VodafoneZiggo Reports Preliminary Q4 2020 Results

2020 Guidance Exceeded and Synergy Target Achieved; Continue to Deliver on Convergence

Utrecht, the Netherlands — February 15, 2021: 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 ("Q4") and full year ("FY") ended December 31, 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 December 31, 2020 audited consolidated financial statements in March 2021, at which time the report will be posted to our website.

Highlights for Q4 and FY 2020:

- FY 2020 guidance[2] exceeded:
    - Adjusted EBITDA[3] growth of 6%, above '4%-5%' guidance
    - Property and equipment additions[4] were 20% of revenue vs '19%-21%' guidance
    - Total cash returns to shareholders of €501 million in line with 'upper end of €400-€500 million' guidance
- Delivered synergy merger targets, realizing €214 million savings on a run-rate basis, one year early and ahead of the €210 million plan
- Robust commercial performance despite the COVID-19 pandemic:
    - Added 113,000 converged[5] households and 247,000 converged SIMs in FY 2020, including 26,000 and 58,000 respectively in Q4, driving our converged penetration rate to 43% of internet RGUs[6] and 71% of total consumer mobile postpaid SIMs[7]
    - Added a record 273,000 mobile postpaid SIMs and delivered 4% fixed ARPU[8] growth with a stable broadband customer base in FY 2020
- Strong financial growth and cash flow conversion:
    - Revenue grew 2% YoY in FY 2020 and 1% YoY in Q4, marking our seventh consecutive quarter of growth
    - FY net loss decreased 6% YoY to €393 million primarily driven by foreign exchange gains and Adjusted EBITDA growth, partially offset by fair value changes in our derivative portfolio
    - Adjusted EBITDA grew 6% YoY in FY 2020 to €1,877 million, supported by revenue growth and disciplined cost control, partially offset by the negative net impact of COVID-19
    - Operating FCF[9] (Adjusted EBITDA less property and equipment additions) of €1,071 million in FY 2020, representing a 9% YoY increase
- Refinanced €4.4 billion of our third-party debt in 2020 under favorable market conditions, realizing interest savings and extending the average tenor. And established a new Green Bond Framework to issue Green Bonds, enabling us to continue to invest in projects to lower our environmental impact

- Launched initiatives to support the Dutch society during the COVID-19 pandemic, including:
    - Supporting parents with educational content to teach their children digital skills with 'Online Masters' learning program and connecting pupils with no internet at home with Ziggo WiFi-spots at no additional charge
    - Set up a 'Welkom Online' helpdesk to support senior citizens in how to use digital tools to stay connected with friends and family
- 2021 guidance:
    - 1%-3% Adjusted EBITDA growth
    - 19%-21% property and equipment additions as percentage of revenue
    - €550 - €650 million total cash returns to shareholders

Jeroen Hoencamp, VodafoneZiggo CEO, commented:

"2020 proved to be an extraordinary year and I am proud of the vital role we have played in supporting the Dutch Gigabit Society during the COVID-19 pandemic. We remain committed to providing essential high-speed connectivity and the best entertainment services to our customers through our GigaNet, supported by our new in-home SmartWiFi and nationwide 5G offerings. Over three million households are already connected with 1 Gbps speeds and we continue to invest and plan to double our Gigabit footprint during 2021. We achieved our synergy target this year, realizing €214 million run-rate cost synergies one year ahead of the original plan. This marked a successful milestone in our integration journey to one company, contributing to increased customer satisfaction and supporting our convergence strategy and the turnaround in our financial performance. We have increased the Fixed Mobile Convergence penetration, delivered record mobile postpaid additions and maintained a stable broadband base. We met all of our 2020 financial targets, realizing strong revenue and Adjusted EBITDA growth despite an adverse impact from the pandemic, and we are looking forward to another year of growth in 2021 where we will continue to invest in our GigaNet and focus on network and service quality."

Consumer performance for Q4 and FY 2020:

Total consumer revenue grew 1% in Q4 and 3% in FY 2020

<u>Fixed:</u>

Consumer cable revenue[10] grew 3% in Q4 and 4% in FY 2020

- Q4 and FY revenue growth was primarily driven by a 4% 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 24,000 in FY 2020 including 14,000 in Q4, primarily driven by increased market competition. The introduction of the new SmartWiFi package proved to be successful as customers indicate they have experienced an improvement in their in-home broadband connection
- Added 81,000 new customers in Q4 to our next-generation 4K video platform Mediabox Next, bringing the total to 568,000 customers, which represents 18% of our enhanced video base. Additionally, we are upgrading our one million Mediabox XL customers, at no additional charge, to the new Mediabox Next user interface
- Connected three million households in 2020 to 1 Gbps speeds as part of our DOCSIS 3.1 roll-out, which represents roughly 41% of total homes passed. We expect to achieve an 80% penetration by the end of 2021 with nationwide coverage in early 2022

Mobile:

Consumer mobile revenue[11] decreased 5% in Q4 and was stable in FY 2020

- Q4 revenue decline was the result of lower handset and accessories sales and a decrease of ARPU partially offset by strong customer base growth
    - Q4 consumer postpaid ARPU decreased 6% 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
- We added 188,000 net mobile postpaid customers in FY 2020, representing our best result in four years, supported by low mobile postpaid churn. Q4 mobile postpaid customers increased by 40,000

Business performance for Q4 and FY 2020:

Total B2B revenue was stable in both Q4 and FY 2020

Fixed:

B2B cable revenue[12] grew 9% in Q4 and 10% in FY 2020

- 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 6,000 SoHo/Small Business customers and 11,500 fixed RGUs in Q4, bringing the FY total additions to 24,000 and 51,000, respectively
- Q4 SOHO cable ARPU increased 5% YoY to €61 and Q4 Small Business cable ARPU decreased 2% YoY to €81

Mobile:

B2B mobile revenue[13] decreased 8% in both Q4 and FY 2020

- Revenue decline in Q4 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
- 27,000 net mobile postpaid customers were added in Q4, bringing the FY total additions to 85,000
- B2B mobile postpaid ARPU decreased 8% YoY in Q4 to €17 driven by the aforementioned revenue headwinds
- Vodafone Business has launched a new range of end-to-end Internet of Things ("IoT") services focused on smart buildings, vehicles, industry and utilities, in collaboration with IoT.nxt, supporting our customers in their digital transformation journey

Financial highlights for Q4 and FY 2020[1]:

- Revenue grew 1% YoY in Q4 and 2% YoY in FY 2020, primarily driven by aggregate growth in our combined customer base and fixed ARPU growth, which more than offset €19 million of estimated COVID-19 related headwinds in Q4 and €50 million in FY 2020, of which more than 90% related to roaming, visitor and handset revenue losses. Excluding the estimated effect of COVID-19, Q4 revenue growth was in line with the previous quarters in 2020

- Net loss increased 121% YoY to €294 million in Q4, primarily driven by (i) higher net losses on derivative instruments, (ii) higher income tax expenses driven by a change in the enacted tax rate, partially offset by (iii) higher foreign currency transaction gains, and (iv) an increase in Adjusted EBITDA
    - FY net loss decreased 6% YoY to €393 million, primarily driven by (i) changes in foreign currency transaction gains (losses), (ii) an increase in Adjusted EBITDA, (iii) an accrual release associated with harmonization of labor contract conditions partially offset by (iv) changes in realized and unrealized gains (losses) on derivative instruments, (v) changes in income taxes and (vi) changes in gains (losses) on debt extinguishment
- Q4 Adjusted EBITDA increased 1% YoY to €460 million, marking ten consecutive quarters of growth, supported by strong revenue growth and cost control, partially offsetting the negative net impact of COVID-19. On a FY basis, Adjusted EBITDA grew 6% YoY to €1,877 million
    - COVID-19 related revenue headwinds were partially offset by lower programming, roaming, handset, staff and marketing costs. Negative net impact of COVID-19 was estimated to be €10 million in Q4 and €15 million in FY 2020
    - Integration expenses were €4 million in Q4, bringing FY total to €13 million
- Property and equipment additions were 19% of revenue in Q4 and 20% in FY 2020
    - Q4 additions were €8 million higher YoY, primarily driven by higher inventory levels and accelerated investment in fixed network and consolidation of IT systems
    - FY additions increased by €13 million YoY, primarily driven by accelerated investment in both our mobile and fixed network as well as consolidation of IT systems, partially offset by a decrease in CPE volume
    - Integration-related additions amounted to €22 million in Q4, bringing FY total to €87 million
- FY operating FCF increased 9% YoY to €1,071 million, representing 27% of revenue compared to €982 million or 25% of revenue in the prior-year period primarily as a result of the aforementioned Adjusted EBITDA growth
- During the quarter, our cash returns to shareholders were €23 million of interest on the Shareholder Notes and dividends of €242 million, bringing the FY total to €501 million
- At December 31, 2020, our fully-swapped third-party debt borrowing cost[14] was 4.3% and the average tenor of our third-party debt (excluding vendor and handset financing obligations) was 7.6 years
- In November 2020, we issued $91 million 4.875% Senior Secured Notes (“SSNs”) due 2030 by tapping the existing 2030 USD SSNs. These SSNs were issued at a premium of 104% and the proceeds were used to fund the redemption of a portion (10%) of the euro denominated 4.250% SSNs due 2027
- Additionally, in December 2020, we published our new Green Bond Framework, enabling us to invest in projects to support our sustainability strategy and ambition to lower our environmental impact. Our Green Bond Framework is aligned with the ICMA Green Bond Principles 2018 and has been certified by Sustainalytics, a leading and global independent company in Environmental Social Governance (“ESG”) research and rating provider
    - Under the Framework, the inaugural Green Bond was issued by an unconsolidated third-party SPV (VZ Vendor Financing II B.V.) issuing €700 million 2.875% Vendor Financing Notes due 2029 with proceeds used to refinance the existing €600 million 2.5% Vendor Financing Notes due January 2024

- The additional €100 million will be used to further de-risk the Vendor Finance program by purchasing vendor financing receivables from the vendor financing facility provider. Thereby reducing the reliance on our uncommitted, 360 day, vendor financing lines. Vendor financing debt will remain capped at €1 billion
- In connection with the Framework, we are committed to invest an amount equal to the net proceeds of the Green Bonds in existing and/or future projects that will lower our environmental impact in areas such as renewable energy, energy efficiency, clean transportation, eco-efficient products, technology and processes and green buildings

- Due to favorable market conditions we refinanced €4.4 billion of our third-party debt in 2020, realizing interest savings and extending the average tenor
- In February 2021, we refinanced $200 million of our existing 5.5% Senior Secured Notes due 2027 by the issuance of an additional $200 million of our 4.875% Senior Secured Notes due 2030. This transaction was leverage neutral, and resulted in an increase in our debt tenor and future interest savings
- At December 31, 2020, total third-party debt (excluding vendor financing, other debt and lease obligations) was €9.4 billion, which is a decrease of €0.2 billion from September 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 €9.2 billion at December 31, 2020, which is an increase of €0.1 billion from September 30, 2020. For information concerning the debt balances used in our covenant calculations, see Covenant Debt Information below
- At December 31, 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 3.61x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.65x, 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 5.49x at December 31, 2020
- At December 31, 2020, we had maximum undrawn Revolving Credit Facility commitments of €800 million. When our Q4 compliance reporting requirements have been completed and assuming no changes from December 31, 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 December 31, 2020	2019
Footprint		
Homes Passed[15]	7,298,700	7,250,800
Fixed-Line Customer Relationships[16]		
Fixed-Line Customers	3,836,300	3,875,100
Q4 organic Fixed-Line Customer net losses	(16,300)	(3,400)
RGUs per Fixed-Line Customer	2.47	2.49
Q4 Monthly ARPU per Fixed-Line Customer	€ 51	€ 49
Fixed Customer Bundling		
Single-Play	12.1%	13.0%
Double-Play	29.0%	25.2%
Triple-Play	58.9%	61.8%
Mobile SIMs[7]		
Postpaid	4,757,100	4,483,700
Prepaid	432,700	581,200
Total Mobile	5,189,800	5,064,900
Q4 organic Postpaid net additions	67,000	75,500
Q4 organic Prepaid net losses	(32,000)	(29,800)
Total organic Mobile net additions	35,000	45,700
Q4 Monthly Mobile ARPU		
Postpaid (including interconnect revenue)	€ 18	€ 19
Prepaid (including interconnect revenue)	€ 3	€ 3
Convergence[5]		
Converged Households	1,458,400	1,345,000
Converged SIMs	2,327,800	2,081,000
Converged Households as % of Internet RGUs	43%	40%
Subscribers (RGUs)		
Basic Video[17]	504,900	491,300
Enhanced Video[18]	3,326,400	3,378,800
Total Video	3,831,300	3,870,100
Internet[19]	3,363,500	3,362,100
Telephony[20]	2,272,800	2,409,500
Total RGUs	9,467,600	9,641,700
Q4 Organic RGU Net Additions (Losses)		
Basic Video	4,600	(2,800)
Enhanced Video	(20,900)	(800)
Total Video	(16,300)	(3,600)
Internet	(7,800)	13,100
Telephony	(42,700)	(23,400)
Total organic RGU net losses	(66,800)	(13,900)

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

The following table reflects preliminary unaudited selected financial results for the three months and year ended December 31, 2020 and 2019.

	Three months ended December 31,			Year ended December 31,		
	2020	2019*	Change	2020	2019*	Change
	in millions, except % amounts					
Total revenue						
Consumer cable revenue[10]						
Subscription revenue	€ 522.4	€ 510.9	2.3%	€2,071.7	€2,004.6	3.3%
Non-subscription revenue	9.5	4.3	120.9%	23.8	19.3	23.3%
Total consumer cable revenue	531.9	515.2	3.2%	2,095.5	2,023.9	3.5%
Consumer mobile revenue[11]						
Service revenue	156.5	157.9	(0.9%)	624.5	627.7	(0.5%)
Non-service revenue	67.3	77.6	(13.3%)	245.6	241.4	1.7%
Total consumer mobile revenue	223.8	235.5	(5.0%)	870.1	869.1	0.1%
Total consumer revenue	755.7	750.7	0.7%	2,965.6	2,893.0	2.5%
B2B cable revenue[12]						
Subscription revenue	125.4	115.5	8.6%	482.4	437.7	10.2%
Non-subscription revenue	3.6	2.5	44.0%	15.6	16.8	(7.1%)
Total B2B cable revenue	129.0	118.0	9.3%	498.0	454.5	9.6%
B2B mobile revenue[13]						
Service revenue	95.0	102.5	(7.3%)	381.1	424.8	(10.3%)
Non-service revenue	32.7	36.9	(11.4%)	114.1	112.5	1.4%
Total B2B mobile revenue	127.7	139.4	(8.4%)	495.2	537.3	(7.8%)
Total B2B revenue	256.7	257.4	(0.3%)	993.2	991.8	0.1%
Other revenue[21]	12.0	10.7	12.1%	41.4	38.1	8.7%
Total revenue	€1,024.4	€1,018.8	0.5%	€4,000.2	€3,922.9	2.0%
Adjusted EBITDA[3]	€ 459.5	€ 456.9	0.6%	€1,876.9	€1,775.5	5.7%
Adjusted EBITDA as a percentage of revenue	44.9 %	44.8 %		46.9 %	45.3 %	

* 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 December 31,		Year ended December 31,	
	2020	2019	2020	2019
	in millions			
Net loss	€ (294.2)	€ (133.1)	€ (393.1)	€ (419.7)
Income tax expense (benefit)	94.5	37.4	141.5	(38.0)
Other expense (income), net	(0.1)	0.4	(0.2)	(1.8)
Losses (gains) on debt extinguishment, net	12.3	14.4	41.9	(32.2)
Foreign currency transaction losses (gains), net	(219.1)	(151.5)	(453.8)	90.0
Realized and unrealized losses (gains) on derivative instruments, net	281.7	78.9	387.8	(70.1)
Interest expense:				
Third-party	105.7	120.8	440.5	488.3
Related-party	22.8	22.6	84.0	89.9
Operating income (loss)	3.6	(10.1)	248.6	106.4
Impairment, restructuring and other operating items, net	6.9	8.2	(11.7)	40.2
Depreciation and amortization	449.0	458.6	1,639.7	1,627.5
Share-based compensation expense	—	0.2	0.3	1.4
Adjusted EBITDA	€ 459.5	€ 456.9	€ 1,876.9	€ 1,775.5

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 December 31,		Year ended December 31,	
	2020	2019	2020	2019
	in millions, except % amounts			
Customer premises equipment	€ 36.5	€ 36.4	€ 168.3	€ 213.1
New build and upgrade	31.8	30.9	132.1	125.7
Capacity	63.4	71.1	240.2	229.1
Baseline	57.6	40.2	240.3	194.9
Product and enablers	6.7	9.0	25.3	30.4
Property and equipment additions[4]	196.0	187.6	806.2	793.2
Assets acquired under capital-related vendor financing arrangements	(122.0)	(152.4)	(494.8)	(546.5)
Assets acquired under finance leases	(2.4)	2.5	(13.6)	(5.2)
Changes in liabilities related to capital expenditures	(26.7)	19.2	(9.3)	79.4
Total capital expenditures[22]	€ 44.9	€ 56.9	€ 288.5	€ 320.9
Spectrum license additions[4]	€ —	€ —	€ 252.4	€ —
Changes in liabilities related to spectrum expenditures	—	—	(44.5)	—
Total cash paid for spectrum licenses	€ —	€ —	€ 207.9	€ —
Property and equipment additions as a percentage of revenue	19.1 %	18.4 %	20.2 %	20.2 %
Operating FCF[9] Reconciliation				
Adjusted EBITDA	€ 459.5	€ 456.9	€1,876.9	€1,775.5
Property and equipment additions	(196.0)	(187.6)	(806.2)	(793.2)
Operating FCF	€ 263.5	€ 269.3	€1,070.7	€ 982.3
Operating FCF as a percentage of revenue	25.7 %	26.4 %	26.8 %	25.0 %

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.

	December 31, 2020			September 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	2,065.4	2,154.2
Financing Facility	€	151.4	151.4	6.6
€800.0 million Ziggo Revolving Facilities EUR due 2026			—	—
Total Credit Facilities			4,466.8	4,410.8
Senior Secured Notes				
5.50% USD Senior Secured Notes due 2027	$	1,800.0	1,472.3	1,535.6
4.25% EUR Senior Secured Notes due 2027	€	620.0	620.0	697.5
4.875% USD Senior Secured Notes due 2030	$	791.0	647.0	597.2
2.875% EUR Senior Secured Notes due 2030	€	502.5	502.5	502.5
Total Senior Secured Notes			3,241.8	3,332.8
Senior Notes				
3.375% EUR Senior Notes due 2030	€	900.0	900.0	900.0
6.00% USD Senior Notes due 2027	$	625.0	511.2	533.2
5.125% USD Senior Notes due 2030	$	500.0	409.0	426.6
Total Senior Notes			1,820.2	1,859.8
Vendor financing			999.4	999.7
Other debt[23]			173.4	178.0
Finance leases			22.2	22.4
Total third-party debt and finance lease obligations			10,723.8	10,803.5
Unamortized premiums, discounts and deferred financing costs, net			(58.5)	(62.9)
Total carrying amount of third-party debt and finance lease obligations			10,665.3	10,740.6
Less: cash and cash equivalents			300.9	180.0
Net carrying amount of third-party debt and finance lease obligations[24]			€ 10,364.4	€ 10,560.6
Exchange rate ($ to €)			1.22255	1.17215

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 December 31, 2020 and September 30, 2020. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future period

	December 31, 2020	September 30, 2020
	in millions	
Total third-party debt and finance lease obligations (€ equivalent)	€ 10,723.8	€ 10,803.5
Vendor financing	(999.4)	(999.7)
Finance lease obligations	(22.2)	(22.4)
Other debt[23]	(173.4)	(178.0)
Credit Facility excluded amount*	(493.2)	(503.1)
Projected principal-related cash receipts associated with our cross-currency derivative instruments	183.2	(35.4)
Total covenant amount of third-party gross debt[25]	9,218.8	9,064.9
Less: cash and cash equivalents*	(50.3)	(175.8)
Total covenant amount of third-party net debt[24]	€ 9,168.5	€ 8,889.1

* This excludes the €148.2 million and €4.2 million as at December 31, 2020 and September 30, 2020, respectively, of cash related to the unutilized portion of the Vendor Finance Note facility and €102.4 million as at December 31, 2020 that is outside the covenant group

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 December 31, 2020, we have over 5 million mobile, nearly 4 million video, over 3 million fixed broadband internet and over 2 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 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 seven European countries under the consumer brands Virgin Media, Telenet, UPC and the combined Sunrise UPC. Liberty Global delivers market-leading products through next-generation networks that connect customers subscribing to 50 million broadband, video, fixed and mobile telephony services. Liberty Global owns significant investments in ITV, All3Media, Canal+ Polska, LionsGate, the Formula E racing series and several regional sports networks. Vodafone Group is the largest mobile and fixed network operator in Europe and a leading global IoT connectivity provider, operating mobile and fixed networks in 21 countries and partnering with mobile networks in 48 more. As of December 31, 2020, Vodafone Group had over 300 million mobile customers, more than 27 million fixed broadband customers, over 22 million TV customers and connected more than 108 million IoT devices.

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. Financial guidance for FY 2020:

    a. Adjusted EBITDA growth of 4%-5%

    b. Property and equipment additions of 19-21% of revenue, including integration-related additions of approximately €80 million

    c. 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.

3. 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.

4. 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.

5. 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.

6. 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 December 31, 2020 RGU counts exclude our separately reported prepaid and postpaid mobile subscribers.

7. 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.

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. 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.

10. 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.

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 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.

14. 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.

15. 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.

16. 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.

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 cable 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 cable 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.