SFR Group

Condensed consolidated financial statements for the nine-month period ended September 30, 2017

SFR Group
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75015 Paris

Consolidated Statement of Income

(in € millions)	September 30, 2017	September 30, 2016
Revenues	**8,229**	**8,099**
Purchasing and subcontracting	(2,978)	(2,867)
Other operating expenses	(1,791)	(1,691)
Staff costs and employee benefit expenses	(687)	(669)
Depreciation, amortization and impairment	(1,984)	(1,763)
Non-recurring income and expenses	(958)	(257)
Operating income	**(170)**	**851**
Financial income	3	10
Cost of gross financial debt	(666)	(971)
Other financial expenses	(41)	(45)
Net financial income (expense)	**(704)**	**(1,005)**
Share in net income (loss) of associates	(8)	(2)
Income (loss) before taxes	**(882)**	**(156)**
Income tax income (expense)	201	1
Net income (loss) from continuing operations	**(681)**	**(156)**
Net income (loss) from discontinued operations	-	-
Net income (loss)	**(681)**	**(156)**
Group share	**(675)**	**(154)**
Non-controlling interests	**(6)**	**(2)**

Consolidated Statement of Comprehensive Income

(in € millions)	September 30, 2017	September 30, 2016
Net income (loss)	**(681)**	**(156)**
Items that may be subsequently reclassified to profit or loss :		
Foreign currency translation adjustments	1	(0)
Cash flow hedges	150	(138)
Related taxes	(39)	47
Other items related to associates	1	0
Items that will not be subsequently reclassified to profit or loss :		
Actuarial gain (loss)	(0)	-
Related taxes	0	1
Comprehensive income (loss)	**(569)**	**(245)**
Of which :		
Comprehensive income (loss), Group share	*(562)*	*(244)*
Comprehensive income (loss), Non-controlling interests	*(6)*	*(2)*

Consolidated Statement of Financial Position

(in € millions)	September 30, 2017	December 31, 2016
Assets		
Goodwill	11,201	11,146
Intangible assets	6,974	7,600
Property, plant and equipment	6,248	6,021
Investments in associates	19	46
Non-current financial assets	983	2,131
Deferred tax assets	12	22
Other non-current assets	13	21
Non-current assets	**25,450**	**26,986**
Inventories	281	235
Trade and other receivables	3,509	3,212
Income tax receivable	140	159
Current financial assets	10	4
Cash and cash equivalents	387	452
Assets held for sale	-	59
Current assets	**4,326**	**4,121**
Total Assets	**29,776**	**31,107**

(in € millions)	September 30, 2017	December 31, 2016
Equity and liabilities		
Share capital	444	443
Additional paid- in capital	5,403	5,388
Reserves	(2,835)	(2,221)
Equity attributable to owners of the company	**3,012**	**3,609**
Non-controlling interests	(73)	(37)
Consolidated equity	**2,939**	**3,572**
Non-current borrowings and other financial liabilities	16,295	17,171
Other non-current financial liabilities	249	325
Non-current provisions	758	840
Deferred tax liabilities	392	615
Other non-current liabilities	896	617
Non-current liabilities	**18,590**	**19,568**
Current borrowings and financial liabilities	170	485
Other current financial liabilities	1,634	1,155
Trade payables and other liabilities	5,381	5,139
Income tax liabilities	62	207
Current provisions	526	396
Other current liabilities	474	540
Liabilities directly associated to assets held for sale	-	46
Current liabilities	**8,247**	**7,968**
Total Equity & liabilities	**29,776**	**31,107**

Consolidated Statement of Changes in Equity

(in € millions)	Capital	Additional paid-in capital	Reserves	Other comprehensive income	Total	Non-controlling interests	Consolidated equity
	Equity attributable to owners of the company						
Position at December 31, 2015	**440**	**5,360**	**(1,461)**	**(84)**	**4,256**	**12**	**4,267**
Dividends paid	-	-	-	-	-	(8)	(8)
Comprehensive income	-	-	(154)	(90)	(244)	(2)	(245)
Issuance of new shares	2	27	-	-	30	-	30
Share-based compensation	-	-	3	-	3	-	3
Purchase of treasury shares	-	-	0	-	0	-	0
Other movements	-	-	(186)	-	(186)	(34)	(220)
Position at September 30, 2016	**442**	**5,388**	**(1,798)**	**(173)**	**3,859**	**(31)**	**3,828**
Comprehensive income (loss)	-	-	(56)	(194)	(250)	(6)	(256)
Issuance of new shares	0	0	-	-	0	-	0
Share-based compensation	-	-	1	-	1	-	1
Purchase of treasury shares	-	-	(0)	-	(0)	-	(0)
Other movements	-	-	(1)	-	(1)	0	(1)
Position at December 31, 2016	**443**	**5,388**	**(1,854)**	**(367)**	**3,609**	**(37)**	**3,572**
Dividends paid	-	-	-	-	-	(7)	(7)
Comprehensive income (loss)	-	-	(675)	112	(562)	(6)	(569)
Issuance of new shares	1	15	-	-	16	-	16
Share-based compensation	-	-	1	-	1	-	1
Purchase of treasury shares	-	-	1	-	1	-	1
Other movements	-	-	(53)	-	(53)	(22)	(75)
Position at September 30, 2017	**444**	**5,403**	**(2,580)**	**(255)**	**3,012**	**(73)**	**2,939**

Breakdown of changes in equity related to other comprehensive income

(in € millions)	December 31, 2015	September 30, 2016	Change	December 31, 2016	September 30, 2017	Change
Hedging instruments	(129)	(267)	*(138)*	(498)	(348)	*150*
Related taxes	44	92	*47*	140	101	*(39)*
Actuarial gains and losses	3	3	*-*	(10)	(10)	*(0)*
Related taxes	(3)	(3)	*1*	1	1	*0*
Foreign currency translation adjustments	(1)	(1)	*(0)*	(2)	(1)	*1*
Items related to associates	2	2	*0*	3	3	*1*
Total	**(84)**	**(173)**	***(90)***	**(367)**	**(255)**	***112***

Consolidated Statement of Cash Flows

(in € millions)	**September 30, 2017**	**September 30, 2016**
Net income, Group share	**(675)**	**(154)**
Adjustments:		
Non-controlling interests	(6)	(2)
Depreciation, amortization and provisions	2,041	1,920
Share in net income (loss) of associates	8	2
Net income from sale of property, plant and equipment and intangible assets	82	22
Net financial expense (income)	704	1,005
Income tax expense (income)	(201)	(1)
Other non-cash items	(58)	14
Income tax paid	(174)	(68)
Change in working capital	330	(336)
Net cash flow provided (used) by operating activities	**2,050**	**2,403**
Acquisitions of property, plant and equipment and intangible assets	(1,667)	(1,537)
Acquisition of consolidated entities, net of cash acquired	(135)	(719)
Acquisitions of other financial assets	(19)	(12)
Disposals of property, plant and equipment and intangible assets	29	36
Disposal of consolidated entities, net of cash disposals	34	0
Disposal of other financial assets	17	8
Change in working capital related to property, plant and equipment and intangible assets	(269)	(278)
Net cash flow provided (used) by investing activities	**(2,010)**	**(2,504)**
Purchases of treasury shares	2	0
Capital increase	16	30
Issuance of debt	2,478	7,396
Repayment of debt	(2,493)	(7,277)
Interest paid	(582)	(570)
Other flows from financing activities (a)	488	585
Net cash flow provided (used) by financing activities	**(89)**	**173**
Net increase (decrease) in cash and cash equivalents	**(49)**	**71**
Exchange rate impact on cash in foreign currencies	**0**	**0**
Net cash and cash equivalents at beginning of period	**400**	**229**
Net cash and cash equivalents at end of period	**351**	**301**
of which cash and cash equivalents	*387*	*441*
of which bank overdrafts	*(36)*	*(140)*

(a) Of which €421 million of commercial paper as of September 30, 2017.

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1. Basis of preparation of the consolidated financial statements

SFR Group (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 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. A global player, the Group has major positions in all segments of the French B2C, B2B, local authorities and wholesale telecommunications market.

SFR Group is also adopting a new and increasingly integrated model around access and content convergence. Its new 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 (BFM TV, BFM Business, BFM Paris, RMC, RMC Découverte...).

On August 9, 2017, Altice announced the finalization of several agreements to acquire SFR Group shares by way of exchange for ordinary A shares of Altice N.V. Altice thereby passed the 95% threshold of SFR Group's capital and voting rights.

On September 4, 2017, Altice filed a buyout offer, followed by a squeeze-out for the remaining SFR Group shares for a price of €34.50 per share. On September 19, 2017, the AMF approved the proposed offer in its original form, without any modifications.

The buyout offer was opened from September 21, to October 4, 2017 included; the squeeze out was effective on October 9, 2017, date from which SFR Group is no longer listed on Euronext Paris.
As of September 30, 2017, Altice N.V. directly or indirectly held 98.57% of the capital of SFR Group S.A.

This Note describes the changes in the accounting principles adopted by the Group for the interim consolidated financial statements for the nine-month period ended September 30, 2017 based on the consolidated financial statements for the year ended December 31, 2016.

1.1. Basis of preparation of financial information

On October 31, 2017, the Company's Board of Directors approved the interim condensed consolidated financial statements for the nine-month period ended September 30, 2017.

The interim condensed consolidated financial statements for the nine-month period ended September 30, 2017 were prepared in accordance with IAS 34 – *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

They should be read in conjunction with the Group's 2016 annual consolidated financial statements.

The interim condensed consolidated financial statements were prepared in accordance with the same principles as for December 31, 2016, subject to the specifics of IAS 34.

In addition, following the take private, the notes "Earning per share" and "Segment information" will no longer be disclosed. IFRS 8 – *operating segments* and IAS 33 – *Earnings per share* are only applied on financial statements of companies issuing shares or bonds listed on a regulated market.

1.2. Use of estimates and judgments

In preparing the Group's financial statements, Management makes estimates insofar as many factors included in the financial statements cannot be measured accurately. The assumptions on which key estimates are based are the same as those described in Note 3 – *Use of estimates and judgments* of the consolidated financial statements for the year ended December 31, 2016. Management reviews such estimates as the circumstances on which they are based change or as a result of new information or additional experience. Consequently, the estimates made as of September 30, 2017 may be significantly modified in subsequent periods, and actual amounts may differ from estimates.

1.3. New standards and interpretations

Standards and interpretations applied from January 1, 2017

The application from January 1, 2017 of the mandatory standards and amendments (listed below) had no material impact on the Group's consolidated financial statements:

- Amendments to IAS 7 – *Disclosure initiative:* The amendments will require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, while distinguishing cash and non-cash flows. The Group has provided disclosure in compliance with this amendment, allowing users of the financial statements to reconcile the variations in liabilities and related amounts recorded in the consolidated statement of cash flows.
- Amendments to IAS 12 – *Recognition of deferred tax assets for unrealized losses.* The amendments clarifies the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value, in order to address the differences in current market practices.

- Annual Improvements cycle 2014-2016: mainly the standard IFRS12 – *Disclosures of interests in other entities,* clarifying the scope of the disclosure requirements.

Standards and interpretations not yet applied

The Group has not anticipated the following IFRS issued by the IASB and IFRS IC but not yet in force, that may impact the Group's financial statements:

- IFRS 15 – *Revenue from Contracts with Customers* applicable to annual periods beginning on or after January 1, 2018 ; In May 2014, the IASB issued IFRS 15 which establishes a single comprehensive 5-step model to account for revenue arising from contracts with customers. IFRS 15 will supersede all current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

  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.
  The group has implemented a comprehensive project across all geographies to determine the potential differences with current revenue recognition and implement those. The issue identification phase has now been completed and the implementation plan is in progress.

  Refer to 2016 Financial Consolidated Statements for more detailed information on the issues identified.

  The Group has decided to adopt the standard based on the full retrospective approach. Although no reliable quantified information is yet available, the group anticipate that the impact of the standard will be significant:

  - Impacts on revenue will be primarily driven by the following: in the mobile business, the allocation of revenue from multiple arrangement contracts to the handset and to the services will be based on respective standalone selling prices, whereas under IAS 18, handset revenue is currently being capped to the amount paid by the customer. This will lead to transfer a portion of revenue from services revenue to equipment revenue and,

  - Change the timing of revenue recognition as handset revenue recognized upon delivery of the terminal will be much higher(the aggregated mobile revenue should not be materially impacted)

  The retrospective application of the standard is likely to lead to a significant increase in Equity (on the opening balance sheet of the comparative year) mainly due to:
  - The allocation of bundle contracts in the mobile business,
  - The scope of capitalized reseller commissions will be broadened as compared to the current treatment, along with a change in their depreciation pattern.

- IFRS 9 – *Financial Instruments* applicable to annual periods beginning on or after January 1, 2018 ;
- IFRS 16 – *Leases* applicable to annual periods beginning on or after January 1, 2019.

The impacts of implementing these news standards are currently being analysed as part of a Group-wide project. It is not practicable to provide a reasonable estimate of the quantitative effects on the financial statements until these projects have been completed. Refer to Note 1.2 to the Group's 2016 annual consolidated financial statements.

2. Significant events of the period

On January 30, 2017, SFR and NextRadioTV announced a new phase in their strategic partnership

On January 30, 2017, NextRadioTV and SFR Group announced that they have submitted an application to the Conseil Supérieur de l'Audiovisuel (CSA) for approval to enter into a new phase of their strategic partnership. In doing so, it is SFR's intention to increase its stake in the holding company of NextRadioTV ("GNP) to 100%. The French Competition Authority gave its approval in the second quarter.

The implementation of this phase is the logical follow up to the partnership entered into in July 2015 with Altice Group and it reflects the changing national and international environment of the telecommunications and media industry.

The first phase has been successful, as it has enabled NextRadioTV to launch three new channels in just a few months: BFM Sport, BFM Paris and SFR Sport1.

The next phase will allow the group to accelerate the launch of new projects and strengthen the capacity of existing channels.

Decision of the French Competition Authority against Altice and SFR Group dated March 8, 2017

By Decision No.14-DCC-160 dated October 30, 2014, the French Competition Authority authorized Numericable Group, a subsidiary of the Altice Group, to take exclusive control of SFR. This authorization was subject to a certain number of commitments, including those subject to the procedure initiated by the Competition Authority relating to the performance of a joint investment agreement entered into by SFR and Bouygues Telecom on November 9, 2010 ("Faber Agreement"). Under the terms of this Agreement, SFR and Bouygues Telecom committed to jointly invest in the rollout of a horizontal fiber optic network in a defined number of towns and districts located in high density areas**.**

Insofar as Numericable was already highly present with the very high speed offers of its FTTB cable network in this high density area, the Authority considered that the takeover of SFR by Numericable may have cast doubts over SFR's incentive to honor its commitments to its joint investors, and in particular to Bouygues. To address this potential risk, the Authority therefore requested commitments were made to guarantee that the new group would supply the buildings requested by Bouygues Telecom under the Agreement. These commitments covered three main points:

- The obligation to provide distribution services for all Termination Points delivered as of October 30, 2014 within two years;
- The drawing up of a rider to the Faber Agreement allowing Bouygues Telecom to order a list of buildings of its choice for the distribution to Termination Points delivered after October 30, 2014 within three months (excluding performance constraints);
- The provision of maintenance for the FTTH infrastructure in a transparent and non-discriminatory manner using specially introduced quality indicators.

By Decision No.15-SO-14 dated October 5, 2015, the Competition Authority officially opened an inquiry into the conditions under which Altice and SFR Group respect these commitments.

By Decision No. 17-D-04 dated March 8, 2017, the Competition Authority decided to levy a financial sanction of €40 million against Altice and SFR Group, and imposed periodic penalty payments for each day of delay, for not having respected the commitments set out in the "Faber Agreement". This amount was recognized in the financial statements as of March 31, 2017 and was paid over the second quarter.

A summary was lodged on April 13, 2017 before the French Supreme Court (*Conseil d'état*).The judge in chambers of the Council of State said there is no matter to be referred.

On September 28, 2017, the supreme court rejected the request of cancelling ADLC decision put forth by Altice and SFR.

Decision of the Administrative Court regarding the penalty to pay for €96.6 million by Sequalum to the department of Hauts-de-Seine

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 these two decisions before the Administrative Court of Versailles (see to note *13– Litigation*).

Following the dismissal by the Administrative Court of Appeals lodged by Sequalum against the two enforceable measures issued by the Department in respect of the penalties (see note 13 - *Litigation*), €97 million were paid to the "Tresor Public" during July 2017.

Restructuring

On August 4, 2016, Management and some representative unions of the SFR Group telecom division signed an agreement to allow the Group to adapt more quickly to the demands of the telecom market by building a more competitive and efficient organization. This agreement reaffirms the commitments, made at the time of the SFR acquisition, to maintain jobs until July 1, 2017 and defines the internal assistance guarantees as well as the conditions for voluntary departures implemented as of the second half of 2016. This agreement stipulates three steps:

1 - the reorganization of retail stores, presented to the staff representatives on September 2016, resulted in a voluntary departure plan as of the 4th quarter of 2016 and is accompanied by a change in channel distribution and the closing of stores;

2 - the preparation of a new voluntary departure plan to be launched in July 2017, preceded by the possibility for employees who would like to benefit from this plan to request suspension of their employment contract in the 4th quarter of 2016 in order to pursue their professional plans outside the company; and

3 - a period between July 2017 and June 2019 during which employees could also benefit from a voluntary departure plan under conditions to be defined.

In any case, the Group has made a commitment that the SFR Telecom division will have no fewer than 10,000 employees during this period.

The first phase of this agreement, namely the reorganization of retail stores, ended at end-March 2017 with the validation of about 800 departures of employees. At end September 2017, a residual amount of €5 million was recognized for restructuring of retail stores in provisions. The amount paid as of September 30, 2017 is €72 million.

Furthermore, the GPEC Group Agreement was signed on February 1, 2017 by the majority of the representative unions of the SFR Group Telecom division. It specifies the external mobility scheme offered to the employees for the period before June 30, 2017. As of June 30, 2017, 1,360 employees took benefit of the "Mobilité Volontaire Sécurisée" plan (MVS: suspension of labour contract) of the GPEC, and will benefit in priority from the voluntary departure plan if they remain eligible when the plan enters into force.

Finally, the "Livre 2", a legally binding document that describes the target organization of the Telecom division of SFR was delivered to the representative unions on April 3, 2017. The validation commissions began on July, the departure of approximately 2,000 additional employees (excluding MVS) is expected before the end of November, end date of the voluntary plan. A restructuring provision was recognized for this voluntary departure plan amounted €742 million as of June 30, 2017, partially offset by the reversal of employee benefit plan provisions amounting to €47 million. A €500 million reversal of provision was recognized as of September 30, 2017 and the corresponding amount recorded in social payables following the validation of departures by the different commissions. A part of this liability (€26 million) has been paid during the third quarter.

Renegotiation of loans

On April 18, 2017 the SFR Group raised new Term Loans in order to replace part of its existing Term Loans. SFR Group repaid two existing tranches, the Term Loan B7 denominated in US dollars and the Term Loan B9 denominated in euros by issuing two new tranches, the Term Loan B11 denominated in US dollars and the Term Loan B11 (SG) denominated in euros. At the time of the renegotiation, the Term Loan B7 in US dollars amounted to US$1,414 million and the Term Loan B9 denominated in euros amounted to €296 million. The new Term Loan tranches, the Term Loan B11 in US dollars and the Term Loan B11 (SG) in euros, amount respectively to US$1,420 million and €300 million. Ypso France replaced its existing Term Loan, the Term Loan B7 denominated in euros, by a new Term Loan, the Term Loan B11 (YF) also denominated in euros. At the time of the renegotiation, the Term Loan B7 in euros amounted to €843 million. The new Term Loan tranche amounts to €845 million.

These renegotiations allowed the Group to extend the maturities of the Term Loans:

- The Term Loan B7 in US dollars was maturing in January 2024. The new tranche B11 in USD is maturing in July 2025 : an extension of 18 months.
- The Term Loan B9 in euros was maturing in July 2023. The new tranche B11 (SG) in euros is maturing in July 2025 : an extension of 24 months.
- The Term Loan B7 in euros was maturing in April 2023. The new tranche B11 (YF) in euros is maturing in July 2025 : an extension of 27 months.

These renegotiations also allowed the Group to reduce the cost of those Term Loans:

- The Term Loan B7 in US dollars was bearing interest at three-month LIBOR (with a 0.75% floor) plus a margin of 4.25%. The new tranche B11 in US dollars is bearing interest at three-month LIBOR (with a 0% floor) plus a margin of 2.75%. This represents a decrease of 1.50%. Moreover, at the time of the renegotiation, the three-month LIBOR was higher than the former floor of 0.75%.
- The Term Loan B9 in euros was bearing interest at three-month EURIBOR (with a 0.75% floor) plus a margin of 3.25%. The new tranche B11 (SG) in euros is bearing interest at three-month EURIBOR (with a 0.00% floor) plus a margin of 3.00%. This represents a decrease of 0.25% of the margin and also a decrease of 0.75% of the floor, as the three-month EURIBOR was negative at the time of the renegotiation.
- The Term Loan B7 in euros was bearing interest at three-month EURIBOR (with a 0.75% floor) plus a margin of 3.75%. The new tranche B11 (YF) in euros is bearing interest at three-month EURIBOR (with a 0% floor) plus a margin of 3.00%. This represents a decrease of 0.75% of the margin and also a decrease of 0.75% of the floor, as the three-month EURIBOR was negative at the time of the renegotiation.

From an accounting standpoint, these operations were treated as a non-substantial modification of the existing debt.

Following these improvements in the conditions of the Group debts, the average debt maturity was extended from 7.0 to 7.3 years and the weighted average cost of debt decreased from 5.2% to 4.9%.

As there was no significant change in the outstanding amounts under the debts denominated in US Dollar before and after the renegotiation, there has been no changes in the hedging instruments.

Closing of the sale of the B2B Press activity

On April 28, 2017, in accordance with the announcement at the end of 2016 (refer to note 4.7 of the appendix to the 2016 consolidated financial statements), SFR completed the sale of the companies from Newsco's B2B activities and L'Etudiant to the holding company Coalition Media Group, controlled by Marc Laufer. The Group subsequently acquired a 25% stake in this holding. As part of the transaction, the vendor loan contracted during the acquisition of AMGF for 100 million euros was fully reimbursed. The group recorded a €28 million capital gain.

In accordance to IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, assets intended for sale and liabilities related to assets held for sale were placed on specific items in the statement of financial position as of December 31, 2016 for the amounts of €59 million and €46 million respectively ; given that the impact on the statement of financial performance and the statement of cash flows is not substantial, these statements were not restated as of December 31, 2016.

Altice rebranding

Altice NV revealed its new strategy of Altice brand which will represent the transformation of the Group: from a holding company with a collection of different assets and brands around the world to the establishment of one unified group with one single brand, Altice.

The Altice name, brand and new logo will replace the current brands within Altice's subsidiaries.

It is expected that SFR brand will have completed the transition process by the end of the second quarter of 2018. B2B brands will become Altice Business. Some telecom brands (Red, Next TV), media brands (i24News, BFMTV, RMC*...) and press brands (Libération, L'Express,..) will be maintained.

The Board held on May 22, 2017 approved the new brand proposed by Altice. Considering SFR brand residual useful life, the Group applied an accelerated amortization on SFR brand in half year financial statements. The amortization expense amounts €305 million as of September 30, 2017 compared to €53 million in the absence of accelerated amortization.

Completion of the acquisition of *'Numéro 23'*

On July 26, 2017, the CSA approved the acquisition of an additional 12% stake in Pho holding (owner of *Numéro 23* channel) by NextRadioTV. Following this acquisition, NextRadioTV held a 51% stake in Pho holding, thus leading to a change in the consolidation method of Pho holding for the nine months ended September 30, 2017 (from equity method to full integration).

Re-pricing of certain derivative instruments

In July 2017, the Group monetized a part of the latent gains in certain derivative financial instruments, through the re-pricing and extension of the maturity of these financial instruments. An aggregate amount of USD nominal of 2,150.5 million initially priced at 1.3827 (EUR/USD) was re-priced to an average rate of 1.223 (EUR/USD), with an extension of maturity from 2022 to 2025. As a result of the operation, the Group recognized a financial gain of 203.1 million euros against a cash payment for the same amount. The re-priced swaps were re-qualified for hedge accounting (with the exception of one swap) following the operation.

3. Change in scope

For the nine-month period ended September 30, 2017, the main changes in scope as described in Note 35 – *List of consolidated entities* to the Group's 2016 annual consolidated financial statements concern the sale of the B2B Press activity, the accounting equity method of Coalition Media Group and the change in the consolidation method of Pho holding (refer to the previous note).

4. 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:

(in € millions)	September 30, 2017	September 30, 2016
Operating income	**(170)**	**851**
Depreciation, amortization and impairment	1,984	1,763
Restructuring costs (a)	703	168
Costs relating to stock option plans	1	3
Other non-recurring costs (b)	265	99
Adjusted EBITDA	**2,783**	**2,884**

(a) *Mainly include net costs of Telecom division voluntary plan departure (€742 million) and the reversal related to the employee benefit provision (€47 million).*
(b) *Include costs related to litigation (€71 million) , the result of the scrapping of property, plant and equipment and intangible assets (€82 million) and a provision for onerous contract related to the expected vacancy of SFR's campus in St Denis, following the move to the new Altice Campus from the fourth quarter 2017 onwards (€69 million).*

5. Financial income

Financial income is broken down below:

(in € millions)	September 30, 2017	September 30, 2016
Cost of gross financial debt	**(666)**	**(971)**
Financial income	**3**	**10**
Provisions and unwinding of discount	(13)	(21)
Other	(28)	(24)
Other financial expenses	**(41)**	**(45)**
Net financial income (expense)	**(704)**	**(1,005)**

The cost of gross financial debt decreased from €971 million during the nine-month period end September 2016 to €666 million during the nine-month period ended September 2017. This decrease in the cost of gross financial debt is mainly due to :

- a one-off gain resulting from the monetization of derivative instruments in the third quarter of 2017, resulting in a financial income of €203 million,
- the negative variation in the fair value of certain derivative instruments and the monetization of certain derivative instruments during the first quarter of 2016,
- the refinancing that occurred in April 2016 that led to the accelerated amortization of the finance costs related to the issuance of the corresponding debts and the cost borne for the early repayment of the 2019 notes, and a €85 million cost related to the extinction of the hedging instrument of these notes.

6. Income tax expense

For interim reporting, the tax expense or tax income on profit or loss is determined in accordance with IAS 34, based on the best estimate of the annual average tax rate expected for the full fiscal year, restated for non-recurring items (which are recorded in the period as incurred).

7. Cash and cash equivalents

Cash and cash equivalents are broken down below:

(in € millions)	September 30, 2017	December 31, 2016
Cash	319	314
Cash equivalents (a)	68	138
Cash and cash equivalents	**387**	**452**

(a) Cash equivalents mainly consisted of money-market UCITS.

8. Non-current financial assets

Non-current financial assets are broken down below:

(in € millions)	September 30, 2017	December 31, 2016
Derivative financial instruments (a)	777	1,886
Other (b)	206	244
Non-current financial assets	983	2,131
Other non-current assets	13	21
Other non- current assets	**996**	**2,151**

(a) See Note 11– Derivative instruments.
(b) Includes the guarantees granted by Vivendi for € 124 million.

9. Equity

As of September 30, 2017, following the exercise of stock options, SFR Group's share capital, based on the number of shares outstanding on that date, amounted to €443,706,618 comprising 443,706,618 ordinary shares with a par value of €1 each.

9.1. Change in share capital

Date	Transaction	Shares issued
December 31, 2016		**442,532,156**
January to September	Exercise of stock options	1,174,462
September 30, 2017		**443,706,618**

9.2. Treasury shares

In early 2014, the Group signed a liquidity contract with Exane BNP Paribas in order to improve the liquidity of its securities and the regularity of their prices on NYSE Euronext Paris.
On September 21, 2017, following the public buyout offer and the squeeze out of SFR group share (see Note 1 –*Basis of preparation of consolidated financial statements*), all treasury shares were repurchased by Altice NV.

9.3. Stock-options

On September 21, 2017, following the public buyout offer and the squeeze out of SFR group share (see Note 1 –*Basis of preparation of consolidated financial statements*), stock-options holders with options that were in the money and not yet exercised, could renounce their rights to these options by signing a letter and receive an indemnity equal to €34.50 less the exercise price of the stock option.
The social liability, estimated at €43 million including social expenses, was recognized in equity in accordance with IFRS 2- Share-based payment.

10. Financial liabilities

10.1. Financial liabilities breakdown

Financial liabilities break down as follows:

	Current		Non-current		Total	
(in € millions)	**September 30, 2017**	**December 31, 2016**	**September 30, 2017**	**December 31, 2016**	**September 30, 2017**	**December 31, 2016**
Bonds	94	403	11,149	12,197	11,244	12,600
Term loans (a)	76	82	4,423	4,736	4,499	4,818
Derivative instruments	-	-	723	237	723	237
Borrowings	**170**	**485**	**16,295**	**17,171**	**16,465**	**17,655**
Finance lease liabilities	42	43	20	40	62	83
Perpetual subordinated notes ("TSDI")	-	-	46	46	46	46
Deposits received from customers	53	38	155	151	208	188
Bank overdrafts	36	52	-	-	36	52
Securitization	247	263	-	-	247	263
Reverse factoring	476	374	-	-	476	374
Commercial paper	670	249	-	-	670	249
Other (b)	110	136	27	89	137	225
Other financial liabilities	**1,634**	**1,155**	**249**	**325**	**1,883**	**1,480**
Financial liabilities	**1,804**	**1,640**	**16,544**	**17,496**	**18,348**	**19,136**

(a) This amount includes a NextRadioTV term loan (€52 million of which € 17 million at short term).

(b) This amount includes € 75 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 September 30, 2017: €1 = 1.1803 USD
- As of December 31, 2016: €1 = 1.0541 USD

10.2. Net financial debt

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

(in € millions)	**September 30, 2017**	**December 31, 2016 ***
Bonds	11,201	12,273
Term loans	4,542	4,886
Finance lease liabilities	62	83
Commercial paper	670	*249*
Bank overdrafts	36	52
Other financial liabilities	82	71
Financial Liabilities contributing to net financial debt (a)	**16,593**	**17,614**
Cash and cash equivalents	387	452
Net derivative instruments - currency translation impact	766	2,367
Financial Assets contributing to net financial debt (b)	**1,153**	**2,819**
Net financial debt (a) – (b)	**15,440**	**14,795**

**Restated of current accounts now excluded from the definition of net financial debt.*

(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), debts related to the acquisition of AMGF and ACL. All these liabilities are translated at the closing exchange rates. See Note 10.3 – Reconciliation between net financial liabilities and financing flows.

(b) Asset items consist of cash and cash equivalents and the portion of the fair value of derivatives related to the currency translation impact (€766 million as of September 30, 2017 and €2,367 million as of December 31, 2016). The fair value of derivatives related to the exchange rate impacts (€(712) million as of September 30, 2017 and €(718) million as of December 31, 2016) is not included.

10.3. 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:

(in € millions)	Note	September 30, 2017	December 31, 2016 *
Financial liabilities	10.1	18,348	19,136
Cash and cash equivalents	7	(387)	(452)
Derivative instruments - asset	8	(777)	(1,886)
Net financial debt - consolidated statement of financial position		**17,184**	**16,797**
Reconciliation :			
Net derivative instruments - rate impact		(712)	(718)
Accrued interest		(153)	(470)
EIR		202	241
Perpetual subordinated notes ("TSDI")		(46)	(46)
Deposits received from customers		(208)	(188)
Securitization		(247)	(263)
Reverse factoring		(476)	(374)
Debt on share purchase		(92)	(180)
Dividend to pay		(2)	(2)
Current accounts		(6)	(1)
Other		(3)	(2)
Net financial debt		**15,440**	**14,795**

**Restated of current accounts now excluded from the definition of net financial debt.*

10.4. 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.

(in € millions)	December 31, 2016	Consolidated statement of cash flows		Other flows - non cash	September 30, 2017
		Net cash flow - financing activities	Other flows		
Non-current borrowings and other financial liabilities	17,171	(4)	-	(871)	16,295
Other non-current financial liabilities	325	3	-	(80)	249
Non-current financial liabilities	**17,496**	**(1)**	**-**	**(951)** [2]	**16,544**
Current borrowings and financial liabilities	485	(593)	-	278	170
Other current financial liabilities	1,155	505	(118)	91	1,634
Current financial liabilities	**1,640**	**(88)**	**(118)** [1]	**370** [3]	**1,804**
Financial liabilities	**19,136**	**(89)**	**(118)**	**(581)**	**18,348**

1)Of which € (105) million repayment of debts related to shares acquisitions ;
2) Of which change effect for € (1,397) million, EIR for € 45 million and derivative instruments for € 486 million ;
3) Of which accrued interests for € 360 million, swap impact for € (94) million and EIR for € 3 million.

10.5. Fair value hierarchy of financial assets and liabilities

The following table shows the net carrying amount and the fair value of financial assets and liabilities of the Group:

	September 30, 2017		December 31, 2016	
(in € millions)	**Net carrying amount**	**Fair value**	**Net carrying amount**	**Fair value**
Assets				
Trade and other receivables*	3,132	3,132	2,994	2,994
Derivative instruments classified as assets	777	777	1,886	1,886
Non-current financial assets	206	206	244	244
Other non-current assets	13	13	21	21
Current financial assets	10	10	4	4
Cash and cash equivalents	387	387	452	452
Liabilities				
Non-current borrowings and financial liabilities [1]	15,572	16,281	16,934	17,322
Derivative instruments classified as liabilities	723	723	237	237
Other non-current financial liabilities	249	249	325	325
Other non-current liabilities *	393	393	225	225
Current borrowings and financial liabilities	170	170	485	485
Other financial liabilities	1,634	1,634	1,155	1,155
Trade payables and other liabilities	5,381	5,381	5,139	5,139
Other current liabilities *	31	31	55	55

** Excluding prepaid expenses and deferred income.*

No significant events occurred in the nine-month period ended September 30, 2017 that would affect the fair value of financial assets and liabilities (including no transfer into or out of a fair level value and no change in the measurement methods used).

11. Derivative instruments

The following table shows the derivative instruments fair value :

(in € millions) Type	Underlying element	September 30, 2017	December 31, 2016
Cross-currency swaps	2019 USD bonds	na	na
	2022 USD bonds	257	761
	2024 USD bonds	94	260
	2026 USD bonds	(50)	468
	January 2025 USD term loan	(43)	1
	January 2025 USD term loan	(72)	42
	July 2025 USD term loan	68	309
	Fixed rate - Floating rate USD	(198)	(190)
Interest rate swaps	Fixed rate - EURIBOR 3 months	0	0
	Derivative instruments classified as assets	777	1,886
	Derivative instruments classified as liabilities	(723)	(237)
	Net Derivative instruments	**55**	**1,650**
	o/w currency effect	766	2,367
	o/w interest rate effect	(712)	(718)

In accordance with IAS 39, 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).

12. Provisions

The following table details the amount of provisions:

	September 30, 2017					
(in € millions)	Opening	Increase	Utilization	Reversal and changes of accounting estimates	Other	Closing
Employee benefit plans (a)	161	10	(1)	(47)	0	124
Restructuring (b)	146	743	(597)	(25)	(0)	267
Technical site restoration (c)	119	1	(5)	-	(1)	114
Litigation and other (d)	811	195	(192)	(25)	(11)	778
Provisions	**1,236**	**950**	**(795)**	**(97)**	**(11)**	**1,283**
Current provisions	*396*	*822*	*(680)*	*(16)*	*2*	*526*
Non-current provisions	*840*	*128*	*(115)*	*(82)*	*(14)*	*758*

(a) *In relation with the voluntary departure plan, the employee benefit plan provision was reversed for an amount of €47 million.*

(b) *Main changes are related to :*

- *the restructuring provision recognized for €742 million as of June 30, 2017 for the voluntary plan departure of the Telecom division (excluding retail stores) and a reversal of provision for €500 million recognized on the third quarter.*
- *The reversal of provision for restructuring of the retail stores amounted €95 million, of which €24 mllion non-utilized.*

(c) *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.*

(d) *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 (see Note 13 - 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 2016 is presented below:

	December 31, 2016					
(in € millions)	**Opening**	**Increase**	**Utilization**	**Reversal and changes of accounting estimates**	**Other**	**Closing**
Employee benefit plans (a)	125	14	(2)	-	25	161
Restructuring (b)	55	103	(38)	(1)	27	146
Technical site restoration (c)	117	4	(1)	-	(2)	119
Litigation and other (d)	758	291	(131)	(115)	8	811
Provisions	**1,055**	**412**	**(172)**	**(116)**	**58**	**1,236**
Current provisions	*328*	*250*	*(123)*	*(88)*	*30*	*396*
Non-current provisions	*727*	*162*	*(49)*	*(28)*	*28*	*840*

13. Litigation

In the normal course of business, the Group is subject to a number of lawsuits and governmental arbitration and administrative proceedings as a plaintiff or a defendant.

This Note discloses significant disputes that have appeared or significantly changed since the publication of 2016 consolidated financial statements and that have had or may have a material impact on the Group's financial position.

13.1. Wholesale disputes

SFR's lawsuit and complaint against Orange in the Paris Commercial Court (call termination – call origination)

On February 22, 2010, SFR sued Orange demanding that it cancel the price for Orange call origination for the period 2006-2007 and replace it with a 2% lower rate for 2006 and a 15% lower rate for 2007. On June 25, 2013, SFR had all its requests dismissed. On July 25, 2013, SFR appealed the Commercial Court ruling. On December 4, 2015, the Court of Appeal dismissed SFR's claim. SFR filed an appeal before the Court of Cassation, the French Supreme Court, on March 14, 2016. On September 27, 2017, the Court of Cassation rejected SFR's appeal.

Potential failure to meet commitments made by Numericable Group as part of the takeover of exclusive control of SFR by the Altice Group relating to the agreement signed by SFR and Bouygues Telecom on November 9, 2010.

Following a complaint from Bouygues Telecom, the Competition Authority officially opened an inquiry on October 5, 2015 to examine the conditions under which SFR Group 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 SFR Group, 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 of Altice and SFR.

SFR versus 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. The closure of debates is scheduled on February 8, 2018 and pleadings will take place on March 8, 2018.

Claim by Bouygues Telecom against NC Numericable and Completel

In late October 2013, NC Numericable 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 NC Numericable and Completel concerning the performance of the contract to supply very-high-speed links (2P/3P). Bouygues Telecom is accusing NC Numericable 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.

The matter was heard in a new procedural hearing on September 27, 2016. With regard to these issues, Bouygues Telecom is claiming €138.4 million in reparation for the loss suffered. The reporting judge was named on March 15, 2017 and the proceedings are on-going.

In addition, in a counter-claim, NC Numericable and Completel are seeking €10.8 million in addition to the contractual interest as well as €8 million in royalties due for fiscal year 2015 and €8.2 million in royalties due for fiscal year 2016.

Bouygues Telecom filed a memorandum on June 20, 2017. NC Numericable and Completel filed and obtained a request for extension during a hearing scheduled on November 6, 2017 and now have till January 30, 2018 to file their responses.

13.2. Consumer Disputes

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 €69 million for loss of tender. To date, the Group is challenging the merits of these claims.

13.3. Other disputes

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 2 – *Significant events of the period.*

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).

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.

SFR Group states that it also has its own fiber optics in the department of Hauts-de-Seine to service its customers.

Litigation between SFR Group and TF1 to the CSA

On April 25, 2017 SFR Group (SFR and NC Numericable) filed with the French media regulator (CSA) a request for settlement of a dispute with regard to the distribution of channel television named T.F.1.

TF1 Group consider the subscription of a unique global commercial offer named "TF1 Premium" as a prerequisite of the distribution of free services on TNT. This subscription will bind TF1 Group's linear and non-linear services and will lead to the payment by SFR of a significant amount as consideration for having access to the distribution rights of TF1 channels.

The estimated cost of the subscription to "TF1 Premium" is more than € 16 million per year. SFR refusal of this offer will conduct TF1 Group to end the services broadcast authorization on July 28, 2017. The case is pending before the CSA.

Claim by TF1 Group against SFR group (The Nanterre Superior Court)

On July 28, 2017, TF1 Group interrupted the access on MyTF1 services for SFR group subscribers as a response to SFR group refusal to subscribe to the new TF1 global offer.

On august 2 and 3, SFR group, filed a summons for urgent proceedings before the Nanterre superior court, TF1 distribution, e-TF1, Télévision Française 1,Télé Monte Carlo, NT1, HD1 and LCI news channel in order:

- To note that the interruption of broadcasting of TF1 group free channels and public announcements constitutes an imminent threat of damage for SFR group
- The Nanterre Superior Court allow SFR Group to distribute TF1 Group free channels until the final decision is made by the French Media regulator (CSA)
- The Nanterre Superior Court allow SFR Group to allow and restore the broadcasting of My TF1

The Nanterre Superior Court issued a temporary order on August 11, 2017.The president does not deal with the merits of the case and declare itself incompetent in favor of The Commercial Court of Nanterre.

On august 30, 2017, TF1 appealed the order of the Nanterre Superior Court. The hearing is scheduled for November 15, 2017.

In parallel, TF1 Group filed a complaint against SFR group for Counterfeiting before the senior justice of Nanterre district. The claim for compensation amounts €1.8 million.

14. 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 N.V., the entities that it consolidates and its related parties;
- All the members of the Executive Committee of SFR Group and companies in which they hold position.

The significant changes only concern transactions with the shareholder and its subsidiaries or related parties. On September 30, 2017, the overview of these transactions is presented below :

(in € millions)	September 30, 2017	September 30, 2016
Total income	120	26
Total expenses	(460)	(128)
Total	**(340)**	**(102)**

On September 30, 2017, the significant changes in the statement of income concern:

- Purchase of customer services from Altice Management International and Intelcia for - €26 million and,
- Purchase of TV channels (including sports channel) from Altice Entertainment News & Sport and Ma Chaîne Sport for - €204 million,
- Purchase of network services with Altice Technical Services (ATS) for -€21 million,
- Other net purchases for €13 million.

Investments made (especially construction and deployment of networks with ATS) amounted to €179 million as of September 30, 2017 compared to €18 million as of December 31, 2016.

Furthermore, a lease contract for administrative building for a duration of twelve years was signed in March 2017 with SCI Quadrans, compliant with the letter of intent signed in December 2016.

15. Entity consolidating the financial statements

The consolidated financial statements of SFR Group are included in the consolidated financial statements of Altice N.V., a company listed for trading in the Netherlands.

16. Subsequent events

Completion of take private

As mentioned in note 1 to the condensed consolidated financial statements, the public buyout offer was closed on October 4, 2017 and the subsequent squeeze out was successfully concluded on October 9, 2017, thus completing the take private of SFR Group. From this date onwards, the Group was no longer listed on Euronext Paris.

Refinancing of term loans

On October 9, 2017, Altice N.V. announced that it has successfully priced for its SFR credit pool €2,884 billion of new 8.25-year Term Loan B's. Proceeds were used by SFR Group to refinance its €697 million and $1,781 million January 2025 Term Loan B's and repay €600 million of commercial paper.

The average maturity of SFR's capital structure was extended from 6.8 to 7.2 years and the weighted average cost of debt will remain at 4.7%.