

Altice USA

Q1 2020 Results

April 30, 2020



Disclaimer

FORWARD-LOOKING STATEMENTS

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

NON-GAAP FINANCIAL MEASURES

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

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

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

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

Altice USA Q1 2020 Summary Review

Q1 revenue growth of +2.2% led by broadband revenue growth of 14.2% YoY

Best-ever quarterly residential broadband and customer relationship net additions (+50k and +35k respectively)

Increase in broadband speed upgrades (up 93%) and network usage (up 24%) supported by 1 Gig rollout ⁽¹⁾

Net loss of -\$858k, Adjusted EBITDA flat at -0.2% YoY (+1.0% YoY ex-mobile), Free Cash Flow +80.0% YoY ⁽²⁾

~\$750m in share repurchases in Q1 (more than \$1.0bn year-to-date including April)

2020 outlook: reduced capex of <\$1.3bn, share buybacks of \$1.7bn, year-end leverage target remains 4.5-5.0x (withdrawing revenue and Adjusted EBITDA margin guidance, to be updated later in 2020)

(1) Broadband speed upgrades and network usage growth comparing March 2020 to February 2020 for Altice USA.

(2) Adjusted EBITDA and Free Cash Flow are non-GAAP measures. For a reconciliation of these non-GAAP measures to net income (loss) and net cash flows from operating activities, respectively, please see the First Quarter 2020 Altice USA earnings release posted to the Altice USA website. Adjusted EBITDA growth of 1.0% in Q1 2020 excluding approximately \$15.6m of losses related to Altice USA's mobile business in the current period and \$3.2m in the year-ago period.

COVID-19 Impacts and Response

Q1 business impact relatively limited, with commitment to employees and our community

Business Impacts

- Increased demand for higher broadband speeds within both Residential and SMB
- SMB closures and local advertising cancellations likely to impact Q2
- Closure of 86% of retail outlets; driving digital support tools for payments, account management, etc.
- Delays in permitting have slowed fiber rollout progress, leading to reduced capex expectations
- Modest incremental increase from COVID-related costs in Q1, with potential for increase in Q2. Offset from improved churn, lower marketing spend and additional efficiency savings

Employee Initiatives

- Focus on employee safety:
 - PPE, staggered shifts, social distancing, new protocols for front line
- Majority of roles working remotely
- Proactive redeployment of select teams to high-demand functions

Customer and Community Response

- Prioritizing customer connectivity and enhanced focus on quality news coverage
- “Keep Americans Connected” Pledge, incl. free public use of outdoor WiFi hotspots
- Connecting first responders, hospitals, schools, and governments
- Altice Advantage Internet and Student WiFi – free for students for the remainder of the school year
- Committed \$10m in community relief to support our local communities and small businesses

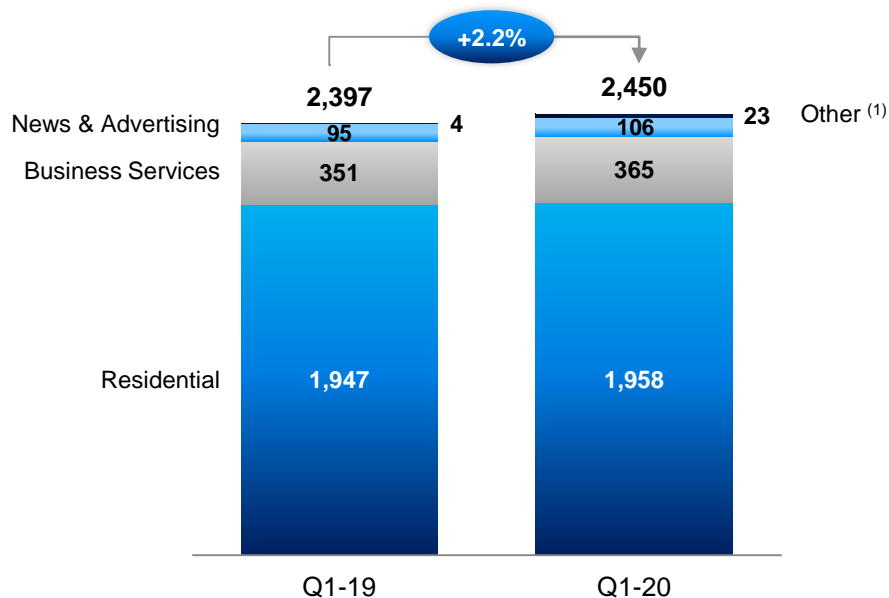
Opportunity set includes accelerated digital transformation across business units

Revenue Growth

Broadband strength continues to drive revenue growth

Q1-20 vs. Q1-19

(\$m)



Revenue growth YoY – Q1-20

YoY Growth	Q1-20
Total Revenue	+2.2%
Residential	+0.5%
<i>Broadband</i>	<i>+14.2%</i>
Business Services	+3.9%
News & Advertising (N&A)	+11.4%

(1) Other includes mobile revenues of \$18.4 million in Q1-20.

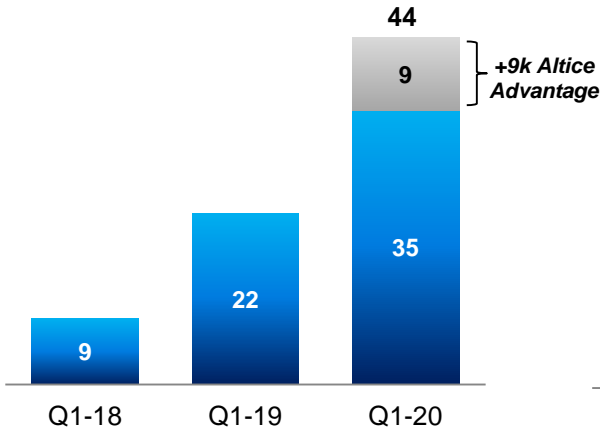
Residential Services

Best ever broadband and unique customer relationship performance

Q1-20 vs. Q1-19 and Q1-18

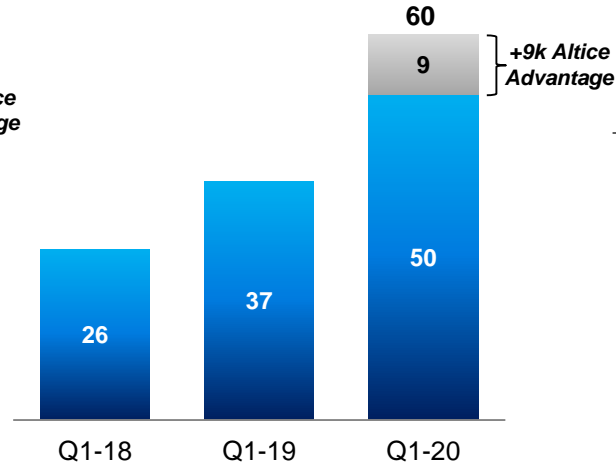
Residential customer relationship net adds

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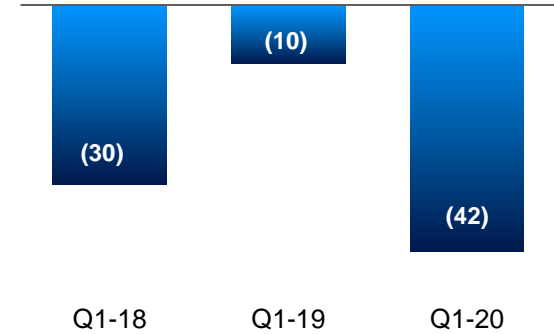
Residential broadband net adds

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Residential video net adds

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Residential revenue growth YoY of +0.5% driven by unique customer growth of +0.6%

Note: Approx. 6k residential customers opted into the FCC's Keep Americans Connected Pledge in Q1 2020.

Increase in Network Usage During Stay-at-Home

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



+93%
Broadband speed
upgrades ⁽¹⁾



+24%
Increase in **total
data usage** ⁽¹⁾



+56%
Increase in **Optimum
1 Gig gross additions** ⁽¹⁾



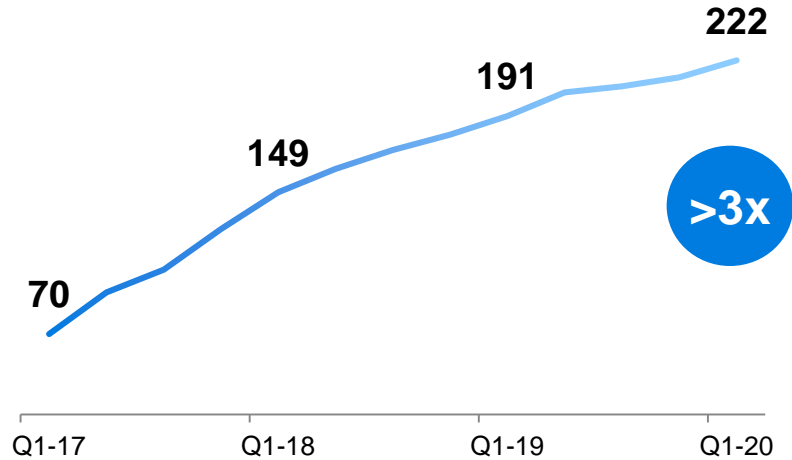
+23%
Increase in **Optimum
video streaming traffic** ⁽¹⁾

(1) Growth rates compare March 2020 to February 2020. Broadband speed upgrades and data usage growth reflect total Altice USA figures; increase in 1 Gig gross additions and video streaming traffic data refer to Optimum-only figures.

Significant Runway for Broadband Speed Upgrades

Network upgrades and rapid 1 Gig rollout driving improved customer experience

Average download speeds taken by customers (Mbps) ⁽¹⁾



Additional broadband opportunity

- **2/3 of our customers take 200 Mbps or less**, driving additional upgrade opportunity
- **1 Gig availability across Altice USA more than doubled YoY to 63%** in Q1-20
- **1 Gig sell-in rate was 13%** of all gross additions in areas where available in Q1-20
- **FTTH rollout** will additionally increase availability of higher speeds
 - Commercial launch of FTTH double- and triple-play bundles on track for later this year

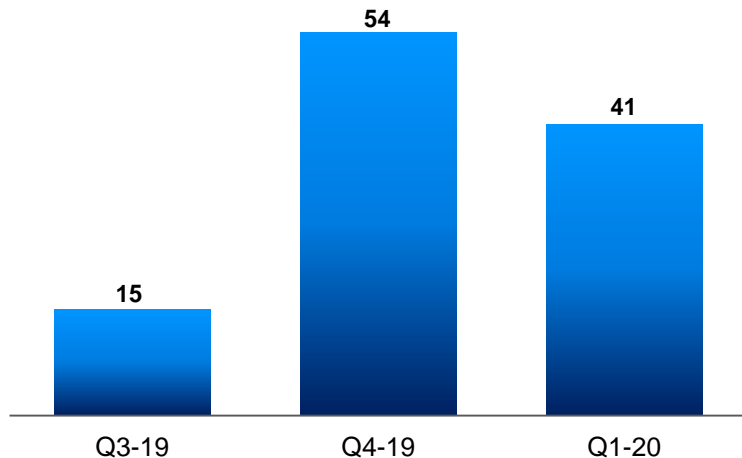
(1) Average speed taken at the end of Q1-20.

Altice Mobile

Strong Q1 but COVID-19 impacting subscriber volume

Mobile net additions since September 2019 launch

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altice
mobile™

110k lines

- Reached 110k total mobile lines (41k net adds in Q1-20):
 - End of introductory offer and retail store closures impacted March volumes
 - Focused on improving customer experience and broadening product offerings (including upcoming 5G service)
 - Over 20%⁽¹⁾ decline in cellular data offload (i.e. reduced RAN costs)
 - Reduced sales & marketing spend during COVID-shutdown
- New T-Mobile partnership: Access to enhanced network

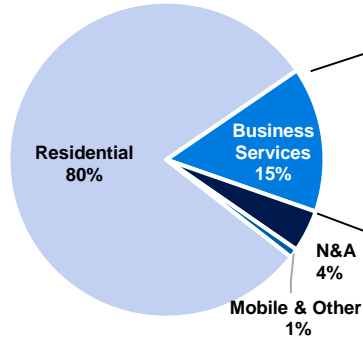
(1) Contraction rate comparing the April run-rate to full month of March 2020.

Business Services

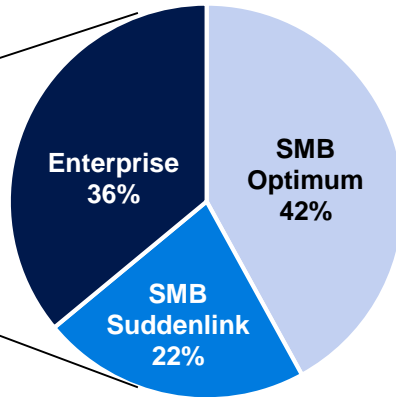
SMB likely more impacted by COVID-19

Business Services relatively small portion of total revenue

*Total Revenue by Segment,
Q1 2020*



*Business Services Revenue by
Category, Q1 2020*



2019 Business Services Revenue:

\$1.4bn

SMB highlights

- Vulnerable sectors comprise relatively small portion of SMB customer base
- SMBs seeing increased demand for higher broadband speeds
- Legacy Suddenlink markets have been less impacted than Optimum and expected to reopen sooner in addition to more resilience to-date
- Focused on preserving customer relationships with customized “stay warm” retention programs

Enterprise highlights

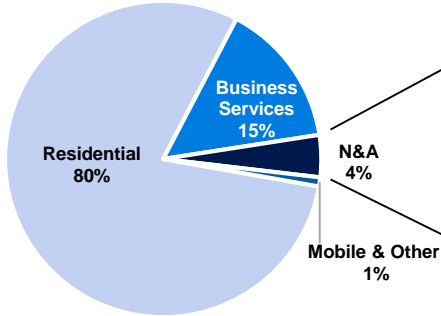
- Key verticals of government, education, healthcare, and carrier/wholesale 50%+ of total Enterprise revenue
- Enterprise customers upgrading service to support remote work, with managed services like secured Internet and conferencing solutions

News & Advertising

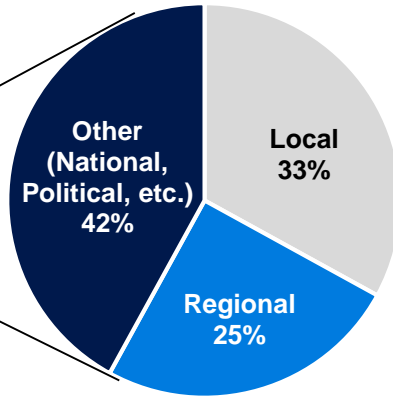
Expect Advertising softness in 2020 from COVID-19, but viewership trends are positive

News & Advertising revenue detail

Total Revenue by Segment,
Q1 2020



News & Advertising Revenue
by Category, Q1 2020



2019 News & Advertising Revenue:
\$476m

News & Advertising trends

- News & Advertising revenue up 11% in Q1 but expect Q2 to be impacted by COVID-shutdown
- Local (33%) expected to be the most affected segment
- Political advertising a tailwind in 2H 2020
- Positive traffic trends on News platforms consistent with increased usage



+577%

Increase in **website traffic** ⁽¹⁾

+131%

Increase in **TV viewership** ⁽¹⁾

news12

+48%

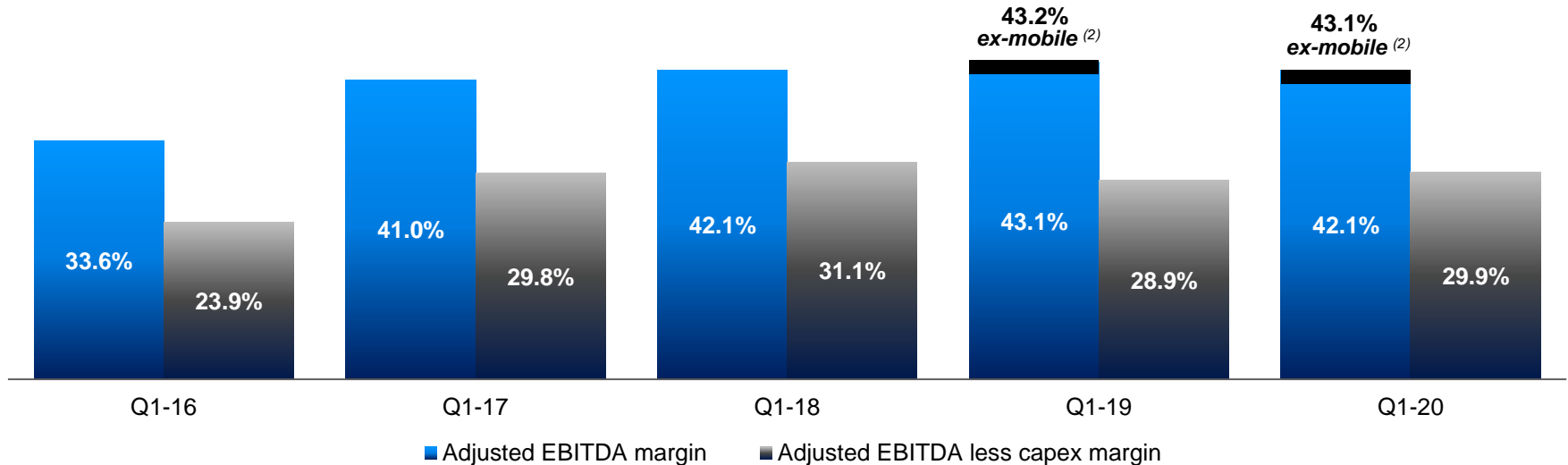
Increase in **TV viewership** ⁽¹⁾

(1) Growth rate comparing the full month of March 2020 to February 2020. TV viewership measured in viewing hours.

Margin Trends

Sustained margins driven by strong broadband trends

Adjusted EBITDA and EBITDA less cash capex margins ⁽¹⁾



(1) Adjusted EBITDA is a non-GAAP measure. For a reconciliation of this non-GAAP measure to net income (loss), please see the Q1-20 Altice USA earnings release posted to the Altice USA website. 2016 financials shown pro forma for disposal of Newsday.

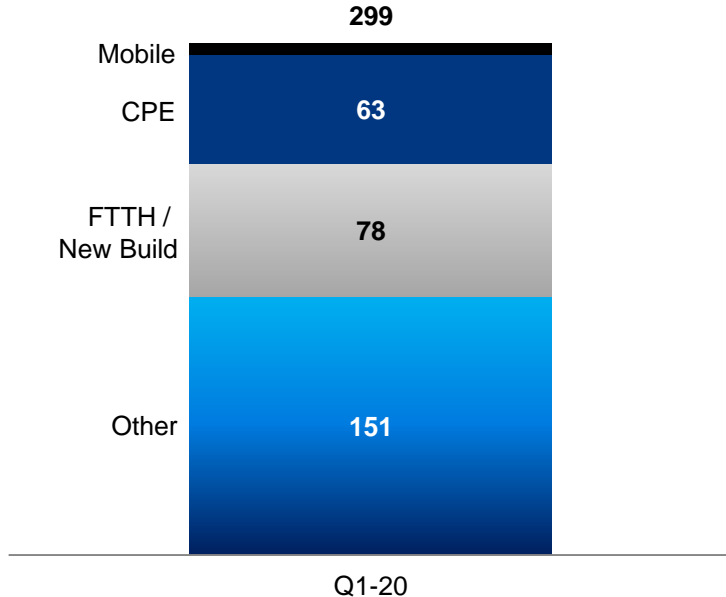
(2) Adjusted EBITDA includes \$15.6m of losses related to Altice USA's mobile business in Q1 2020 and \$3.2m of losses in Q1 2019.

Capex to Support Network and CPE Evolution

Ongoing investments in FTTH and new build, but some deferral due to municipal shutdowns

Q1-20 cash capex

(\$m)



Key highlights of growth investments

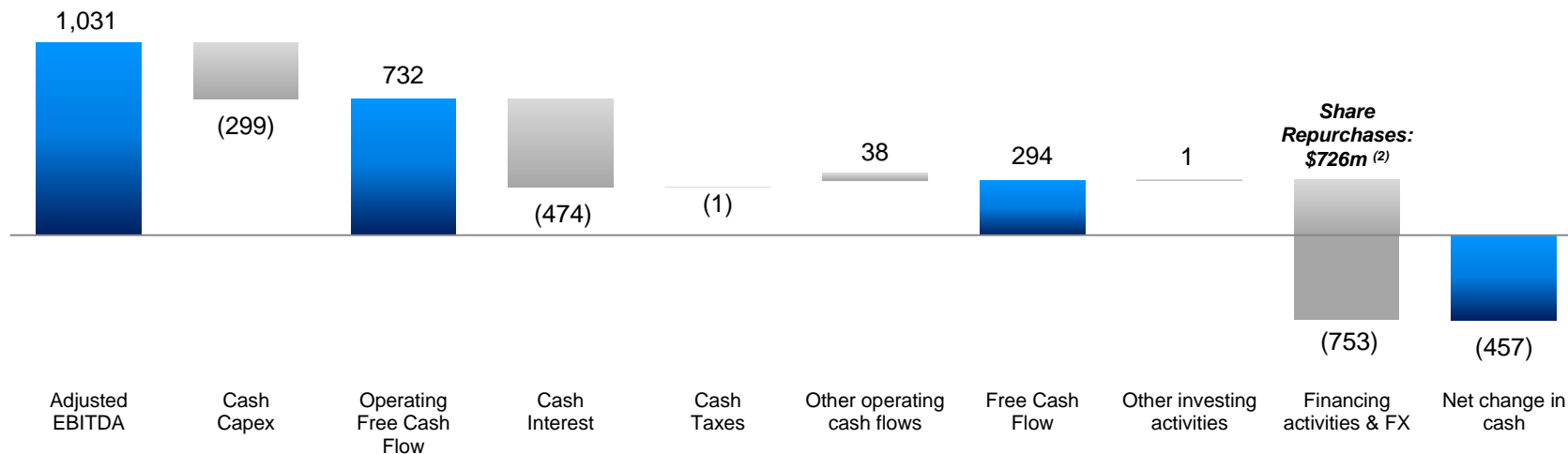
- Ongoing investment in FTTH and new build, although slowdown expected from COVID-related permitting delays
- Focus on maintaining robust operations during stay-at-home, as essential services provider
- Increasing 1 Gig availability to more than 50% of homes in Optimum footprint as of Q1-20
- Lower mobile capital expenditures post-launch
- 12.2% total cash capex / sales in Q1-20
 - Less than 9% ex FTTH / new home build

Free Cash Flow Generation

Strength in cash flow and ongoing share repurchases

Q1-20 Free Cash Flow (FCF) and net change in cash bridge ⁽¹⁾

(\$m)



\$294m FCF in Q1-20, growth of +80.0% YoY

(1) Adjusted EBITDA, Adjusted EBITDA less cash capex (Operating free cash flow) and Free Cash Flow excluding working capital are non-GAAP measures. For a reconciliation of these non-GAAP measures to net income (loss), please see the First Quarter Altice USA earnings release posted to the Altice USA website.

(2) \$750m in total share repurchases completed in Q1 (\$726m cash outlay for settled repurchases in Q1).

Balance Sheet Strength

Ongoing focus on balance sheet management and interest cost reductions

No significant debt maturities until 2025 ⁽¹⁾, weighted average life of 6.2 years

Significant liquidity of ~\$2.5 billion

Reduced weighted average cost of debt from 5.9% to 5.6% since year-end 2019

Additional opportunities to further reduce cost of debt

Increased fixed percentage of debt from 75% to 82%

(1) No bond maturities of greater than \$1.1 billion in any single year until 2025 (see maturity schedule in Appendix).

Full Year 2020 Outlook Update

	Former	Current
Revenue Growth YoY (ex-Mobile)	2.0% to 2.5%	Update in 2H 2020
Adjusted EBITDA Margin (ex-Mobile)	Expansion	Update in 2H 2020
Cash Capex	\$1.3 to \$1.4 billion	< \$1.3 billion
Adjusted EBITDA less Cash Capex		Growth
Year-End Leverage (L2QA)	4.5x – 5.0x	4.5x – 5.0x
Share Repurchases (ex-M&A)	\$1.7 billion	\$1.7 billion

Q&A

Appendix

Altice USA, Inc. Financials

(\$m)	Q1-19	Q1-20	Growth YoY
Total Revenue	\$2,397	\$2,450	2.2%
Adjusted EBITDA ⁽¹⁾	\$1,033	\$1,031	(0.2%)
<i>Margin (%)</i>	43.1%	42.1%	
Cash capital expenditures	\$340	\$299	(12.1%)
<i>Capex % of revenue</i>	14.2%	12.2%	
OpFCF ⁽¹⁾	\$693	\$732	5.7%
<i>Margin (%)</i>	28.9%	29.9%	

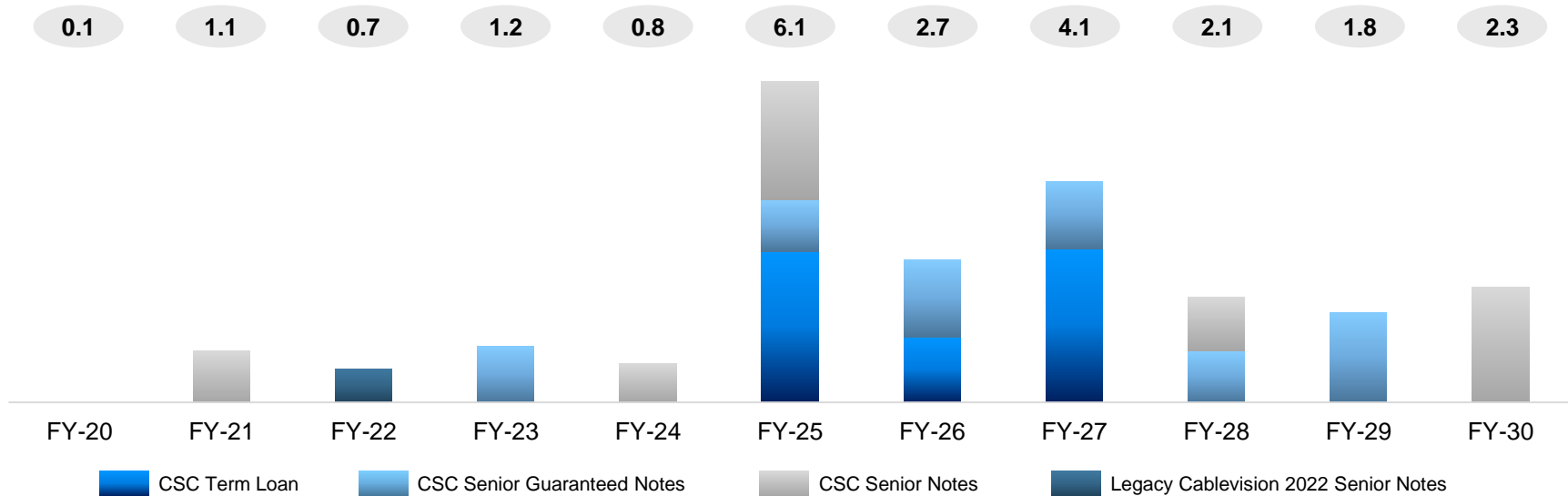
(1) Adjusted EBITDA and Adjusted EBITDA less cash capex ("OpFCF") are non-GAAP measures. For a reconciliation of Adjusted EBITDA and OpFCF to net income (loss), please see the First Quarter 2020 Altice USA earnings release posted to the Altice USA website.

Debt Maturity Profile

Long-dated maturities following proactive refinancing activity

Altice USA maturity profile ⁽¹⁾

(\$bn)



(1) Excludes \$1.7m of 2025 Legacy Cequel Stub Notes and \$4.1m of 2028 Legacy Cequel Stub Notes.