

VodafoneZiggo Reports Preliminary Q3 2019 Results

Sustained Revenue Growth; OCF Guidance now ~3% (previously 2-3%)

Utrecht, the Netherlands — November 6, 2019: VodafoneZiggo Group B.V. (“VodafoneZiggo”), a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses, is today providing select, preliminary unaudited financial¹ and operating information for the three months (“Q3”) and nine months (“YTD”) ended September 30, 2019, as compared to the results for the same periods in the prior year (unless otherwise noted). The financial and operating information contained herein is preliminary and subject to change. We expect to issue our September 30, 2019 unaudited condensed consolidated financial statements prior to the end of November 2019, at which time the report will be posted to our website.

Highlights for Q3 2019:

- Milestone of 2 million converged² SIMs achieved
- 104,000 converged households and 244,000 converged SIMs were added during Q3. 39% of all broadband customers and 74% of Vodafone consumer mobile postpaid SIMs are now converged
- Record mobile postpaid net customer additions of 82,000, internet RGUs³ increased by 8,000
- Second consecutive quarter of revenue growth, supported by another strong performance in fixed
- Approximately €160 million of run rate cost synergies have now been realized
- Operating income increased by €6 million or 19% YoY to €38 million
- OCF⁴ grew 2% to €450 million
- 2019 guidance⁵ has been narrowed to the higher end of the previous range:
 - OCF growth of around 3% (previously 2%-3%)
 - Total cash returns⁶ to shareholders of around €600 million (previously €400-€600 million)

Jeroen Hoencamp, VodafoneZiggo CEO, commented:

“Our third quarter result confirmed the success of our convergence strategy with growth across all key metrics. We maintained our good commercial momentum with strong mobile postpaid and broadband net additions, and our converged penetration continued to grow having now passed the 2 million converged SIMs milestone. I am excited by the recent commercial launch of our 1 Gbps broadband offer, as we play our part in enabling a Gigabit society. In terms of our financial performance, I am pleased with the sustained growth in both revenue and OCF, with our cable segment delivering another strong quarterly result. The combination of top line growth coupled with ongoing synergy realization enabled us to report our fifth consecutive quarter of OCF growth. Due to this strong operational performance, I am confident that we will achieve around 3% OCF growth for the year, supporting around €600 million of total cash returns to our shareholders.”

Consumer performance for Q3 and YTD 2019:

Total consumer revenue was stable in Q3 and decreased by 1% YTD

Fixed:

Consumer cable revenue⁷ grew by 3% in Q3 and 1% YTD

- Revenue growth in Q3 was primarily driven by a price increase implemented on 1st July
- Internet RGUs declined by 1,000 in Q3 due to the aforementioned price increase. However, overall customer churn was in line with our expectations
- Q3 consumer cable ARPU⁸ increased 5% YoY to €49
- Since its launch in March, our next-generation video platform Mediabox Next has already been rolled out to 300,000 customers, and we are seeing positive impacts in Net Promoter Scores
- We recently launched our 1 Gbps broadband offer using DOCSIS 3.1 technology. We expect to be able to offer this to two thirds of our cable footprint by the end of 2020 with nationwide coverage by the end of 2021

Mobile:

Consumer mobile revenue⁹ decreased by 6% in Q3 and 4% YTD

- The revenue decline in Q3 was primarily driven by (i) differences in phasing of converged discounts compared to the prior year, (ii) a decrease in out-of-bundle revenue partially offset by (iii) an increase in postpaid subscribers
- Mobile postpaid net customer additions were 55,000 in Q3, representing a record quarter for customer growth (since the formation of the JV). YTD net customer additions of 102,000 are already in excess of our full year 2018 result
- Q3 consumer postpaid ARPU decreased 14% YoY to €19 driven by the aforementioned revenue headwinds

Business performance for Q3 and YTD 2019:

Total B2B revenue grew 2% in Q3 and 3% YTD

Fixed:

B2B cable revenue¹⁰ increased by 9% in Q3 and 8% YTD

- 19,000 fixed RGUs were added in Q3, which was our best performance since Q1 2018
- Q3 SOHO ("Small Office Home Office") cable ARPU increased 1% YoY to €59 and our Small Business cable ARPU decreased 0.5% YoY to €82

Mobile:

B2B mobile revenue¹¹ decreased 3% in Q3 and 1% YTD

- The €4 million revenue decline in Q3 was primarily driven by (i) pricing pressure in the large corporate segment, (ii) lower out-of-bundle revenue partially offset by (iii) customer base growth
- We added 27,000 new postpaid customers in Q3, bringing the YTD total to 91,000
- Q3 B2B mobile postpaid ARPU decreased 11% YoY to €18 driven by the aforementioned revenue headwinds

Financial highlights for Q3 and YTD 2019¹:

Revenue grew 1% YoY in Q3 and was stable YTD. This supported OCF growth of 2% in Q3 and 3% YTD as well as operating income growth of 19% in Q3 and 56% YTD

- The €8 million YoY revenue growth in Q3 was primarily driven by price increases implemented in July 2019 and good commercial momentum
- Reported operating income of €38 million for Q3, compared to €32 million in the corresponding prior year period. The increase was primarily the net result of (i) OCF growth, (ii) a decrease in depreciation and amortization expense and (iii) an increase in impairment, restructuring and other operating items primarily driven by additional costs associated with harmonization of labor contract conditions
- Q3 OCF increased 2% YoY to €450 million, marking five consecutive quarters of growth
 - Q3 OCF growth was a result of sustained revenue growth while keeping total costs flat
 - Integration expenses were €1 million for Q3, bringing the YTD total to €8 million
- Property and equipment additions¹² were 23% of revenue in Q3
 - Q3 additions increased by €43 million YoY primarily as a result of (i) higher customer premises equipment outlays associated with the high demand for our next-generation Mediabox Next and (ii) an increase in new build related to expansion of the fixed-line network
 - Integration-related additions amounted to €23 million in Q3, bringing the YTD total to €65 million
- At September 30, 2019, our fully-swapped third-party debt borrowing cost¹³ was 4.5% and the average tenor of our third-party debt (excluding vendor financing) was 6.1 years
- During the quarter we completed a handset securitization financing. The cash proceeds were fully utilized to redeem the remaining 2024 7.125% Euro Senior Notes. This transaction has no impact on our overall debt, but will reduce our annual interest costs from 2020 onwards
- In October we completed a series of transactions which were neutral from a leverage perspective:
 - Issued equivalent of €3.1 billion of new debt, split across €2.25 billion Term Loan H due 2029 and €425 million 2.875% Senior Secured Notes due 2030 and \$500 million 4.875% Senior Secured Notes due 2030
 - Proceeds were used to repay €2.25 billion Term Loan F due 2025 in full and redeem €800 million 3.75% Senior Secured Notes due 2025 and will be used in November 2019 to redeem the remaining €71.7 million 3.625% notes due 2020
 - These transactions extended the average tenor of our third-party debt (excluding vendor financing) to 7.4 years

- As part of the process we received commitments to extend our Revolving Credit Facility of €800m to 2026. We expect this extension to be implemented during the fourth quarter of 2019
- Additionally, an SPV (VZ Vendor Financing B.V.) issued €500 million 2.5% Vendor Financing Notes due 2024 and will use those proceeds to purchase vendor financing receivables from the vendor financing facility provider, thereby reducing our reliance on our uncommitted, 360 day, vendor financing lines. Vendor financing debt will remain capped at €1 billion
- At September 30, 2019, total third-party debt (excluding vendor financing, other debt and finance lease obligations) was €9.9 billion, which is unchanged from June 30, 2019. Further when taking into consideration the projected principal-related cash flows associated with our cross-currency derivative instruments, the total covenant amount of third party gross debt was €9.5 billion at September 30, 2019, down from €9.7 billion at June 30, 2019. For information concerning the debt balances used in our covenant calculations, see Covenant Debt Information below
- During the quarter, our cash returns to shareholders included €22 million of interest on the Shareholder Notes and €125 million dividends. We have distributed in total €191 million of cash returns to our shareholders for the nine months to date
- At September 30, 2019, and subject to the completion of our corresponding compliance reporting requirements, (i) the ratio of Senior Net Debt to Annualized EBITDA (last two quarters annualized) was 3.78x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.71x, each as calculated in accordance with our most restrictive covenants
 - Vendor and handset financing obligations are not included in the calculation of our leverage covenants. If we were to include these obligations in our leverage ratio calculation, the ratio of Total Net Debt to Annualized EBITDA would have been 5.31x at September 30, 2019
- At September 30, 2019, we had maximum undrawn Revolving Credit Facility commitments of €800 million. When our Q3 compliance reporting requirements have been completed and assuming no changes from September 30, 2019 borrowing levels, we anticipate that we will continue to have €800 million of our unused Revolving Credit Facility commitments available to be drawn

Operating Statistics Summary

	As of and for the three months ended September 30,	
	2019	2018
Footprint		
Homes Passed ¹⁴	7,238,300	7,182,100
Two-way Homes Passed ¹⁵	7,224,700	7,168,500
Subscribers (RGUs)		
Basic Video ¹⁶	494,100	530,100
Enhanced Video ¹⁷	3,379,600	3,389,300
Total Video	3,873,700	3,919,400
Internet ¹⁸	3,349,000	3,311,800
Telephony ¹⁹	2,432,900	2,521,500
Total RGUs	9,655,600	9,752,700
Q3 Organic RGU Net Additions (Losses)		
Basic Video	(3,300)	(15,200)
Enhanced Video	(6,400)	6,800
Total Video	(9,700)	(8,400)
Internet	7,900	13,000
Telephony	(27,300)	(16,200)
Total organic RGU net losses	(29,100)	(11,600)
Fixed Customer Relationships		
Fixed Customer Relationships ²⁰	3,878,400	3,923,500
RGUs per Fixed Customer Relationship	2.49	2.49
Q3 Monthly ARPU per Fixed Customer Relationship	€ 49	€ 46
Fixed Customer Bundling		
Single-Play	13.4%	15.5%
Double-Play	24.2%	20.2%
Triple-Play	62.4%	64.4%
Mobile SIMs²¹		
Postpaid	4,408,200	4,164,400
Prepaid	611,000	741,600
Total Mobile	5,019,200	4,906,000
Q3 organic Postpaid net additions	82,300	50,700
Q3 organic Prepaid net losses	(29,800)	(6,600)
Total organic Mobile net additions	52,500	44,100
Q3 Monthly Mobile ARPU		
Postpaid (including interconnect revenue)	€ 19	€ 22
Prepaid (including interconnect revenue)	€ 4	€ 4
Convergence		
Converged Households	1,295,000	1,000,000
Converged SIMs	1,993,000	1,452,000
Converged Households as % of Internet RGUs	39%	30%

Financial Results, OCF Reconciliation & Property and Equipment Additions

The following table reflects preliminary unaudited selected financial results for the three and nine months ended September 30, 2019 and 2018.

	Three months ended September 30,			Nine months ended September 30,		
	2019	2018	Change	2019	2018	Change
	in millions, except % amounts					
Total revenue						
Consumer cable revenue⁷						
Subscription revenue	€ 512.4	€ 498.4	2.8%	€ 1,493.7	€ 1,484.4	0.6%
Non-subscription revenue	5.0	4.7	6.4%	15.0	13.0	15.4%
Total consumer cable revenue	517.4	503.1	2.8%	1,508.7	1,497.4	0.8%
Consumer mobile revenue⁹						
Service revenue	156.0	174.7	(10.7%)	469.8	496.6	(5.4%)
Non-service revenue	57.8	51.7	11.8%	163.8	160.4	2.1%
Total consumer mobile revenue	213.8	226.4	(5.6%)	633.6	657.0	(3.6%)
Total consumer revenue	731.2	729.5	0.2%	2,142.3	2,154.4	(0.6%)
B2B cable revenue¹⁰						
Subscription revenue	109.5	103.8	5.5%	324.6	302.0	7.5%
Non-subscription revenue	8.2	4.3	90.7%	20.7	16.8	23.2%
Total B2B cable revenue	117.7	108.1	8.9%	345.3	318.8	8.3%
B2B mobile revenue¹¹						
Service revenue	99.0	103.8	(4.6%)	313.5	320.8	(2.3%)
Non-service revenue	24.7	24.0	2.9%	75.6	71.5	5.7%
Total B2B mobile revenue	123.7	127.8	(3.2%)	389.1	392.3	(0.8%)
Total B2B revenue	241.4	235.9	2.3%	734.4	711.1	3.3%
Other revenue ²²	13.9	13.1	6.1%	38.2	37.1	3.0%
Total revenue	€ 986.5	€ 978.5	0.8%	€ 2,914.9	€ 2,902.6	0.4%
OCF ⁴	€ 449.8	€ 442.2	1.7%	€ 1,318.6	€ 1,284.3	2.7%
OCF as a percentage of revenue	45.6%	45.2%		45.2%	44.2%	
Operating income as a percentage of revenue	3.9%	3.3%		4.0%	2.6%	
OCF Reconciliation						
Operating income	€ 38.0	€ 32.0		€ 116.5	€ 74.5	
Share-based compensation expense	0.3	0.6		1.2	2.2	
Depreciation and amortization	391.9	396.4		1,168.9	1,164.7	
Impairment, restructuring and other operating items, net	19.6	13.2		32.0	42.9	
OCF	€ 449.8	€ 442.2		€ 1,318.6	€ 1,284.3	

The table below highlights the categories of our property and equipment additions for the indicated periods and reconciles those additions to the capital expenditures that we present in our condensed consolidated statements of cash flows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	in millions, except % amounts			
Customer premises equipment	€ 74.7	€ 35.7	€ 176.7	€ 142.6
New build and upgrade	35.7	27.1	94.8	75.6
Capacity	50.7	63.7	158.0	174.1
Baseline	59.6	52.4	154.7	165.7
Product and enablers	7.3	5.9	21.4	20.4
Property and equipment additions ¹²	228.0	184.8	605.6	578.4
Assets acquired under capital-related vendor financing arrangements	(138.4)	(115.6)	(394.1)	(400.3)
Assets acquired under finance leases	(4.6)	(1.6)	(7.7)	(21.7)
Changes in liabilities related to capital expenditures	6.0	31.6	60.2	21.6
Total capital expenditures ²³	€ 91.0	€ 99.2	€ 264.0	€ 178.0
Property and equipment additions as a percentage of revenue	23.1%	18.9%	20.8%	19.9%

Third-Party Debt and Cash

The following table details the borrowing currency and euro equivalent of the nominal amount outstanding of VodafoneZiggo's consolidated third-party debt and cash.

	September 30, 2019		June 30, 2019	
	Borrowing currency	€ equivalent		
		in millions		
Credit Facilities				
Term Loan E (LIBOR + 2.50%) USD due 2025	\$	2,525.0	€ 2,315.9	€ 2,222.9
Term Loan F (EURIBOR + 3.00%) EUR due 2025	€	2,250.0	2,250.0	2,250.0
€800.0 million Ziggo Revolving Facilities EUR due 2022			—	—
Total Credit Facilities			4,565.9	4,472.9
Senior Secured Notes				
3.625% EUR Senior Secured Notes due 2020	€	71.7	71.7	71.7
3.75% EUR Senior Secured Notes due 2025	€	800.0	800.0	800.0
5.50% USD Senior Secured Notes due 2027	\$	2,000.0	1,834.3	1,760.7
4.25% EUR Senior Secured Notes due 2027	€	775.0	775.0	775.0
Total Senior Secured Notes			3,481.0	3,407.4
Senior Notes				
7.125% EUR Senior Notes due 2024	€	—	—	193.1
4.625% EUR Senior Notes due 2025	€	950.0	950.0	950.0
5.875% USD Senior Notes due 2025	\$	400.0	366.9	352.2
6.00% USD Senior Notes due 2027	\$	625.0	573.2	550.2
Total Senior Notes			1,890.1	2,045.5
Vendor financing			999.5	998.3
Other debt ²⁴			188.4	—
Finance leases			26.8	22.3
Total third-party debt and finance lease obligations			11,151.7	10,946.4
Unamortized premiums, discounts and deferred financing costs, net			(23.5)	(2.6)
Total carrying amount of third-party debt and finance lease obligations			11,128.2	10,943.8
Less: cash and cash equivalents			224.6	342.4
Net carrying amount of third-party debt and finance lease obligations²⁵	€	10,903.6	€ 10,601.4	
Exchange rate (\$ to €)			1.0903	1.1359

Covenant Debt Information

The following table details the euro equivalent of the reconciliation from VodafoneZiggo's consolidated third-party debt to the total covenant amount of third-party gross²⁶ and net debt²⁵ and includes information regarding the projected principal-related cash flows of our cross-currency derivative instruments. The euro equivalents presented below are based on exchange rates that were in effect as of September 30, 2019 and June 30, 2019. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future periods.

	September 30, 2019	June 30, 2019
	in millions	
Total third-party debt and finance lease obligations (€ equivalent)	€ 11,151.7	€ 10,946.4
Vendor financing	(999.5)	(998.3)
Finance lease obligations	(26.8)	(22.3)
Other debt ²⁴	(188.4)	—
Projected principal-related cash payments associated with our cross-currency derivative instruments	(419.8)	(215.5)
Total covenant amount of third-party gross debt²⁶	9,517.2	9,710.3
Less: cash and cash equivalents	(224.6)	(342.4)
Total covenant amount of third-party net debt²⁵	€ 9,292.6	€ 9,367.9

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to our strategies, future financial and operational growth prospects and opportunities; expectations with respect to our OCF and cash returns to our shareholders; expectations with respect to the development, enhancement and expansion of our superior networks and innovative and advanced products and services; expectations regarding the availability of mobile devices with 1 Gbps+ download speeds; expectations with respect to synergies; the strength of our balance sheet and tenor of our third-party debt; and other information and statements that are not historical fact. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include events that are outside of our control, such as the continued use by subscribers and potential subscribers of our services and their willingness to upgrade to our more advanced offerings; our ability to meet challenges from competition, to manage rapid technological change or to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers; the effects of changes in laws or regulation; general economic factors; our ability to obtain regulatory approval and satisfy regulatory conditions associated with acquisitions and dispositions; our ability to successfully acquire and integrate new businesses and realize anticipated efficiencies from the combination of Vodafone Netherlands and Ziggo as well as any acquired businesses; the availability of attractive programming for our video services and the costs associated with such programming; our ability to achieve forecasted financial and operating targets; the outcome of any pending or threatened litigation; the ability of our operating companies to access cash of their respective subsidiaries; the impact of our operating companies' future financial performance, or market conditions generally, on the availability, terms and deployment of capital; fluctuations in currency exchange and interest rates; the ability of suppliers and vendors to timely deliver quality products, equipment, software, services and access; our ability to adequately forecast and plan future network requirements including the costs and benefits associated with network expansions; and other factors detailed from time to time in our most recent Annual and Quarterly Reports. These forward-looking statements speak only as of the date of this release. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations

with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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About VodafoneZiggo

VodafoneZiggo is a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses. As of September 30, 2019, we have 5 million mobile, nearly 4 million video, over 3 million fixed broadband internet and approximately 2.5 million fixed telephony subscribers.

Approximately 8,000 people are employed by VodafoneZiggo. Our offices are located in Utrecht, Amsterdam, Maastricht, Hilversum, Leeuwarden, Groningen, Zwolle, Nijmegen, Helmond, Eindhoven and Rotterdam.

The VodafoneZiggo JV is a joint venture between Liberty Global, one of the world's leading converged video, broadband and communications companies, and Vodafone Group, one of the world's leading telecom and technology service providers. Liberty Global has operations in six European countries under the consumer brands Virgin Media, Telenet and UPC. Liberty Global develops market-leading products delivered through next-generation networks that connect 11 million customers subscribing to 25 million TV, broadband internet and telephony services. Liberty Global also serves 6 million mobile subscribers and offers WiFi service through millions of access points across its footprint. Liberty Global owns significant investments in ITV, All3Media, ITI Neovision, LionsGate, the Formula E racing series and several regional sports networks. Vodafone Group has mobile operations in 24 countries, partners with mobile networks in 42 more, and fixed broadband operations in 19 markets. As of June 30, 2019, Vodafone Group had approximately 640 million mobile customers, 21 million fixed broadband customers and 14 million TV customers, including all of the customers in Vodafone's joint ventures and associates.

Footnotes

1. The financial figures contained in this release are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").
2. Converged households or converged SIMs represent customers in either our Consumer or SOHO segment that subscribe to both a fixed-line digital TV and an internet service (like Connect Start, Complete and Max) and Vodafone and/or hollandsnieuwe postpaid mobile telephony service.
3. RGU ("Revenue Generating Unit") is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Telephony Subscriber (each as defined and described below). A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer in our market subscribed to our enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, or free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our September 30, 2019 RGU counts exclude our separately reported prepaid and postpaid mobile subscribers.
4. OCF is the primary measure used by our management to evaluate the operating performance of our businesses. OCF is also a key factor that is used by our management and our Supervisory Board to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, OCF is defined as operating income before depreciation and amortization, share-based compensation, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our management believes OCF is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (a) readily view operating trends, (b) perform analytical comparisons and benchmarking between entities and (c) identify strategies to improve operating performance. We believe our OCF measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings or loss, cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of operating income to OCF is presented under the *Financial Results, OCF Reconciliation & Property and Equipment Additions* section of this release.
5. 2019 Operating Cash Flow ("OCF") guidance included shareholder charges (as further described in our 2018 annual report) and around €10 million of one-time integration costs. A reconciliation of our OCF guidance to a U.S. GAAP measure is not provided due to the fact that not all elements of the reconciliation are projected as part of our forecasting process, as certain items may vary significantly from one period to another. For the definition and reconciliation of OCF, see note 4.
6. Cash returns to our shareholders includes payments for dividends and principal and interest on shareholder loans. Of note, this is in addition to the shareholder charges that we describe in our 2018 annual report. Shareholders refers to the 50:50 ownership by Vodafone and Liberty Global of VodafoneZiggo.
7. Consumer cable revenue is classified as either subscription revenue or non-subscription revenue. Consumer cable subscription revenue includes revenue from subscribers for ongoing broadband internet, video, and voice services offered to residential customers and the amortization of installation fee. Consumer cable non-subscription revenue includes, among other items, interconnect, channel carriage fees and late fees.
8. Average Revenue Per Unit ("ARPU") refers to the average monthly subscription or service revenue, for either fixed or mobile services, respectively, per average fixed customer relationship or mobile subscriber, as applicable. Although presented on a combined basis in our operating statistics summary table above, our ARPU per fixed customer relationship is calculated separately for our residential ("Consumer cable ARPU"), SOHO ("SOHO cable ARPU") and Small Business ("Small Business cable ARPU") subscribers by dividing the average applicable monthly cable subscription revenue for the indicated period, by the average of the opening and closing balances for the fixed customer relationship for the period. Fixed customer relationships of entities acquired during the period are normalized. Although presented on a combined basis in our operating statistics summary table above, our ARPU per mobile subscriber is calculated separately for our Consumer ("Consumer mobile postpaid ARPU") and B2B ("B2B mobile postpaid ARPU") subscribers. Our ARPU per mobile subscriber calculations refer to the average monthly mobile service and interconnect revenue per average mobile subscribers in service and are calculated by dividing the average monthly postpaid mobile service revenue including interconnect revenue for the indicated period, by the average of the opening and closing balances of postpaid mobile subscribers in service for the period.
9. Consumer mobile revenue is classified as either service revenue or non-service revenue. Consumer mobile service revenue includes revenue from ongoing mobile and data services offered under postpaid and prepaid arrangements to residential customers. Consumer mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, and late fees.
10. B2B cable revenue is classified as either subscription revenue or non-subscription revenue. B2B cable subscription revenue includes revenue from business broadband internet, video, voice, and data services offered to SOHO, small and medium to large enterprises. B2B cable non-subscription revenue includes, among other items, revenue from hosting services, installation fees, carriage fees and interconnect.

11. B2B mobile revenue is classified as either service revenue or non-service revenue. B2B mobile service revenue includes revenue from ongoing mobile and data services offered to SOHO, small and medium to large enterprise customers. B2B mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, and late fees.
12. Property and equipment additions include capital expenditures on an accrual basis, amounts financed under vendor financing or finance lease arrangements and other non-cash additions.
13. Our fully-swapped third-party debt borrowing cost represents the weighted average interest rate on our aggregate variable- and fixed-rate indebtedness (excluding finance leases and vendor financing obligations), including the effects of derivative instruments and commitment fees, but excluding the impact of financing costs.
14. Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Our Homes Passed counts are based on internally maintained databases of connected addresses, which are updated monthly. Due to the fact that we do not own the partner networks, we do not report homes passed for partner networks.
15. Two-way Homes Passed are Homes Passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and telephony services.
16. Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that we use to provide our enhanced service offerings. We count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs.
17. Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network or through a partner network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced Video Subscribers are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our Basic Video Subscribers equal to the increase in our Enhanced Video Subscribers. Subscribers to enhanced video services provided by our operations over partner networks receive basic video services from the partner networks as opposed to our operations.
18. Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network.
19. Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our networks, or that we service through a partner network. Telephony Subscribers exclude mobile telephony subscribers.
20. Fixed Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as RGU, without regard to which or to how many services they subscribe. Fixed Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Fixed Customer Relationships. We exclude mobile-only customers from Fixed Customer Relationships.
21. Our mobile subscriber count represents the number of active subscriber identification module (SIM) cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (mobile broadband or secondary SIM) would be counted as two mobile subscribers. Our mobile subscriber count includes both prepaid and postpaid plans. Prepaid customers are excluded from our prepaid mobile telephony subscriber counts after a period of inactivity of 9 months.
22. Other revenue includes, among other items, programming and advertising revenue and revenue related to certain personnel services provided to Vodafone and Liberty Global.
23. The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under vendor financing or finance lease arrangements. Instead, these expenditures are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and as repayments of debt when the related principal is repaid.
24. Other debt represents handset financing obligations.
25. Net third-party debt is not a defined term under U.S. GAAP and may not therefore be comparable with other similarly titled measures reported by other companies.
26. Total covenant amount of third-party gross debt is the euro equivalent of the nominal amount outstanding of our third-party debt less (i) vendor financing, (ii) finance lease obligations, (iii) other debt and (iv) the projected principal-related cash flows associated with our cross-currency derivative instruments. These projected cash flows are presented for illustrative purposes only and will likely differ from the actual cash receipts or payments in future periods. A reconciliation of total third-party debt to total covenant amount of third-party gross and net debt is provided under the *Covenant Debt Information* section of this release.

Additional General Notes:

Certain of our B2B revenue is derived from SOHO, Small Business and Multiple Dwelling Units subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. Small Business customers receive video, internet or telephony services that are similar to our SOHO product offerings with additional optional functionality such as static IP addresses, hosted VoIP, or Multi Wifi. The Small Business product offerings come at a premium price compared to the business products we offer to our SOHO customers. All mass marketed products provided to SOHO and Small

Business customers, whether or not accompanied by enhanced service levels and/or premium prices, are included in the respective RGU and customer counts of our broadband communications operation, with only those services provided at premium prices considered to be “SOHO RGUs” and “Small Business RGUs” or “SOHO customers” and “Small Business customers”. To the extent our existing customers upgrade from a residential product offering to a SOHO or Small Business product offering, the number of SOHO or Small Business RGUs or SOHO or Small Business customers will increase, but there is no impact to our total RGUs or customer counts. We report Multiple Dwelling Units subscribers and revenue under our B2B segment as these contracts are managed by the B2B management team. With the exception of our B2B SOHO, Small Business and Multiple Dwelling Units subscribers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

While we take appropriate steps to ensure that subscriber statistics are presented on a consistent and accurate basis at any given balance sheet date, the variability in (i) the nature and pricing of products and services, (ii) the distribution platform, (iii) billing systems, (iv) bad debt collection experience and (v) other factors add complexity to the subscriber counting process. We periodically review our subscriber counting policies and underlying systems to improve the accuracy and consistency of the data reported on a prospective basis. Accordingly, we may from time to time make appropriate adjustments to our subscriber statistics based on those reviews.