

VodafoneZiggo Reports Preliminary Q3 2020 Results

Commercial and Financial Momentum Continues; Full Year Guidance Updated

Utrecht, the Netherlands — November 4, 2020: 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, 2020, 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, 2020 unaudited condensed consolidated financial statements prior to the end of November 2020, at which time the report will be posted to our website.

Highlights for Q3 2020:

- Robust commercial performance despite the COVID-19 pandemic:
 - Added 20,000 converged² households and 69,000 converged SIMs, driving our converged penetration rate to 42% of internet RGUs³ and 71% of total consumer mobile postpaid SIMs
 - Delivered 4% fixed ARPU⁴ growth and added 76,000 mobile postpaid
- Good financial performance and cash flow conversion:
 - Revenue grew 2% YoY, marking our sixth consecutive quarter of growth
 - Net loss decreased 66% YoY to €21 million primarily driven by foreign exchange gains and adjusted EBITDA growth, partially offset by fair value changes in our derivative portfolio
 - Adjusted EBITDA⁵ grew 6% YoY to €479 million, supported by revenue growth, good cost control, partially offset by the negative net impact of COVID-19
 - Operating FCF⁶ (Adjusted EBITDA less property and equipment additions⁷) of €297 million, representing 30% of revenue and a 7 percentage point increase versus prior-year period
- On track to realize €210 million cost synergies in 2020, one year ahead of original plan
- 2020 guidance⁸ updated:
 - 4%-5% Adjusted EBITDA growth (previously “stable to modest growth”)
 - Upper end of €400 - €500 million total cash available for potential shareholder distributions

Jeroen Hoencamp, VodafoneZiggo CEO, commented:

“We remain committed to providing essential high-speed connectivity and the best entertainment services to our customers through our GigaNet. We now offer 1 Gbps speeds to more than 2 million homes and are continuing our DOCSIS 3.1 roll-out nationwide. We recently launched Smart WiFi to enhance in-home speeds and our mobile connectivity is market leading with the first nationwide 5G network. We delivered another good quarter of operating and financial results in Q3. Revenue growth was strong despite a negative impact from the pandemic and we have now delivered nine consecutive quarters of Adjusted EBITDA growth, supported by cost control and ongoing synergy realization. We remain on track to deliver our €210 million cost synergy program this year, one year ahead of our original plan. I am confident we will achieve 4%-5% Adjusted EBITDA growth for the year, and deliver the upper end of €400-€500 million total cash available for potential shareholder distributions.”

Consumer performance for Q3 and YTD 2020:

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

Fixed:

Consumer cable revenue⁹ grew 2% in Q3 and 4% YTD

- Q3 revenue growth was primarily driven by a 3% YoY increase of Consumer cable ARPU, more than offsetting the impact of customer decline
 - Implemented an average 3.4% price increase as per July 1 across our customer base
- Internet RGUs decreased by 12,000 in Q3 primarily driven by increased market competition. We launched a new Smart WiFi package to enhance the in-home broadband experience of our customers
- 66,000 new customers were connected to our next-generation video platform Mediabox Next in Q3, bringing the total to 487,000, which represents 15% of our enhanced video base
- We have successfully concluded the 1 Gbps DOCSIS 3.1 roll-out, as part of our GigaNet, in Rotterdam and Amsterdam and expect to connect 3 million households by the end of 2020

Mobile:

Consumer mobile revenue¹⁰ increased 2% in both Q3 and YTD

- Q3 revenue increase was the result of strong customer base growth and higher handset sales partially offset by a decrease of ARPU
 - Q3 consumer postpaid ARPU decreased 5% YoY to €18, primarily driven by (i) differences in phasing of converged discounts compared to the prior-year period and (ii) reduced out-of-bundle roaming revenue associated with COVID-19 travel restrictions
- 58,000 net postpaid customers were added in Q3, representing our best quarterly result, supported by low mobile postpaid churn. YTD net customer additions increased 46,000 YoY to 148,000 as compared to the prior-year period
- In September our second brand, hollandsnieuwe, won an award for the best digital customer experience in “Telecom on desktop” given by the leading digital experience benchmark provider WUA

Business performance for Q3 and YTD 2020:

Total B2B revenue grew 2% in Q3 and remained stable YTD

Fixed:

B2B cable revenue¹¹ grew 8% in Q3 and 7% YTD

- Revenue growth was primarily driven by growth of our SOHO (“Small Office Home Office”) and Small Business customer base and increasing demand for our Unified Communication portfolio

- Added 5,000 SoHo/Small Business customers and 11,000 fixed RGUs in Q3, bringing the YTD total to 18,000 and 40,000, respectively
- Q3 SOHO cable ARPU increased 4% YoY to €61 and our Q3 Small Business cable ARPU was stable YoY at €82

Mobile:

B2B mobile revenue¹² decreased 4% in Q3 and 6% YTD

- Revenue decline in Q3 was primarily driven by (i) lower roaming out-of-bundle and visitor revenue related to COVID-19 travel restrictions, (ii) pricing pressure in the large corporate segment partially offset by (iii) customer base growth
- Q3 mobile postpaid net customer additions of 18,000 represents an increase from 14,000 additions recorded in Q2. YTD net postpaid customer additions of 59,000 representing a decrease of 33,000 as compared to prior-year period largely due to lower sales volume affected by COVID-19
- B2B mobile postpaid ARPU decreased 13% YoY in Q3 to €16 driven by the aforementioned revenue headwinds

Financial highlights for Q3 and YTD 2020¹:

- Revenue grew 2% YoY in Q3 and 3% YoY YTD, primarily driven by aggregate growth in our combined customer base and fixed ARPU growth, which more than offset €15 million of estimated COVID-19 related headwinds in Q3 and €32 million YTD, of which more than 90% related to roaming and visitor revenue losses. Excluding the estimated effect of COVID-19, Q3 revenue growth was in line with the previous quarters
- Net loss decreased 66% YoY to €21 million in Q3, primarily driven by (i) higher foreign currency transaction gains, (ii) an increase in Adjusted EBITDA, (iii) an accrual release associated with harmonization of labor contract conditions partially offset by (iii) higher net losses on derivative instruments
 - YTD net loss decreased 65% YoY to €99 million, primarily driven by (i) changes in foreign currency transaction gains (losses), (ii) an increase in Adjusted EBTIDA, (iii) an accrual release associated with harmonization of labor contract conditions partially offset by (iii) changes in realized and unrealized gains (losses) on derivative instruments, (iv) changes in income taxes and (v) changes in gains (losses) on debt extinguishment
- Q3 Adjusted EBITDA increased 6% YoY to €479 million, marking nine consecutive quarters of growth, supported by good revenue growth and cost control, partially offsetting the negative net impact of COVID-19. On a YTD basis, Adjusted EBITDA grew 8% YoY to €1,417 million
 - COVID-19 related revenue headwinds were partially offset by lower roaming, staff and marketing costs. However, as we resumed live sport broadcasting, programming cost

savings have reduced significantly versus previous quarter. Negative net impact of COVID-19 was estimated to be €11 million in Q3 and €5 million YTD

- Integration expenses were €1 million in Q3, bringing YTD total to €9 million
- Property and equipment additions⁷ were 18% of revenue in Q3 and 21% YTD
 - Q3 additions were €47 million lower YoY, primarily driven by a decrease in CPE volume
 - Integration-related additions amounted to €20 million in Q3, bringing YTD total to €65 million
- During the quarter we acquired new spectrum licenses in the 700 MHz and 1400 MHz band for €158 million and €94 million, respectively, and renewed our existing license in the 2100 MHz band for €163 million, all with a term of 20 years. Total spectrum license fees of €416 million are fully funded by new shareholder loans and payable over two equal installments in July 2020 and 2021. The 700 MHz and 1400 MHz licenses were activated in July, increasing our license intangible assets by €252 million in Q3. The 2100 MHz license will be renewed in January 2021
- Q3 operating FCF⁶ of €297 million, representing 30% of revenue compared to €222 million or 23% of revenue in the prior-year period primarily as a result of the aforementioned Adjusted EBITDA growth
- At September 30, 2020, our fully-swapped third-party debt borrowing cost¹³ was 4.2% and the average tenor of our third-party debt (excluding vendor and handset financing obligations) was 7.9 years
- At September 30, 2020, total third-party debt (excluding vendor financing, other debt and lease obligations) was €9.6 billion, which is a decrease of €0.2 billion from June 30, 2020 related to the weakening of the USD. 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 €9.1 billion at September 30, 2020, on par with June 30, 2020. For information concerning the debt balances used in our covenant calculations, see Covenant Debt Information below
- During the quarter, our cash returns to shareholders were €22 million of interest on the Shareholder Notes and dividends of €175 million, bringing the YTD total to €236 million
- At September 30, 2020, 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 3.48x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.42x, each as calculated in accordance with our most restrictive covenants, and now reflecting the Credit Facility Excluded Amount as defined in the respective credit agreements
 - 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, and not reflect the Credit Facility Excluded Amount, the ratio of Total Net Debt to Annualized EBITDA would have been 5.25x at September 30, 2020

- At September 30, 2020, 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, 2020 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,	
	2020	2019
Footprint		
Homes Passed ¹⁴	7,288,100	7,238,300
Fixed-Line Customer Relationships¹⁵		
Fixed-Line Customers	3,852,600	3,878,400
Q3 organic Fixed-Line Customer net losses	(18,200)	(9,300)
RGUs per Fixed-Line Customer	2.47	2.49
Q3 Monthly ARPU per Fixed-Line Customer	€ 51	€ 49
Fixed Customer Bundling		
Single-Play	12.2%	13.4%
Double-Play	28.0%	24.2%
Triple-Play	59.8%	62.4%
Mobile SIMs¹⁶		
Postpaid	4,690,100	4,408,200
Prepaid	464,700	611,100
Total Mobile	5,154,800	5,019,300
Q3 organic Postpaid net additions	75,800	82,300
Q3 organic Prepaid net losses	(25,300)	(29,800)
Total organic Mobile net additions	50,500	52,500
Q3 Monthly Mobile ARPU		
Postpaid (including interconnect revenue)	€ 18	€ 19
Prepaid (including interconnect revenue)	€ 4	€ 4
Convergence²		
Converged Households	1,432,400	1,295,000
Converged SIMs	2,269,900	1,993,000
Converged Households as % of Internet RGUs	42%	39%
Subscribers (RGUs)		
Basic Video ¹⁷	500,300	494,100
Enhanced Video ¹⁸	3,347,300	3,379,600
Total Video	3,847,600	3,873,700
Internet ¹⁹	3,371,300	3,349,000
Telephony ²⁰	2,315,500	2,432,900
Total RGUs	9,534,400	9,655,600
Q3 Organic RGU Net Additions (Losses)		
Basic Video	400	(3,300)
Enhanced Video	(18,500)	(6,400)
Total Video	(18,100)	(9,700)
Internet	(6,700)	7,900
Telephony	(38,800)	(27,300)
Total organic RGU net losses	(63,600)	(29,100)

Financial Results, Adjusted EBITDA Reconciliation, Property and Equipment Additions & Operating FCF Reconciliation

The following table reflects preliminary unaudited selected financial results for the three and nine months ended September 30, 2020 and 2019.

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019*	Change	2020	2019*	Change
in millions, except % amounts						
Total revenue						
Consumer cable revenue⁹						
Subscription revenue.....	€ 521.6	€ 512.4	1.8%	€1,549.3	€1,493.7	3.7%
Non-subscription revenue.....	6.2	5.0	24.0%	14.3	15.0	(4.7%)
Total consumer cable revenue.....	527.8	517.4	2.0%	1,563.6	1,508.7	3.6%
Consumer mobile revenue¹⁰						
Service revenue.....	157.4	156.0	0.9%	468.0	469.8	(0.4%)
Non-service revenue.....	61.4	57.8	6.2%	178.3	163.8	8.9%
Total consumer mobile revenue.....	218.8	213.8	2.3%	646.3	633.6	2.0%
Total consumer revenue.....	746.6	731.2	2.1%	2,209.9	2,142.3	3.2%
B2B cable revenue¹¹						
Subscription revenue.....	123.4	109.5	12.7%	357.0	324.6	10.0%
Non-subscription revenue.....	3.8	8.2	(53.7%)	12.0	20.7	(42.0%)
Total B2B cable revenue.....	127.2	117.7	8.1%	369.0	345.3	6.9%
B2B mobile revenue¹²						
Service revenue.....	92.2	99.0	(6.9%)	286.1	313.5	(8.7%)
Non-service revenue.....	26.8	24.7	8.5%	81.4	75.6	7.7%
Total B2B mobile revenue.....	119.0	123.7	(3.8%)	367.5	389.1	(5.6%)
Total B2B revenue.....	246.2	241.4	2.0%	736.5	734.4	0.3%
Other revenue ²¹	12.0	9.9	21.2%	29.4	27.4	7.3%
Total revenue.....	€1,004.8	€ 982.5	2.3%	€2,975.8	€2,904.1	2.5%
Adjusted EBITDA ⁵	€ 478.5	€ 449.8	6.4%	€1,417.4	€1,318.6	7.5%
Adjusted EBITDA as a percentage of revenue.....	47.6 %	45.8 %		47.6 %	45.4 %	

* Certain revenue amounts have been reclassified to conform to our 2020 presentation

The following table provides a reconciliation of net loss to Adjusted EBITDA:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
in millions, except % amounts				
Net loss	€ (21.2)	€ (61.6)	€ (98.9)	€ (286.6)
Income tax expense (benefit)	(6.3)	(14.3)	47.0	(75.4)
Other income, net	(0.2)	(0.6)	(0.1)	(2.2)
Losses (gains) on debt extinguishment, net	—	(11.5)	29.6	(46.6)
Foreign currency transaction losses (gains), net	(223.9)	202.7	(234.7)	241.5
Realized and unrealized losses (gains) on derivative instruments, net	231.1	(220.4)	106.1	(149.0)
Interest expense:				
Third-party	106.3	121.0	334.8	367.5
Related-party	21.9	22.7	61.2	67.3
Operating income	107.7	38.0	245.0	116.5
Impairment, restructuring and other operating items, net	(21.9)	19.6	(18.6)	32.0
Depreciation and amortization	392.7	391.9	1,190.7	1,168.9
Share-based compensation expense	—	0.3	0.3	1.2
Adjusted EBITDA	€ 478.5	€ 449.8	€ 1,417.4	€ 1,318.6

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,	
	2020	2019	2020	2019
in millions, except % amounts				
Customer premises equipment	€ 42.1	€ 74.7	€ 131.8	€ 176.7
New build and upgrade	29.6	35.7	100.3	94.8
Capacity	48.4	50.7	176.8	158.0
Baseline	55.9	59.6	182.7	154.7
Product and enablers	5.3	7.3	18.6	21.4
Property and equipment additions ⁷	181.3	228.0	610.2	605.6
Assets acquired under capital-related vendor financing arrangements	(142.0)	(138.4)	(372.8)	(394.1)
Assets acquired under finance leases	(0.9)	(4.6)	(11.2)	(7.7)
Changes in liabilities related to capital expenditures	7.1	6.0	17.4	60.2
Total capital expenditures ²²	€ 45.5	€ 91.0	€ 243.6	€ 264.0
Spectrum license additions ⁷	€ 252.4	€ —	€ 252.4	€ —
Changes in liabilities related to spectrum expenditures	(44.5)	—	(44.5)	—
Total cash paid for spectrum licenses	€ 207.9	€ —	€ 207.9	€ —
Property and equipment additions as a percentage of revenue	18.0 %	23.2 %	20.5 %	20.9 %
Operating FCF⁶ Reconciliation				
Adjusted EBITDA	€ 478.5	€ 449.8	€1,417.4	€1,318.6
Property and equipment additions	(181.3)	(228.0)	(610.2)	(605.6)
Operating FCF	€ 297.2	€ 221.8	€ 807.2	€ 713.0
Operating FCF as a percentage of revenue	29.6 %	22.6 %	27.1 %	24.6 %

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, 2020		June 30, 2020	
	Borrowing currency	€ equivalent		
		in millions		
Credit Facilities				
Term Loan H (EURIBOR + 3.00%) EUR due 2029	€	2,250.0	2,250.0	2,250.0
Term Loan I (LIBOR + 2.50%) USD due 2028	\$	2,525.0	2,154.2	2,245.7
Financing Facility	€	6.6	6.6	14.5
€800.0 million Ziggo Revolving Facilities EUR due 2026			—	—
Total Credit Facilities			4,410.8	4,510.2
Senior Secured Notes				
5.50% USD Senior Secured Notes due 2027	\$	1,800.0	1,535.6	1,600.9
4.25% EUR Senior Secured Notes due 2027	€	697.5	697.5	697.5
4.875% USD Senior Secured Notes due 2030	\$	700.0	597.2	622.6
2.875% EUR Senior Secured Notes due 2030	€	502.5	502.5	502.5
Total Senior Secured Notes			3,332.8	3,423.5
Senior Notes				
3.375% EUR Senior Notes due 2030	€	900.0	900.0	900.0
6.00% USD Senior Notes due 2027	\$	625.0	533.2	555.9
5.125% USD Senior Notes due 2030	\$	500.0	426.6	444.7
Total Senior Notes			1,859.8	1,900.6
Vendor financing			999.7	998.6
Other debt ²³			178.0	180.3
Finance leases			22.4	23.9
Total third-party debt and finance lease obligations			10,803.5	11,037.1
Unamortized premiums, discounts and deferred financing costs, net			(62.9)	(66.7)
Total carrying amount of third-party debt and finance lease obligations			10,740.6	10,970.4
Less: cash and cash equivalents			180.0	241.2
Net carrying amount of third-party debt and finance lease obligations²⁴	€	10,560.6	€	10,729.2
Exchange rate (\$ to €)			1.17215	1.12435

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 gross²⁵ and net debt²⁴ 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, 2020 and June 30, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future period

	September 30, 2020	June, 30 2020
in millions		
Total third-party debt and finance lease obligations (€ equivalent)	€ 10,803.5	€ 11,037.1
Vendor financing.....	(999.7)	(998.6)
Finance lease obligations.....	(22.4)	(23.9)
Other debt ²³	(178.0)	(180.3)
Credit Facility excluded amount*.....	(503.1)	(495.0)
Projected principal-related cash receipts associated with our cross-currency derivative instruments.....	(35.4)	(258.4)
Total covenant amount of third-party gross debt²⁵	9,064.9	9,080.9
Less: cash and cash equivalents*.....	(175.8)	(231.9)
Total covenant amount of third-party net debt²⁴	€ 8,889.1	€ 8,849.0

* This excludes the €4.2 million and €9.3 million as at September 30, 2020 and June 30, 2020, respectively, of cash related to the unutilized portion of the Vendor Finance Note facility

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 Adjusted EBITDA 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 impact of the COVID-19 pandemic on our company; 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, 2020, we have over 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 technology communications 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 7 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 is focused on two scaled and differentiated regional platforms in Europe and Africa, operating mobile and fixed networks in 22 countries and partnering with mobile networks in 48 more. As of June 30, 2020, Vodafone Group had over 300 million mobile customers, more than 27 million fixed broadband customers and over 22 million TV customers.

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, 2020 RGU counts exclude our separately reported prepaid and postpaid mobile subscribers.
4. 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.
5. Adjusted EBITDA, previously referred to as Operating Cash Flow ("OCF"), is the primary measure used by our management to evaluate the operating performance of our businesses. Adjusted EBITDA 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, Adjusted EBITDA 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 Adjusted EBITDA 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 Adjusted EBITDA 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. Adjusted EBITDA 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 net loss to Adjusted EBITDA is presented under the *Financial Results, Adjusted EBITDA Reconciliation, Property and Equipment Additions & Operating FCF Reconciliation* section of this release.
6. We define Operating FCF (Operating Free Cash Flow) as Adjusted EBITDA less property and equipment additions. Operating FCF is an additional metric that we use to measure the performance of our operations after considering the level of property and equipment additions incurred during the period. Operating FCF 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.
7. Property and equipment additions include property and equipment capital expenditures on an accrual basis, amounts financed under vendor financing or finance lease arrangements and other non-cash additions. Spectrum license additions include capital expenditures for spectrum licenses on an accrual basis.
8. Financial guidance for FY 2020 has been updated to:
 - Adjusted EBITDA growth of 4%-5% (previously 'stable to modest growth')
 - Property and equipment additions of 19-21% of revenue, including integration-related additions of approximately €80 million
 - Upper end of €400 million - €500 million total cash available for potential shareholder distributions

A reconciliation of our Adjusted EBITDA 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 Adjusted EBITDA, see note 5.

Total cash available refers to cash generated during the period excluding any financing and investment expenses relating to potential acquisitions, mobile spectrum auction fees or other liabilities.

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 2019 annual report. Shareholders refers to the 50:50 ownership by Vodafone and Liberty Global of VodafoneZiggo.

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 and the amortization of installation fee. Consumer cable non-subscription revenue includes, among other items, interconnect, channel carriage fees and late fees.
10. 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.
11. 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.
12. 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 as well as wholesale customers. B2B mobile non-service revenue includes, among other items, interconnect including visitor revenue, mobile handset and accessories sales, and late fees.
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 and handset 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. 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.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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.
21. Other revenue includes, among other items, programming, advertising and site sharing revenue.
22. 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.
23. Other debt represents handset financing obligations.
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, (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.