VodafoneZiggo Reports Preliminary Q2 2019 Results

Strong Commercial Performance Drives Revenue and OCF Growth

Utrecht, the Netherlands – August 7, 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 financial[1] and operating information for the three months ("Q2") and six months ("YTD" or "H1") ended June 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 June 30, 2019 unaudited condensed consolidated financial statements prior to the end of August 2019, at which time the report will be posted to our website.

Highlights for Q2 2019:

- Total revenue returned to growth for the first time since the formation of the JV at 1.5%. Strong customer growth and higher value handset sales supported a turnaround in total mobile revenue. Best quarterly growth in total fixed revenue in the last three years
- Commercial momentum accelerated with 70,000 postpaid net customer additions in Q2, with a record contribution from both Consumer and B2B. Internet RGUs[2] increased 17,000, significantly better than 6,500 in the prior quarter. Total fixed performance returned to growth with 2,000 RGUs added in Q2
- 36% of internet customers and 72% of eligible Vodafone consumer mobile postpaid SIMs received converged[3] benefits at the end of June 2019. During Q2, 95,000 new converged households and 158,000 new converged SIMs were added, including 61,000 second brand hollandsnieuwe converged households and 79,000 hollandsnieuwe converged SIMs
- Operating income increased by €22 million YoY to €33 million
- OCF[4] grew 3% to €434 million driven by revenue growth
- 2019 OCF guidance[5] updated: OCF growth is now expected to be 2% to 3%, compared to 1% to 3% previously. Total cash returns[6] to shareholders are still expected to be €400-€600 million

Jeroen Hoencamp, VodafoneZiggo CEO, commented:

"We delivered our best quarterly result in the JV's history with record customer additions driving a return to revenue growth. Supported by our convergence strategy, we added 70,000 mobile postpaid and 17,000 internet customers. Video attrition was at its lowest level since Q1 2018, led by the successful launch of our next-generation Mediabox Next, which is achieving significantly higher product Net Promoter Scores. Our B2B revenue growth remained robust and total mobile revenue growth turned positive, driving 3% OCF growth in the quarter. As a result, we now expect OCF growth to be in the upper half of our original range. We continue to expect €400-€600 million of total cash returns to our shareholders in 2019."

Consumer performance for Q2 and H1 2019:

Total consumer revenue was stable in Q2 and decreased by 1% in H1

Fixed:

Consumer cable revenue[7] was stable in both Q2 and H1

- Stable revenue was the net result of (i) a price increase implemented in July 2018, (ii) an increase in converged discounts, (iii) a reduction in telephony and video-on-demand usage, and (iv) lower average RGUs YoY
- 8,000 new Internet RGUs were added in Q2, representing an improvement of 9,000 and 5,000 RGUs as compared to the previous quarter and prior year period, respectively. The Q2 improvement was supported by an increase in new sales and a decrease in churn, despite the announcement of a price increase in early May 2019
- As per July 1st 2019, we increased prices by €2.5 or 4.4% on average across our fixed customer base
- Successful introduction in March 2019 of our new 4K Mediabox Next contributed to an improvement of 7,000 in Enhanced Video RGU losses as compared to the prior quarter. Since launch, around 160,000 customers are now using the improved experience of Mediabox Next, which is achieving a record level of NPS
- Q2 consumer cable ARPU[8] increased 2% YoY to €47

Mobile:

Consumer mobile revenue[9] was stable in Q2 and decreased by 2.5% in H1

- Stable revenue in Q2 represented an improvement from a 4.5% decline in the previous quarter. This improvement was primarily driven by an increase in handset revenue as a result of higher value handset sales in Q2 as compared to the prior year period
- With 34,000 mobile postpaid net additions, we achieved a new record for customer growth since the formation of the JV. This also marked the ninth consecutive quarter of mobile subscriber growth in a competitive mobile market
- Q2 consumer postpaid ARPU decreased 8% YoY to €20 driven by a decrease in out-of-bundle revenue
- We successfully established the first 5G connection in the Netherlands in July 2019, using a local 3.5 GHz test license, on an existing mobile base station in Maastricht. The mobile base station serves as a reference site and blueprint for our new 5G test labs in the city of Eindhoven

Business performance for Q2 and H1 2019:

Total B2B revenue continued to grow with a 5.5% increase in Q2 and 4% in H1

Fixed:

B2B cable revenue[10] increased by 7% in Q2 and 8% in H1

- We added 19,000 fixed RGUs in Q2, our best performance since Q1 2018

- Q2 SOHO ("Small Office Home Office") cable ARPU was stable YoY at €58 and our Small Business cable ARPU remained stable as well at €83 YoY
- Vodafone Flex, our new innovative business proposition, has been launched offering an enhanced Software Defined-WAN based solution to set up a secure and reliable private network within 24 hours and with a greater contract flexibility as compared to existing propositions

Mobile:

B2B mobile revenue[11] returned to growth with a 4% increase in Q2 and was stable in H1

- €5 million revenue growth in Q2 was a net result of (i) customer growth, (ii) an increase in handset revenue and (iii) lower out-of-bundle revenue
- 36,000 new postpaid customers were added in Q2, representing our best quarterly result in the last three years
- Q2 B2B mobile postpaid ARPU decreased 4% YoY to €20

Financial highlights for Q2 2019[1]:

Revenue returned to growth at 1.5% YoY supporting OCF and operating income growth of 3% and 198%, respectively.

- The €14 million YoY revenue growth was primarily driven by customer growth and higher value handset sales compared to the prior year period
- We reported operating income of €33 million for Q2, as compared to €11 million in the corresponding prior year period. The increase was primarily the net result of (i) a decrease in impairment, restructuring and other operating items, (ii) OCF growth and (iii) an increase in depreciation and amortization expense following disposals and accelerated depreciation of network assets
- Q2 OCF increased 3% YoY to €434 million, marking four consecutive quarters of growth
  - Our Q2 OCF growth was a direct result of revenue growth
  - Integration expenses were €5 million for Q2, bringing the YTD total to €8 million
- Property and equipment additions[12] were 22% of revenue in Q2
  - Q2 additions increased by €10 million YoY primarily as a result of (i) higher customer premises equipment outlays associated with the launch of 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 Q2, bringing the YTD total to €42 million
- At June 30, 2019, our fully-swapped third-party debt borrowing cost[13] was 4.5% and the average tenor of our third-party debt (excluding vendor financing) was 6.3 years
- At June 30, 2019, total third-party debt (excluding vendor financing and finance lease obligations) was €9.9 billion, down from €10.0 billion at March 31, 2019. For information concerning the debt balances used in our covenant calculations, see Covenant Debt Information below

- In May 2019, we issued an additional €550 million principal amount of 4.625% Senior Notes due 2025 (the 2025 4.625% Euro Senior Notes). This additional series of notes was issued at a premium of 101.5% and will mature on January 15, 2025. The net proceeds from the issuance of these notes were used to partially redeem the 2024 7.125% Euro Senior Notes
- We are in the final stages of closing a handset securitization financing that will enable the remaining 2024 7.125% Euro Senior Notes to be redeemed
- During the quarter, our cash returns to shareholders included €33 million of interest on the Shareholder Notes. We distributed in total €44 million of interest on the Shareholder Notes in H1
- At June 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 3.80x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.86x, 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 5.38x at June 30, 2019
- At June 30, 2019, we had maximum undrawn commitments of €800 million. When our Q2 compliance reporting requirements have been completed and assuming no changes from June 30, 2019 borrowing levels, we anticipate that we will continue to have €748 million of our unused commitments available to be drawn

Operating Statistics Summary

	As of and for the three months ended June 30, 2019	2018
Footprint		
Homes Passed[14]	7,227,700	7,154,100
Two-way Homes Passed[15]	7,214,100	7,143,200
Subscribers (RGUs)		
Basic Video[16]	497,500	545,400
Enhanced Video[17]	3,386,000	3,382,500
Total Video	3,883,500	3,927,900
Internet[18]	3,341,000	3,298,800
Telephony[19]	2,460,200	2,537,600
Total RGUs	9,684,700	9,764,300
Q2 Organic RGU Net Additions (Losses)		
Basic Video	(6,100)	(16,000)
Enhanced Video	4,800	5,900
Total Video	(1,300)	(10,100)
Internet	17,300	12,400
Telephony	(14,100)	(10,300)
Total organic RGU net additions (losses)	1,900	(8,000)
Fixed Customer Relationships		
Fixed Customer Relationships[20]	3,887,800	3,931,600
RGUs per Fixed Customer Relationship	2.49	2.48
Q2 Monthly ARPU per Fixed Customer Relationship	€ 46	€ 46
Fixed Customer Bundling		
Single-Play	13.8%	15.9%
Double-Play	23.3%	19.4%
Triple-Play	62.9%	64.7%
Mobile SIMs[21]		
Postpaid	4,325,900	4,113,700
Prepaid	640,900	748,200
Total Mobile	4,966,800	4,861,900
Q2 organic Postpaid net additions	69,900	25,500
Q2 organic Prepaid net losses	(63,600)	(56,600)
Total organic Mobile net additions (losses)	6,300	(31,100)
Q2 Monthly Mobile ARPU		
Postpaid (including interconnect revenue)	€ 20	€ 21
Prepaid (including interconnect revenue)	€ 3	€ 3
Convergence		
Converged Households	1,192,000	960,000
Converged SIMs	1,748,000	1,383,000
Converged Households as % of Internet RGUs	36%	29%

Financial Results, OCF Reconciliation & Property and Equipment Additions

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

	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	2019	2018	Change
	in millions, except % amounts					
Total revenue						
Consumer cable revenue[7]						
Subscription revenue	€ 489.3	€ 488.2	0.2%	€ 981.3	€ 986.0	(0.5%)
Non-subscription revenue	5.1	4.3	18.6%	10.0	8.3	20.5%
Total consumer cable revenue	494.4	492.5	0.4%	991.3	994.3	(0.3%)
Consumer mobile revenue[9]						
Service revenue	154.4	162.0	(4.7%)	313.8	321.9	(2.5%)
Non-service revenue	57.5	50.9	13.0%	106.0	108.7	(2.5%)
Total consumer mobile revenue	211.9	212.9	(0.5%)	419.8	430.6	(2.5%)
Total consumer revenue	706.3	705.4	0.1%	1,411.1	1,424.9	(1.0%)
B2B cable revenue[10]						
Subscription revenue	106.6	99.2	7.5%	215.1	198.2	8.5%
Non-subscription revenue	5.6	5.6	—%	12.5	12.5	—%
Total B2B cable revenue	112.2	104.8	7.1%	227.6	210.7	8.0%
B2B mobile revenue[11]						
Service revenue	108.2	106.3	1.8%	214.5	217.0	(1.2%)
Non-service revenue	25.1	21.7	15.7%	50.9	47.5	7.2%
Total B2B mobile revenue	133.3	128.0	4.1%	265.4	264.5	0.3%
Total B2B revenue	245.5	232.8	5.5%	493.0	475.2	3.7%
Other revenue[22]	13.2	12.5	5.6%	24.3	24.0	1.3%
Total revenue	€ 965.0	€ 950.7	1.5%	€ 1,928.4	€ 1,924.1	0.2%
OCF	€ 433.9	€ 421.6	2.9%	€ 868.8	€ 842.1	3.2%
OCF as a percentage of revenue	45.0%	44.3%		45.1%	43.8%	
Operating income as a percentage of revenue	3.4%	1.2%		4.1%	2.2%	
OCF Reconciliation						
Operating income	€ 32.8	€ 11.0		€ 78.5	€ 42.5	
Share-based compensation expense	0.4	0.9		0.9	1.6	
Depreciation and amortization	399.3	385.3		777.0	768.3	
Impairment, restructuring and other operating items, net	1.4	24.4		12.4	29.7	
OCF	€ 433.9	€ 421.6		€ 868.8	€ 842.1	

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 June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	in millions, except % amounts			
Customer premises equipment	€ 55.4	€ 49.6	€ 102.0	€ 106.9
New build and upgrade	32.3	26.8	59.1	48.5
Capacity	55.3	58.9	107.3	110.4
Baseline	57.3	55.6	95.1	113.3
Product and enablers	7.8	7.6	14.1	14.5
Property and equipment additions[12]	208.1	198.5	377.6	393.6
Assets acquired under capital-related vendor financing arrangements	(116.1)	(158.9)	(255.7)	(284.7)
Assets acquired under finance leases	(1.7)	(1.4)	(3.1)	(20.1)
Changes in liabilities related to capital expenditures	(5.4)	(17.1)	54.2	(10.0)
Total capital expenditures[23]	€ 84.9	€ 21.1	€ 173.0	€ 78.8
Property and equipment additions as a percentage of revenue	21.6%	20.9%	19.6%	20.5%

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.

	June 30, 2019			March 31, 2019
	Borrowing currency		€ equivalent	
			in millions	
Credit Facilities				
Term Loan E (LIBOR + 2.50%) USD due 2025	$	2,525.0	€ 2,222.9	€ 2,250.2
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			4,472.9	4,500.2
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	1,760.7	1,782.4
4.25% EUR Senior Secured Notes due 2027	€	775.0	775.0	775.0
Total Senior Secured Notes			3,407.4	3,429.1
Senior Notes				
7.125% EUR Senior Notes due 2024 *	€	193.1	193.1	743.1
4.625% EUR Senior Notes due 2025 *	€	950.0	950.0	400.0
5.875% USD Senior Notes due 2025	$	400.0	352.2	356.5
6.00% USD Senior Notes due 2027	$	625.0	550.2	557.0
Total Senior Notes			2,045.5	2,056.6
Vendor financing			998.3	999.5
Finance leases			22.3	23.1
Total third-party debt and finance lease obligations			10,946.4	11,008.5
Unamortized premiums, discounts and deferred financing costs, net			(2.6)	44.0
Total carrying amount of third-party debt and finance lease obligations			10,943.8	11,052.5
Less: cash			342.4	288.2
Net carrying amount of third-party debt and finance lease obligations[24]			€ 10,601.4	€ 10,764.3
Exchange rate ($ to €)			1.1359	1.1221

* In May 2019, we issued an additional €550.0 million principal amount of 4.625% Senior Notes due 2025 (the 2025 4.625% Euro Senior Notes). This additional series of notes was issued at a premium of 101.5% and will mature on January 15, 2025. The net proceeds from the issuance of these notes were used to partially redeem the 2024 7.125% Euro Senior Notes.

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[25] and net debt[24] 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 June 30, 2019 and March 31, 2019. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future periods.

	June 30, 2019	March 31, 2019
	in millions	
Total third-party debt and finance lease obligations (€ equivalent)	€ 10,946.4	€ 11,008.5
Vendor financing	(998.3)	(999.5)
Finance lease obligations	(22.3)	(23.1)
Projected principal-related cash payments associated with our cross-currency derivative instruments	(215.5)	(275.6)
Total covenant amount of third-party gross debt[25]	9,710.3	9,710.3
Less: cash	(342.4)	(288.2)
Total covenant amount of third-party net debt[24]	€ 9,367.9	€ 9,422.1

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, including the launch of mediabox 'Next' 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 June 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, Rotterdam en Rijswijk

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 largest telecommunication companies. 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 12 million access points across its footprint. In addition, 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 25 countries, partners with mobile networks in 41 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. 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 June 30, 2019 RGU counts exclude our separately reported prepaid and postpaid mobile subscribers.

3. 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.

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. 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.

25. 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 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 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.