VodafoneZiggo Reports Preliminary Q3 2018 Results

One million households now converged; OCF returns to growth

Utrecht, the Netherlands — November 7, 2018: 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 financial and operating information for the three months ("Q3") and nine months ("YTD") ended September 30, 2018, 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, 2018 unaudited condensed consolidated financial statements prior to the end of November 2018, at which time the report will be posted to our website.

We adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09" or "New GAAP") effective January 1, 2018. To provide comparability, our 2017 results in this press release have been presented on a pro forma basis under New GAAP[1]. Accordingly, unless otherwise indicated, our results and growth rates for all periods are presented under New GAAP. In the Appendix, we also present our 2018 and 2017 results under the previous revenue recognition rules ("Old GAAP"). The adoption of New GAAP has had an impact on our pro forma growth rates for revenue and OCF[2].

Highlights for Q3 2018:

- Milestone achieved with one million households now converged having added 38,000 converged[3] households and 69,000 converged SIMs in Q3.
    - 30% of our 3.3 million eligible broadband customers and 48% of our 3.0 million eligible mobile customers are now converged
- Mobile commercial momentum accelerated in Q3, resulting in our best quarterly performance since Q1 2016 with 51,000 new postpaid customers added. Fixed RGUs[4] declined by 12,000 during Q3, as compared to a net increase during the prior-year quarter, reflecting lower gross additions partially offset by lower churn[5]. However, we saw improvements on a sequential basis as broadband and enhanced video RGUs continued to grow, with 13,000 and 7,000 net additions, respectively
- Realized over one third of annualized cost and capex savings through our integration activities and remain on track to achieve our €210 million synergy target by the end of 2021[6]
- Q3 total revenue declined €6 million or 1% to €978 million, mainly due to the net impact of a decline in B2B mobile revenue and the positive impact of the July price increase implemented in fixed. However, this is a sequential improvement (3% decline in Q2), largely driven by the lapping of regulatory headwinds (MTR and roaming) in mobile from the prior year, combined with customer base growth and the July price increase in fixed
- Operating income of €32 million in Q3, compared to €78 million in Q3 2017
- Q3 OCF returned to growth, increasing 0.3% to €442 million, as the aforementioned decline in revenue was more than offset by a reduction in direct and indirect costs supported by greater cost synergy realization
- Reconfirming our full year 2018 guidance of a stable OCF performance[7] (on an Old GAAP basis) and total shareholder cash returns[8] of at least €700 million
- Dutch regulator ACM published its final decision to regulate cable access, effective from October 1, 2018. We will appeal the decision. We are obliged to publish a reference offer before January 1, 2019

Jeroen Hoencamp, VodafoneZiggo CEO, commented:

"We have achieved several important milestones this quarter. First, we now have one million converged households, only 18 months after we launched our quad-play offering. Our convergence strategy has consistently delivered a higher NPS, lower churn and support for our commercial performance. Our mobile postpaid customer intake of 51,000 is also the highest since Q1 2016 while our broadband and enhanced video RGUs continued to grow with 13,000 and 7,000 net additions, respectively. Second, we completed another significant step in our integration with the recent move to our new central office in Utrecht, bringing together different head office functions. And third, from a financial perspective, we have reached a turning point as we delivered OCF growth, which was driven by improving revenue trends and strong cost discipline supported by the realization of synergies. Looking forward, we are fully on track to deliver stable OCF this year, including an expected return to OCF growth in H2, and anticipate that we will distribute at least €700 million total cash returns to our shareholders."

Consumer performance for Q3 2018:

Total consumer revenue increased by 1% in Q3

Fixed:

Consumer cable revenue[9] decreased by 1% in Q3

- The €5 million revenue decline is the net result of (i) an increase in promotional and converged discounts and (ii) a decrease in telephony and video-on-demand usage and (iii) the positive impact of the price increase implemented in July 2018
- Added 7,000 broadband and 2,000 enhanced video customers in Q3 supported by our renewed Ziggo Power Promise WiFi campaign
- Q3 consumer cable ARPU[10] increased 1% YoY to €47
- Ziggo Mediabox XL customer base grew by 18,000 in Q3 to 1.4 million or 41% of our enhanced video base, with two in three users actively utilizing our Replay TV functionality
- Ziggo GO (our multi-screen video app) penetration reached 39% of our eligible base in Q3 representing almost 1.5 million users, an increase of 160,000 users compared to Q2 2018
- Liberty Global has announced its next-generation TV entertainment platform, ‘Horizon 4’, featuring a superfast set-top box with 4K Ultra HD picture quality and a remote control with voice capabilities. We are currently testing 'Horizon 4' and are working towards commercial launch in H1 2019
- DOCSIS 3.1 has been successfully piloted in the Utrecht region enabling us to proceed with a nationwide 1 Gigabit network roll out by 2020

Mobile:

Consumer mobile revenue[11] returned to growth with an increase of 5% in Q3

- The €10 million revenue increase is primarily the net result of (i) an increase from customer base growth and (ii) a decline in out-of-bundle revenue
- Added 32,000 mobile postpaid SIMs in Q3, our best result since Q1 2016, as compared to a 1,000 net loss in Q3 2017 and 19,000 net additions in Q2 2018
- Q3 consumer postpaid ARPU increased 4% YoY to €22

As a next step in the realization of our network of the future, we have increased the bandwidth of a part of our mobile network and as a result download speeds of more than 1 Gbps are possible. Mobile devices supporting these download speeds are still limited but we expect a significant increase in the availability of these devices in 2019

Business performance for Q3 2018:

Total B2B revenue decreased by 6% in Q3

Fixed:

B2B cable revenue[12] increased by 6% in Q3

- Continued growth in our Business Internet Pro and Unified Communication products
- Added 11,000 fixed SOHO ("Small Office Home Office") and Small Business RGUs in Q3 including 6,000 broadband and 4,000 enhanced video additions
- Q3 SOHO cable ARPU decreased 2% YoY to €58

Mobile:

B2B mobile revenue[13] decreased by 13% in Q3

- The €20 million revenue decline is primarily associated with adverse pricing trends
- Added 19,000 postpaid customers in Q3, our best quarterly result since Q1 2016 and an improvement of 12,000 as compared to Q2 2018
- Q3 mobile B2B postpaid ARPU decreased 17% YoY to €21

Financial highlights for Q3 2018[14]:

Our revenue and operating income declined in Q3, however, OCF returned to growth

- Total revenue declined €6 million or 1% to €978 million in Q3 and €76 million or 2.5% on a YTD basis. The decline in Q3 includes (i) a €20 million decrease primarily driven by adverse pricing trends in B2B mobile and (ii) a €14 million positive impact of the July price increase implemented in fixed
- We reported operating income of €32 million and €75 million, respectively, during Q3 and YTD 2018, as compared to €78 million and €178 million in the corresponding periods during 2017. These declines were mainly driven by higher depreciation expense resulting from higher capital expenditures and accelerated depreciation associated with the reduction of office locations as a part of our integration efforts. Additional restructuring charges in Q3 2018 also contributed to the decline
- Q3 OCF increased 0.3% to €442 million, representing a return to growth. On a YTD basis, OCF declined by 1% to €1,284 million
    - Our Q3 OCF result was primarily driven by the revenue decline detailed above, fully offset by (i) declines in interconnect and programming costs, (ii) lower sales commissions and (iii) a decline in other indirect costs driven in part by the realization of cost synergies
    - Integration expenses were €4 million in Q3, in line with Q2 2018, bringing total spend to €9 million YTD

- As we highlight in the Appendix, under Old GAAP our revenue was flat in Q3 and declined 2% YTD and our operating income declined in Q3 to €36 million and YTD to €95 million. Our OCF was stable in Q3 and YTD as compared to the prior-year periods. The differences under ASU 2014-09 are mainly due to changes in the timing of when we recognize (i) revenue from handset sales and (ii) sales commissions

- Property and equipment additions[15] were 19% of revenue in Q3

    - Q3 expenditures were €12 million higher as compared to Q3 2017 due to network expansion (new build and capacity) in both fixed and mobile and increased spend on integration related projects (baseline), partially offset by lower customer premises equipment and related installation costs, driven by lower sales volumes and higher re-deployment volumes

    - Integration-related additions (baseline) accelerated to €34 million in Q3, from €25 million in Q2, bringing total spend to €76 million YTD

- At September 30, 2018, our fully-swapped third-party debt borrowing cost[16] was 4.6% and the average tenor of our third-party debt (excluding vendor financing) was 7 years

- At September 30, 2018, total third-party debt (excluding vendor financing and capital lease obligations) was €9.8 billion, which is unchanged from June 30, 2018. 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 €9.7 billion at September 30, 2018, which is also unchanged from June 30, 2018. 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 interest on the Shareholder Notes of €25 million and €125 million of dividends. Our YTD cash returns to shareholders aggregated €400 million

- At September 30, 2018, 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 3.73x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.77x, each as calculated in accordance with our most restrictive covenants

    - Vendor 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 5.25x at September 30, 2018

- At September 30, 2018, we had maximum undrawn commitments of €800 million. When our Q3 compliance reporting requirements have been completed and assuming no changes from September 30, 2018 borrowing levels, we anticipate that we will continue to have €800 million of our unused commitments available to be drawn

Operating Statistics Summary

	As of and for the three months ended September 30, 2018	2017
Footprint		
Homes Passed[17]	7,182,100	7,133,100
Two-way Homes Passed[18]	7,168,500	7,122,100
Subscribers (RGUs)		
Basic Video[19]	530,100	591,800
Enhanced Video[20]	3,389,300	3,351,100
Total Video	3,919,400	3,942,900
Internet[21]	3,311,800	3,242,100
Telephony[22]	2,521,500	2,549,700
Total RGUs	9,752,700	9,734,700
Q3 Organic RGU Net Additions (Losses)		
Basic Video	(15,200)	(24,600)
Enhanced Video	6,800	10,100
Total Video	(8,400)	(14,500)
Internet	13,000	21,000
Telephony	(16,200)	4,800
Total organic RGU net additions (losses)	(11,600)	11,300
Fixed Customer Relationships		
Fixed Customer Relationships[23]	3,894,400	3,921,400
RGUs per Fixed Customer Relationship	2.50	2.48
Q3 Monthly ARPU per Fixed Customer Relationship[1,10]	€ 46	€ 46
Fixed Customer Bundling		
Single-Play	15.5%	17.7%
Double-Play	20.2%	17.6%
Triple-Play	64.4%	64.7%
Mobile SIMs[24]		
Postpaid	4,164,400	4,061,600
Prepaid	741,600	904,600
Total Mobile	4,906,000	4,966,200
Q3 organic Postpaid net additions (losses)	50,700	(1,400)
Q3 organic Prepaid net losses	(6,600)	(59,600)
Total organic Mobile net additions (losses)	44,100	(61,000)
Q3 Monthly Mobile ARPU[1,10]		
Postpaid (including interconnect revenue)	€ 22	€ 23
Prepaid (including interconnect revenue)	€ 4	€ 4
Convergence		
Converged[3] Household	1,000,000	780,000
Converged[3] SIMs	1,452,000	1,158,400
Converged Household as % of Internet RGUs	30%	24%

Financial Results, OCF Reconciliation & Property and Equipment Additions

The following table reflects preliminary unaudited selected financial results for the three months and nine months ended September 30, 2018 and 2017. The pro forma amounts reported for the three months ended March 31 and June 30, 2017 and the historical amounts reported for the three months ended March 31 and June 30, 2018 for revenue, OCF and operating income have been retrospectively revised from the amounts originally reported.[25] Information for the three and nine months ended September 30, 2018 and 2017 under Old GAAP is presented in the Appendix.

	Three months ended September 30,			Nine months ended September 30,		
		Pro Forma[1]			Pro Forma[1]	
	2018	2017*	Change	2018[25]	2017*,[25]	Change
	in millions, except % amounts					
Total revenue						
Consumer cable revenue[9]						
Subscription revenue	€ 498.4	€ 502.8	(0.9%)	€1,484.4	€ 1,506.5	(1.5%)
Non-subscription revenue	4.7	5.2	(9.6%)	13.0	18.1	(28.2%)
Total consumer cable revenue	503.1	508.0	(1.0%)	1,497.4	1,524.6	(1.8%)
Consumer mobile revenue[11]						
Service revenue	174.7	165.5	5.6%	496.6	479.6	3.5%
Non-service revenue	51.7	50.9	1.6%	160.4	176.9	(9.3%)
Total consumer mobile revenue	226.4	216.4	4.6%	657.0	656.5	0.1%
Total consumer revenue	729.5	724.4	0.7%	2,154.4	2,181.1	(1.2%)
B2B cable revenue[12]						
Subscription revenue	103.8	96.0	8.1%	302.0	278.8	8.3%
Non-subscription revenue	4.3	6.0	(28.3%)	16.8	20.7	(18.8%)
Total B2B cable revenue	108.1	102.0	6.0%	318.8	299.5	6.4%
B2B mobile revenue[13]						
Service revenue	103.8	125.7	(17.4%)	320.8	388.7	(17.5%)
Non-service revenue	24.0	21.9	9.6%	71.5	75.4	(5.2%)
Total B2B mobile revenue	127.8	147.6	(13.4%)	392.3	464.1	(15.5%)
Total B2B revenue	235.9	249.6	(5.5%)	711.1	763.6	(6.9%)
Other revenue[26]	13.1	10.8	21.3%	37.1	33.4	11.1%
Total revenue	€ 978.5	€ 984.8	(0.6%)	€2,902.6	€ 2,978.1	(2.5%)
OCF	€ 442.2	€ 440.8	0.3%	€1,284.3	€ 1,300.6	(1.3%)
OCF as a percentage of revenue	45.2%	44.8%		44.2%	43.7%	
Operating income as a percentage of revenue	3.3%	8.0%		2.6%	6.0%	
OCF Reconciliation						
Operating income	€ 32.0	€ 78.4		€ 74.5	€ 178.0	
Share-based compensation expense	0.6	0.9		2.2	5.1	
Depreciation and amortization	396.4	363.7		1,164.7	1,117.0	
Impairment, restructuring and other operating items, net	13.2	(2.2)		42.9	0.5	
OCF	€ 442.2	€ 440.8		€1,284.3	€ 1,300.6	

* Certain of our 2017 revenue amounts have been reclassified to conform to the net presentation reflected in the revenue we report for the 2018 periods

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,	
	2018	2017	2018	2017
	in millions, except % amounts			
Customer premises equipment	€ 35.7	€ 64.0	€ 142.6	€ 210.7
New build and upgrade	27.1	19.6	75.6	56.1
Capacity	63.7	47.0	174.1	176.8
Baseline	52.4	36.1	165.7	126.7
Product and enablers	5.9	5.7	20.4	12.6
Property and equipment additions	€ 184.8	€ 172.4	€ 578.4	€ 582.9
Assets acquired under capital-related vendor financing arrangements	(115.6)	(91.0)	(400.3)	(234.9)
Assets acquired under capital leases	(1.6)	—	(21.7)	—
Changes in liabilities related to capital expenditures	31.6	15.7	21.6	10.6
Total capital expenditures[27]	€ 99.2	€ 97.1	€ 178.0	€ 358.6
Property and equipment additions as a percentage of revenue[1]	18.9%	17.5%	19.9%	19.6%

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, 2018			June 30, 2018
	Borrowing currency		€ equivalent	
			in millions	
Senior Credit Facilities				
Term Loan E (LIBOR + 2.50%) USD due 2025	$	2,525.0	€ 2,174.1	€ 2,162.4
Term Loan F (EURIBOR + 3.00%) EUR due 2025	€	2,250.0	2,250.0	2,250.0
5.50% USD Senior Secured Proceeds Loan due 2027	$	2,000.0	1,722.0	1,712.8
3.75% EUR Senior Secured Proceeds Loan due 2025	€	800.0	800.0	800.0
4.625% EUR Senior Proceeds Loan due 2025	€	400.0	400.0	400.0
5.875% USD Senior Proceeds Loan due 2025	$	400.0	344.4	342.6
4.25% EUR Senior Proceeds Loan due 2027	€	775.0	775.0	775.0
6.00% USD Senior Proceeds Loan due 2027	$	625.0	538.1	535.2
€800.0 million Ziggo Revolving Facilities EUR due 2022			—	—
Elimination of the Proceeds Loans in consolidation			(4,579.5)	(4,565.6)
Total Senior Credit Facilities			4,424.1	4,412.4
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
4.25% EUR Senior Secured Notes due 2027	€	775.0	775.0	775.0
5.50% USD Senior Secured Notes due 2027	$	2,000.0	1,722.0	1,712.8
Total Senior Secured Notes			3,368.7	3,359.5
Senior Notes				
7.125% EUR Senior Notes due 2024	€	743.1	743.1	743.1
4.625% EUR Senior Notes due 2025	€	400.0	400.0	400.0
5.875% USD Senior Notes due 2025	$	400.0	344.4	342.6
6.00% USD Senior Notes due 2027	$	625.0	538.1	535.2
Total Senior Notes			2,025.6	2,020.9
Vendor financing			952.0	922.4
Capital leases			19.0	18.7
Total third-party debt and capital lease obligations			10,789.4	10,733.9
Unamortized premiums, discounts and deferred financing costs, net			51.5	54.7
Total carrying amount of third-party debt and capital lease obligations			10,840.9	10,788.6
Less: cash			325.7	355.0
Net carrying amount of third-party debt and capital lease obligations[28]			€ 10,515.2	€ 10,433.6
Exchange rate ($ to €)			1.1614	1.1677

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 gross and net debt[28] and includes information regarding the projected principal-related cash flows of our cross-currency swap contracts. The euro equivalents presented below are based on exchange rates that were in effect as of September 30, 2018 and June 30, 2018. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future periods.

	September 30, 2018	June 30, 2018
	in millions	
Total third-party debt and capital lease obligations (€ equivalent)	€ 10,789.4	€ 10,733.9
Vendor financing	(952.0)	(922.4)
Capital lease obligations	(19.0)	(18.7)
Projected principal-related cash payments associated with our cross-currency derivative instruments	(108.1)	(82.5)
Total covenant amount of third-party gross debt[29]	9,710.3	9,710.3
Less: cash	(325.7)	(355.0)
Total covenant amount of third-party net debt[29]	€ 9,384.6	€ 9,355.3

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 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, including the launch of Horizon 4 and roll out of 1 Gigabit network by 2020; 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, 2018, 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, Rotterdam en Rijswijk

The VodafoneZiggo JV is a joint venture between Liberty Global, the largest international TV and broadband internet company, and Vodafone Group, one of the world's largest telecommunication companies. Liberty Global is the world's largest international TV and broadband company, with operations in 10 European countries under the consumer brands Virgin Media, Unitymedia, Telenet and UPC. Liberty Global develops market-leading products delivered through next-generation networks that connect 21 million customers subscribing to 45 million TV, broadband internet and telephony services. Liberty Global also serve 6 million mobile subscribers and offer WiFi service through 12 million access points across its footprint.* In addition, Liberty Global owns significant investments in ITV, All3Media, ITI Neovision, Casa Systems, LionsGate, the Formula E racing series and several regional sports networks.Vodafone Group has mobile operations in 25 countries, partners with mobile networks in 46 more, and fixed broadband operations in 18 markets. As of June 30, 2018, Vodafone Group had 534.5 million mobile customers and 19.9 million fixed broadband customers, including India and all of the customers in Vodafone's joint ventures and associates.

* The Liberty Global figures included in this paragraph include both the continuing and discontinued operations that Liberty Global owned on September 30, 2018

APPENDIX

Impact of ASU 2014-09 on Revenue and OCF

We adopted ASU 2014-09 effective January 1, 2018. In the following table, we present certain statement of operations information for the three and nine months ended September 30, 2018 and 2017 under Old GAAP along with the incremental impacts of adopting ASU 2014-09.

	Old GAAP			Impact of ASU 2014-09	
	Three months ended September 30,			Three months ended September 30,	
	2018	2017*	Change	2018	2017
	in millions, except % amounts			in millions	
Total revenue					
Consumer cable revenue[9]					
Subscription revenue	€ 524.7	€ 514.9	1.9%	€ (26.3)	€ (12.1)
Non-subscription revenue	5.1	6.1	(16.4%)	(0.4)	(0.9)
Total consumer cable revenue	529.8	521.0	1.7%	(26.7)	(13.0)
Consumer mobile revenue[11]					
Service revenue	181.9	186.0	(2.2%)	(7.2)	(20.5)
Non-service revenue	26.8	29.3	(8.5%)	24.9	21.6
Total consumer mobile revenue	208.7	215.3	(3.1%)	17.7	1.1
Total consumer revenue	738.5	736.3	0.3%	(9.0)	(11.9)
B2B cable revenue[12]					
Subscription revenue	104.3	95.8	8.9%	(0.5)	0.2
Non-subscription revenue	5.3	5.5	(3.6%)	(1.0)	0.5
Total B2B cable revenue	109.6	101.3	8.2%	(1.5)	0.7
B2B mobile revenue[13]					
Service revenue	111.2	128.0	(13.1%)	(7.4)	(2.3)
Non-service revenue	19.3	17.2	12.2%	4.7	4.7
Total B2B mobile revenue	130.5	145.2	(10.1%)	(2.7)	2.4
Total B2B revenue	240.1	246.5	(2.6%)	(4.2)	3.1
Other revenue[26]	13.1	10.8	21.3%	—	—
Total revenue	€ 991.7	€ 993.6	(0.2%)	€ (13.2)	€ (8.8)
OCF	€ 446.3	€ 446.7	(0.1%)	€ (4.1)	€ (5.9)
OCF as a percentage of revenue	45.0%	45.0%			
Operating income as a percentage of revenue	3.6%	8.5%			
OCF Reconciliation					
Operating income	€ 36.1	€ 84.3			
Share-based compensation expense	0.6	0.9			
Depreciation and amortization	396.4	363.7			
Impairment, restructuring and other operating items, net	13.2	(2.2)			
OCF	€ 446.3	€ 446.7			

	Old GAAP			Impact of ASU 2014-09	
	Nine months ended September 30,			Nine months ended September 30,	
	2018	2017*	Change	2018[25]	2017[25]
	in millions, except % amounts			in millions	
Total revenue					
Consumer cable revenue[8]					
Subscription revenue	€ 1,550.5	€ 1,527.0	1.5%	€ (66.1)	€ (20.5)
Non-subscription revenue	14.8	21.4	(30.8%)	(1.8)	(3.3)
Total consumer cable revenue	1,565.3	1,548.4	1.1%	(67.9)	(23.8)
Consumer mobile revenue[10]					
Service revenue	540.4	563.0	(4.0%)	(43.8)	(83.4)
Non-service revenue	84.6	94.5	(10.5%)	75.8	82.4
Total consumer mobile revenue	625.0	657.5	(4.9%)	32.0	(1.0)
Total consumer revenue	2,190.3	2,205.9	(0.7%)	(35.9)	(24.8)
B2B cable revenue[11]					
Subscription revenue	304.6	278.8	9.3%	(2.6)	—
Non-subscription revenue	16.6	18.6	(10.8%)	0.2	2.1
Total B2B cable revenue	321.2	297.4	8.0%	(2.4)	2.1
B2B mobile revenue[12]					
Service revenue	344.6	402.4	(14.4%)	(23.8)	(13.7)
Non-service revenue	53.5	56.6	(5.5%)	18.0	18.8
Total B2B mobile revenue	398.1	459.0	(13.3%)	(5.8)	5.1
Total B2B revenue	719.3	756.4	(4.9%)	(8.2)	7.2
Other revenue[24]	37.1	33.4	11.1%	—	—
Total revenue	€ 2,946.7	€ 2,995.7	(1.6%)	€ (44.1)	€ (17.6)
OCF	€ 1,304.3	€ 1,306.2	(0.1%)	€ (20.0)	€ (5.5)
OCF as a percentage of revenue	44.3%	43.6%			
Operating income as a percentage of revenue	3.2%	6.1%			
OCF Reconciliation					
Operating income	€ 94.5	€ 183.6			
Share-based compensation expense	2.2	5.1			
Depreciation and amortization	1,164.7	1,117.0			
Impairment, restructuring and other operating items, net	42.9	0.5			
OCF	€ 1,304.3	€ 1,306.2			

* Certain of our 2017 revenue amounts have been reclassified to conform to the net presentation reflected in the revenue we report for the 2018 periods

Footnotes

1. We adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09" or "New GAAP") effective January 1, 2018 by recording the cumulative effect of the adoption to our owners' equity. The comparative information for the three and nine months ended September 30, 2017 that will be included in our condensed consolidated financial statements has not been restated and will continue to be reported under the accounting standards in effect for such periods ("Old GAAP"). However, for purposes of this document, we present all financial information for periods prior to 2018 on a pro forma basis (unless otherwise noted) that gives effect to the impact of ASU 2014-09 as if it had been adopted on January 1, 2017. The financial impact of ASU 2014-09 is detailed within the Appendix.
2. 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 internal decision maker 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 (loss) to OCF is presented under the *Financial Results, OCF Reconciliation & Property and Equipment Additions* section of this release.
3. Converged Household represent customers who subscribe to both a fixed-line digital TV and an internet service (like Connect Start, Complete en Max) and a Vodafone branded postpaid mobile subscription (Start, Red, Smart, Scherp or Black) telephony service.
4. RGU 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, 2018 RGU counts exclude our separately reported prepaid and postpaid mobile subscribers.
5. Customer Churn represents the rate at which customers relinquish their subscriptions. The annual rolling average basis is calculated by dividing the number of disconnects during the preceding 12 months by the average number of fixed customer relationships. For the purpose of computing churn, a disconnect is deemed to have occurred if the customer no longer receives any level of service from us and is required to return our equipment. A partial product downgrade, typically used to encourage customers to pay an outstanding bill and avoid complete service disconnection is not considered to be disconnected for purposes of our churn calculations. Customers who move within our cable footprint and upgrades and downgrades between services are also excluded from the disconnect figures used in the churn calculation.
6. The €210 million of cost and capex run-rate savings are stated before integration costs and include €180 million of operating cost savings.
7. 2018 Operating Cash Flow ("OCF") guidance includes shareholder charges (as further described in our 2017 annual report) and around €25 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 5.

   Effective January 1, 2018, we have adopted the new revenue recognition rules set forth in ASU 2014-09. Our original 2018 guidance for OCF and property and equipment additions as a percentage of revenue did not reflect the application of the new revenue recognition rules to our 2017 actual results or our 2018 forecasted results. As we are continuing to evaluate and verify the impact of the implementation of the new revenue recognition rules, we are confirming this guidance on an Old GAAP basis. The implementation of the new revenue recognition rules has no impact on our Free Cash Flow but has had an impact on revenue and OCF due to changes in the timing of when we recognize (i) revenue from handset sales and (ii) sales commissions.
8. Expected 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 2017 annual report.
9. 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. Following the adoption of ASU 2014-09, consumer cable subscription revenue excludes interconnect fees, channel carriage fees and late fees, but includes the amortization of installation fees. Prior to the adoption of 2014-09, installation fees were excluded from consumer cable subscription revenue.
10. 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") and SOHO ("SOHO 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 ("mobile consumer postpaid ARPU") and B2B ("mobile B2B 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. ARPU amounts for Q3 2017 are presented on a pro forma basis after giving effect to the adoption of ASU 2014-09 as if it had occurred on January 1, 2017.

11. 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.

12. 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.

13. 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.

14. The financial figures contained in this release are prepared in accordance accounting principles generally accepted in the United States ("U.S. GAAP").

15. Property and equipment additions include capital expenditures on an accrual basis, amounts financed under vendor financing or capital lease arrangements and other non-cash additions.

16. Our fully-swapped third-party debt borrowing cost represents the weighted average interest rate on our aggregate variable- and fixed-rate indebtedness (excluding capital leases and vendor financing obligations), including the effects of derivative instruments and commitment fees, but excluding the impact of financing costs.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. Fixed Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as Revenue Generating Units ("RGUs"), 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.

24. 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. Customers who do not pay a recurring monthly fee are excluded from our prepaid mobile telephony subscriber counts after a period of inactivity of 15 months.

25. In reassessing our implementation of the new standard we discovered certain errors in our computations and methodologies. As a result of these errors, the pro forma amounts reported for the three months ended March 31, 2017 and June 30, 2017 and the historical amounts reported for the three months ended March 31, 2018 and June 30, 2018 for revenue, OCF and operating income have been restated. The following table quantifies the impact of these errors on our previously issued reports:

	Revenue	OCF	Operating Income
	in millions, except % amounts		
Q2 2018			
As originally reported	€ 934.6	€ 405.5	€ (5.1)
Revision	16.1	16.1	16.1
As corrected	€ 950.7	€ 421.6	€ 11.0
Q2 2017[1]			
As originally reported	€ 979.8	€ 428.3	€ 46.3
Revision	(0.9)	(2.4)	(2.4)
As corrected	€ 978.9	€ 425.9	€ 43.9
Q2 2018 change versus Q2 2017			
As originally reported	(4.6%)	(5.3%)	
As corrected	(2.9%)	(1.0%)	
Q1 2018			
As originally reported	€ 972.2	€ 420.2	€ 31.2
Revision	1.2	0.3	0.3
As corrected	€ 973.4	€ 420.5	€ 31.5
Q1 2017[1]			
As originally reported	€ 1,012.7	€ 432.2	€ 54.0
Revision	1.7	1.7	1.7
As corrected	€ 1,014.4	€ 433.9	€ 55.7
Q1 2018 change versus Q1 2017			
As originally reported	(4.0%)	(2.8%)	
As corrected	(4.0%)	(3.1%)	

26. Other revenue includes, among other items, programming and advertising revenue and revenue related to certain personnel services provided to Vodafone and Liberty Global.

27. The capital expenditures that we report in our condensed consolidated statements of cash flows do not include amounts that are financed under vendor financing or capital 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.

28. 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.

29. 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) capital lease obligations and (iii) 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 RGU or customer counts. As of Q2 2018, we report Multiple Dwelling Units subscribers and revenue under our B2B segment as these contracts are managed by the B2B management team. This transfer from consumer to B2B has a limited impact as compared to reported consumer ARPUs in prior year periods. Multiple Dwelling Units subscribers and related revenue are now excluded from the consumer ARPU calculation for Q3 2018 and the comparable YoY period. 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.