.r.l	Luxembourg	100%	100%	FC	FC
Ypso France SAS	France	100%	100%	FC	FC
2SIP SAS	France	-	100%	-	FC
Connect 76 SAS	France	100%	-	FC	-
Martinique THD SAS	France	100%	-	FC	-
Agglo La Rochelle THD SAS	France	100%	-	FC	-
Gard Fibre SAS	France	100%	-	FC	-
Corsica Fibra SAS	France	100%	-	FC	-
Alsace Connexia SAS	France	70%	70%	FC	FC
Iris 64 SAS	France	70%	70%	FC	FC
Manche Telecom SAS	France	70%	70%	FC	FC
Medi@lys SAS	France	70%	70%	FC	FC
Teloise SAS	France	70%	70%	FC	FC
Inolia SA	France	60%	60%	FC	FC
Synerail Exploitation SAS	France	60%	60%	FC	FC
Moselle Telecom Part. SAS	France	56%	56%	FC	FC
Comstell SAS	France	50%	50%	FC	FC
Foncière Rimbaud 1 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 2 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 3 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 4 SAS	France	50%	50%	EM	EM
Infracos SAS	France	50%	50%	JV	JV
Hivory SAS	France	50%	-	FC	-
La Poste Telecom SAS	France	49%	49%	EM	EM
Synerail Construction SAS	France	40%	40%	EM	EM
VOD Factory SAS	France	40%	40%	EM	EM
Moselle Telecom SAS	France	39%	39%	FC	FC
Fischer Telecom SAS	France	34%	34%	EM	EM
Synerail SAS	France	30%	30%	EM	EM
Buyster SA	France	-	25%	-	EM
Irisé SAS	France	25%	25%	FC	FC
Ocealis SAS	France	25%	25%	EM	EM
Sud Partner SARL	France	24%	24%	EM	EM
Sofialys SAS	France	24%	24%	EM	EM
Coalition Media group SAS	France	-	25%	-	EM
Altice Media Events SAS	France	100%	100%	FC	FC
Altice Media Publicité SAS	France	100%	100%	FC	FC
SFR Presse Distribution SAS	France	100%	100%	FC	FC
A nous Paris SAS	France	100%	100%	FC	FC
Audience Square SAS	France	18%	18%	EM	EM

Entity	Country Registered office	Group interest 2018	Group interest 2017	Method (1) 2018	Method (1) 2017
Decovery SAS	France	-	100%	-	FC
Forum de l'investissement SA	France	-	100%	-	FC
Groupe L'Express SA	France	100%	100%	FC	FC
Holco B SAS	France	-	100%	-	FC
i24 News SARL	Luxembourg	-	100%	-	FC
L'express Ventures SAS	France	69%	69%	FC	FC
Libération SARL	France	100%	100%	FC	FC
Libération Medias SARL	France	100%	100%	FC	FC
Media Consumer Group SA	France	100%	100%	FC	FC
Middle East News Ltd	Madagascar	-	100%	-	FC
Holco A SAS (ex.Newsco Group SAS)	France	-	100%	-	FC
01 net Mag SAS (ex.Newsco Mag SAS)	France	100%	100%	FC	FC
Presse Media Participations SAS	France	-	100%	-	FC
PMP Holding SAS	France	-	100%	-	FC
Prelude & Fugue SAS	France	100%	100%	FC	FC
SFR Presse SAS	France	100%	100%	FC	FC
Société Nouvelle de Télécommunication et Communication SARL	France	100%	100%	FC	FC
Technologues culturels SAS	France	-	100%	-	FC
Altice Content Luxembourg SA	Luxembourg	100%	76%	FC	FC
NextRadioTV SA	France	100%	37%	FC	FC
NextInteractive SASU	France	100%	37%	FC	FC
NextRégie SASU	France	100%	37%	FC	FC
Groupe Tests Holding SASU	France	100%	37%	FC	FC
RMC SA Monégasque	France	100%	37%	FC	FC
RMC Sport SASU	France	100%	37%	FC	FC
RMC Découverte SAS	France	100%	37%	FC	FC
Le Studio Next SASU (ex.RMC BFM Production)	France	100%	37%	FC	FC
BFM TV SASU	France	100%	37%	FC	FC
Business FM SASU	France	100%	37%	FC	FC
BFM PARIS SASU (ex.CBFM)	France	100%	37%	FC	FC
BFM Business TV SASU	France	100%	37%	FC	FC
NEXTDEV SASU	France	100%	37%	FC	FC
RMC BFM Edition SASU	France	100%	37%	FC	FC
Next Pictures SASU (ex.NextRadioTV Production)	France	100%	37%	FC	FC
BFM Sport SASU	France	100%	37%	FC	FC
WMC SAS	France	100%	37%	FC	FC
La Banque Audiovisuelle SASU	France	100%	37%	FC	FC
NEXTPROD SAS	France	100%	37%	FC	FC
Newco B SASU	France	100%	37%	FC	FC
Groupe News Participations SAS	France	100%	37%	FC	FC
Newco E SASU	France	100%	37%	FC	FC
SPORTSCOTV SASU	France	100%	37%	FC	FC
Newco G SASU (ex.BFM Paris)	France	100%	37%	FC	FC
Newco C SASU	France	100%	37%	FC	FC
MCS SA	France	100%	-	FC	-
Diversité TV France SAS	France	100%	19%	FC	FC
PHO Holding SASU	France	100%	19%	FC	FC
Altice Customer Services S.à r.l	Luxembourg	65%	-	FC	-
Emashore SA	Morocco	65%	-	FC	-
Inovendys SA	Morocco	65%	-	FC	-
Intelcia Cameroun SA	Cameroun	46%	-	FC	-
Intelcia Cote d'Ivoire SAS	Yvory Coast	65%	-	FC	-
Intelcia France SAS	France	65%	-	FC	-

Entity	Country Registered office	Group interest 2018	Group interest 2017	Method [(1)] 2018	Method [(1)] 2017
Intelcia Group SA	Morocco	65%	-	FC	-
Intelcia Maroc SA	Morocco	65%	-	FC	-
Intelcia Maroc Inshore SA	Morocco	65%	-	FC	-
Intelcia Senegal SAS	Senegal	65%	-	FC	-
Intelcia Service Client SA	France	65%	-	FC	-
Smartshore SARL	Morocco	65%	-	FC	-
The Marketing Group SAS	France	65%	-	FC	-
TMG Succ	Morocco	65%	-	FC	-
IT Rabat SARL	Morocco	65%	-	FC	-
ERT Holding SAS	France	100%	-	FC	-
ERT Technologies SAS	France	100%	-	FC	-
ICART SAS	France	100%	-	FC	-
Rhôn'Telecom SAS	France	60%	-	FC	-
ERT Luxembourg SA	Luxembourg	84%	-	FC	-
TRC Belgium s.p.r.l	Belgium	100%	-	FC	-
ATS France S.à r.l	Luxembourg	100%	-	FC	-
Altice Blue Two SAS	France	95%	-	FC	-
OMT OCEAN 1 SAS	France	95%	-	FC	-
OMT OCEAN 2 SAS	France	95%	-	FC	-
OMT OCEAN 3 SAS	France	100%	-	FC	-
World Satellite Guadeloupe SAS	France	95%	-	FC	-
Martinique TV Cable SAS	France	95%	-	FC	-
OMT Invest SAS	France	95%	-	FC	-
Groupe Outremer Telecom SAS	France	95%	-	FC	-
OPS SAS	France	95%	-	FC	-
Outremer Telecom SAS	France	95%	-	FC	-
Informatique Telecom Océan Indien SARL	France	48%	-	FC	-
Mobius SAS	France	95%	-	FC	-
City Call Ltd	France	95%	-	FC	-
OMT Maurice Lte	France	95%	-	FC	-
Outremer Telecom Madagascar SA	Madagascar	95%	-	FC	-

(1) FC = Full Consolidation; EM = Equity Method; JO = Interest in Joint Operation
(2) Companies absorbed in 2018
(3) Change in consolidation method in 2018
(4) Companies liquidated in 2018
(5) Companies sold in 2018
(6) Companies no longer consolidated in 2018
(7) Entry in the Group in 2018

35. Entity consolidating the financial statements

The consolidated financial statements of Altice France are included in the consolidated financial statements of Altice Europe, a company listed for trading in the Netherlands.

36. Subsequent events

Closing of the sale of 49.99% equity stake in fiber infrastructure
On March 27, 2019, the Group announced the closing of the transaction to sell 49.99% of equity stake in SFR FTTH. The consideration received was €1.7 billion. Please refer to Note 4.15 - *Partnership around fiber business in Altice France.*SFR FTTH will be fully consolidated until march 27, 2019 ; it will be equity accounted after this date.

37. Auditors fees

The fees of the Altice France auditors and the members of their networks recognized as expenses in the Group consolidated financial statements at December 31, 2018 are presented in the table below:

Auditors fees (€m)	KPMG	Deloitte	Total
Fees related to certification of individual and consolidated statements	1.3	2.1	3.3
Services other than statutory audit	1.8	1.0	2.7
Total	**3.0**	**3.0**	**6.1**

38. Restated information

The consolidated financial statements as of December 31, 2017 have been restated for the impacts of IFRS 15. The consolidated statement of financial position as of January 1, 2018 has been restated for the impacts of IFRS 9. Refer to Note 1 – *Basis of preparation of the consolidated financial statements*.

38.1. IFRS 15 - *Revenue from contracts with customers*

The Group has adopted IFRS 15 – *Revenue from contracts with customers* for annual period beginning on January 1, 2018, in accordance with the full retrospective method by restating each prior period and recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at the beginning of the earliest period presented (January 1, 2017).

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under IFRS 15, an entity recognizes revenue when the ‘control’ of the goods or services is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific situations. Furthermore, extensive disclosures are required by IFRS 15. In addition, in April 2016, the IASB issued Clarifications to IFRS 15 in response to feedback received by the IASB and FASB Joint Transition Resource group for Revenue recognition. The clarifications provide additional guidance on identifying performance obligations, principal versus agent consideration and licensing application guidance.

The details of the significant changes and quantitative impact of the changes are set out below.

Mobile activities:

The most significant impact is in the mobile activities (B2C and B2B transactions) as some arrangements include multiple elements that are being bundled: a handset component sold at a discounted price and a communication service component. In application of IFRS 15, the Group has identified those items as separate performance obligations. Total revenue will be allocated to both elements based on their stand-alone selling price, leading to more revenue being allocated to the handset upfront. This will also impact the timing of revenue recognition as the handset is delivered up-front, even though total revenue will not change in most cases over the life of the contract.

Other IFRS 15 topics impacting the accounts include capitalization of commissions (including prepaid and renewal commissions which will be broader than the current capitalization model, along with depreciation pattern which will require estimates relating to the contract duration in some instances (prepaid business for example).

Fixed activities:

In most cases, the service and the equipment will not be considered as distinct performance obligations. Additional services will be examined separately.

Other identified topics relate to connection fees, related costs and capitalization of commissions. Related estimates include the determination of capitalized assets depreciation period based (i) on contract period and (ii) possible additional periods related to anticipated contract that the Group can specifically identify.

The quantitative impact of IFRS 15 at the opening balance is detailed below:

- Shareholders' equity as of December 31, 2017 increased by €250.8 million after deferred tax effect mainly due to the mobile handsets subsidies contract assets and the effect of the change in commission capitalization and amortization pattern.
- Revenue and Adjusted EBITDA decreased by €95.4 million and €77.8 million, respectively, for the year ended December 31, 2017. The impact is mainly linked to:
    - The handsets subsidies adjustments as described above linked to a decrease in the sale of mobile bundles offers over the last years.
    - Change in the scope of commissions capitalized under IFRS 15.
- Thus net result for the year ended 2017 decreased by €68.9 million.

38.2. IFRS 9 – *Financial instruments*

IFRS 9 - *Financial instruments* issued on July 24, 2014 is the IASB's replacement of IAS 39 – *Financial instruments: recognition and measurement*.

The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

The Group implemented the standard based on the simplified retrospective approach; the transition impact was recorded in equity as of January 1, 2018 with an impact of €24.5 million after deferred tax and can be broken as follows:

- Financial liabilities restructuring, net of deferred taxes : €44.7million,
- Bad debt provision, net of deferred taxes: €(20.2) million.

Main impacts of IFRS 9 are explained below:

- Based on the IFRS 9 guidance, financial liabilities that have been renegotiated in previous period, where the renegotiated terms were considered as a non-substantial modification of the initial terms (cash flows modified in a proportion equal to or lower than 10%), requires a specific treatment upon transition to IFRS 9. Under IFRS 9, the Company should use the original effective interest rate to calculate the carrying value of the debt which is the present value of the modified future cash flows. Under IAS 39, for financial liabilities that have been renegotiated, the effective interest rate is changed on a prospective basis, with no income statement impact at the renegotiation date. For restructuring of financial liabilities that have been treated as extinguishment of debt, there is no impact under IFRS 9.
- Based on the IFRS 9 guidance, the Group has applied the simplified model for trade receivables and contracts assets (without significant financing component) and has applied the expected credit loss model (i.e. including forward looking information) on assets (i.e. trade receivables not yet due and contract assets IFRS 15 – *Revenue from contracts with customers*). Under currents standard, the bad debt was calculated based on incurred losses.
- The new standard also implies change of classification in financial assets.

38.3. Consolidated statement of financial position

(€m)	December 31, 2017	IFRS 15 Impact	December 31, 2017 restated	IFRS 9 Impact	January 1st 2018
Assets					
Goodwill	11,199.2	-	11,199.2	-	11,199.2
Intangible assets	6,665.8	(147.1)	6,518.7	-	6,518.7
Contracts costs	-	152.0	152.0	-	152.0
Property, plant and equipment	6,424.2	-	6,424.2	-	6,424.2
Investments in associates	23.0	-	23.0	-	23.0
Non-current financial assets	735.7	-	735.7	-	735.7
Deferred tax assets	11.6	-	11.6	10.6	22.2
Other non-current assets	195.0	-	195.0	-	195.0
Non-current assets	**25,254.6**	**4.8**	**25,259.4**	**10.6**	**25,270.0**
Inventories	288.8	-	288.8	-	288.8
Trade and other receivables	3,616.4	-	3,616.4	(18.0)	3,598.3
Contracts assets	-	266.3	266.3	(12.7)	253.6
Income tax receivable	150.6	-	150.6	-	150.6
Current financial assets	17.4	-	17.4	-	17.4
Cash and cash equivalents	451.3	-	451.3	-	451.3
Assets held for sale	-	-	-	-	-
Current assets	**4,524.4**	**266.3**	**4,790.7**	**(30.8)**	**4,760.0**
Total Assets	**29,779.0**	**271.1**	**30,050.1**	**(20.2)**	**30,029.9**

(€m)	December 31, 2017	IFRS 15 Impact	December 31, 2017 restated	IFRS 9 Impact	January 1st 2018 restated
Equity and liabilities					
Share capital	443.7	-	443.7	-	443.7
Additional paid- in capital	5,403.1	-	5,403.1	-	5,403.1
Reserves	(2,920.3)	181.9	(2,738.4)	24.5	(2,713.9)
Equity attributable to owners of the company	**2,926.5**	**181.9**	**3,108.4**	**24.5**	**3,132.9**
Non-controlling interests	(85.1)	-	(85.1)	-	(85.1)
Consolidated equity	**2,841.4**	**181.9**	**3,023.3**	**24.5**	**3,047.8**
Non-current borrowings and other financial liabilities	16,854.4	-	16,854.4	(56.1)	16,798.4
Other non-current financial liabilities	248.1	-	248.1	-	248.1
Non-current provisions	480.4	(4.1)	476.3	-	476.3
Non-current contracts liabilities	-	455.2	455.2	-	455.2
Deferred tax liabilities	263.3	93.3	356.6	11.4	368.0
Other non-current liabilities	567.5	(455.2)	112.3	-	112.3
Non-current liabilities	**18,413.8**	**89.2**	**18,503.0**	**(44.7)**	**18,458.3**
Current borrowings and financial liabilities	351.4	-	351.4	-	351.4
Other current financial liabilities	1,106.9	-	1,106.9	-	1,106.9
Trade payables and other liabilities	6,045.3	-	6,045.3	-	6,045.3
Current contracts liabilities	-	517.3	517.3	-	517.3
Income tax liabilities	104.5	-	104.5	-	104.5
Current provisions	349.6	-	349.6	-	349.6
Other current liabilities	566.1	(517.3)	48.8	-	48.8
Liabilities directly associated to assets held for sale	-	-	-	-	-
Current liabilities	**8,523.8**	**-**	**8,523.8**	**-**	**8,523.8**
Total Equity & liabilities	**29,779.0**	**271.1**	**30,050.1**	**(20.2)**	**30,029.9**

38.4. Consolidated statement of income

(€m)	December 31, 2017	IFRS 15 impact	December 31, 2017 restated
Revenues	**10,915.8**	**(95.4)**	**10,820.4**
Purchasing and subcontracting	(4,026.4)	-	(4,026.4)
Other operating expenses	(2,307.6)	17.6	(2,290.1)
Staff costs and employee benefit expenses	(876.8)	-	(876.8)
Depreciation, amortization and impairment	(2,753.5)	(27.3)	(2,780.9)
Non-recurring income and expenses	(979.8)	-	(979.8)
Operating income	**(28.3)**	**(105.2)**	**(133.5)**
Financial income	208.9	-	208.9
Cost of gross financial debt	(1,099.3)	-	(1,099.3)
Other financial expenses	(177.4)	-	(177.4)
Net financial income (expense)	**(1,067.8)**	**-**	**(1,067.8)**
Share in net income (loss) of associates	(10.7)	0.0	(10.7)
Income (loss) before taxes	**(1,106.8)**	**(105.2)**	**(1,212.0)**
Income tax income (expense)	391.9	36.2	428.1
Net income (loss) from continuing operations	**(714.9)**	**(68.9)**	**(783.8)**
Net income (loss) from discontinued operations	-	-	-
Net income (loss)	**(714.9)**	**(68.9)**	**(783.8)**
Group share	(693.3)	(68.9)	(762.3)
Non-controlling interests	(21.6)	-	(21.6)

38.5. Consolidated statement of cash flows

(€m)	December 31, 2017	IFRS 15	December 31, 2017 restated
Net income, Group share	**(693.3)**	**(68.9)**	**(762.3)**
Adjustments:			
Non-controlling interests	(21.6)	-	(21.6)
Depreciation, amortization and provisions	2,511.2	27.3	2,538.6
Share in net income (loss) of associates	10.7	-	10.7
Net income from sale of property, plant and equipment and intangible assets	108.6	-	108.6
Net financial expense (income)	1,067.8	-	1,067.8
Income tax expense (income)	(391.9)	(36.2)	(428.1)
Other non-cash items	(28.5)	-	(28.5)
Income tax paid	(190.2)	-	(190.2)
Change in working capital	403.9	95.4	499.3
Net cash flow provided (used) by operating activities	**2,776.8**	**17.6**	**2,794.4**
Acquisitions of PPE, intangible assets and contact costs	(2,368.0)	(17.6)	(2,385.6)
Acquisition of consolidated entities, net of cash acquired	(154.3)	-	(154.3)
Acquisitions of other financial assets	(34.1)	-	(34.1)
Disposals of property, plant and equipment and intangible assets	25.6	-	25.6
Disposal of consolidated entities, net of cash disposals	42.8	-	42.8
Disposal of other financial assets	19.5	-	19.5
Change in working capital related to property, plant and equipment and intangible assets	(217.8)	-	(217.8)
Net cash flow provided (used) by investing activities	**(2,686.4)**	**(17.6)**	**(2,704.0)**
Purchases of treasury shares	1.7	-	1.7
Capital increase	16.3	-	16.3
Dividends paid	(6.9)	-	(6.9)
< to owners of the company	-	-	-
< to non-controlling interests	(6.9)	-	(6.9)
Dividends received	10.3	-	10.3
Issuance of debt	5,379.6	-	5,379.6
Repayment of debt	(4,802.8)	-	(4,802.8)
Interest paid	(833.3)	-	(833.3)
Other flows from financing activities	117.9	-	117.9
Net cash flow provided (used) by financing activities	**(117.2)**	**-**	**(117.2)**
Adjustments with no impact on cash	-	-	-
Net increase (decrease) in cash and cash equivalents	**(26.8)**	**0.0**	**(26.8)**
Exchange rate impact on cash in foreign currencies	0.2	-	0.2
Net cash and cash equivalents at beginning of period	**399.9**	**0.0**	**399.9**
Net cash and cash equivalents at end of period	**373.3**	**-**	**373.3**
of which cash and cash equivalents	*451.3*	-	*451.3*
of which bank overdrafts	*(78.0)*	-	*(78.0)*