



vodafone  

VodafoneZiggo Open Office

14 March 2019

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# Introducing the Senior Leadership Team



**Jeroen Hoencamp**  
CEO



**Ritchy Drost**  
CFO



**Marcel de Groot**  
Consumer Director



**John van Vianen**  
Business Director



**Eben Albertyn**  
Technology Director



**Robin Clements**  
Customer Operations



**Thomas Mulder**  
Human Resources



**Barbara Jongerden**  
Legal & Regulatory



**Marieke Dekker**  
External Affairs



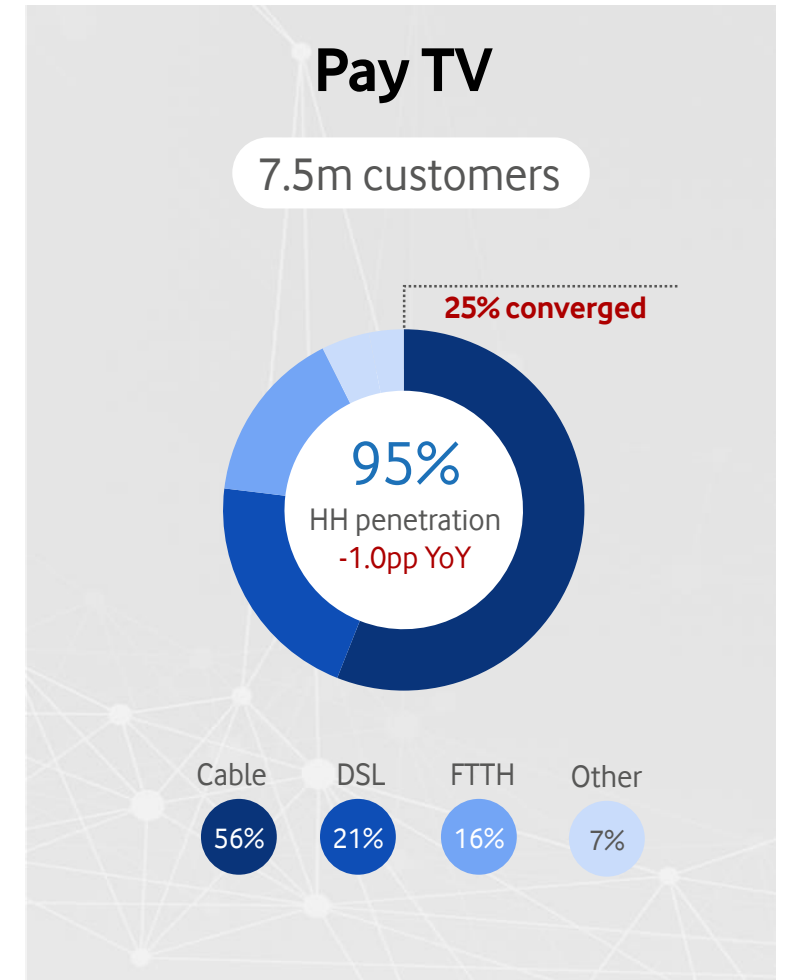
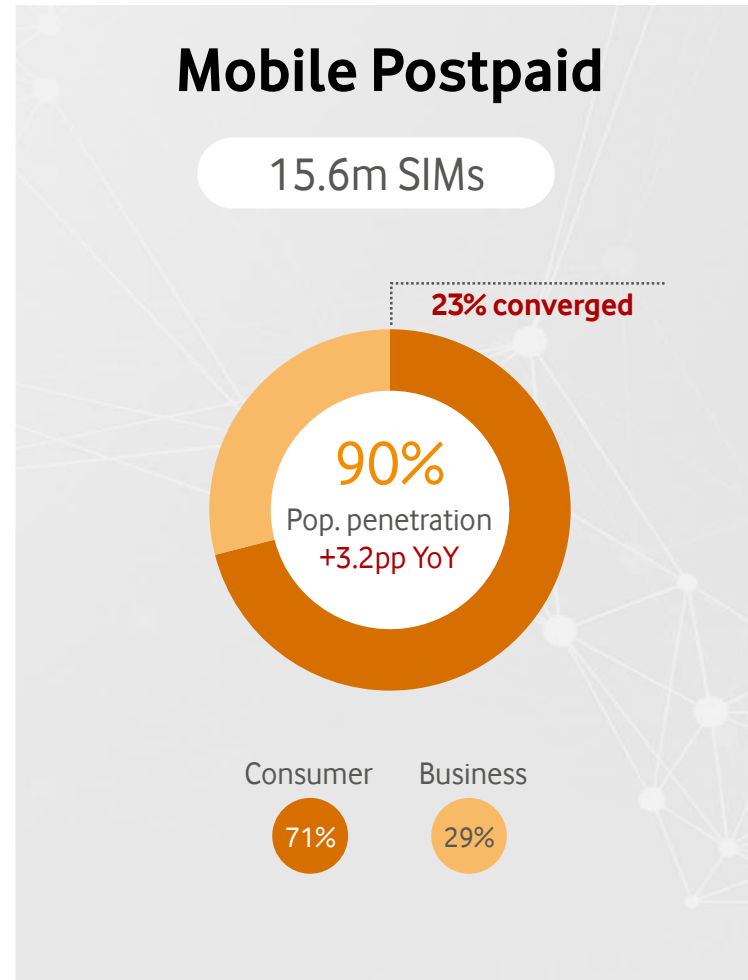
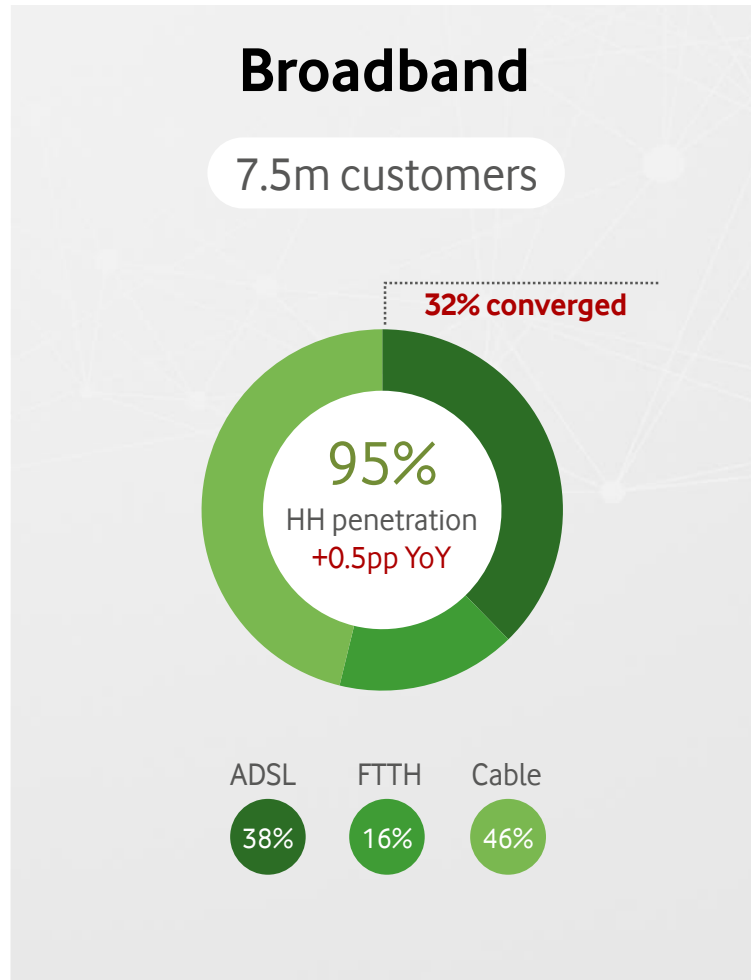
**Robin Kroes**  
Strategy & Integration



# VodafoneZiggo



# The Dutch market: highly advanced, evolving rapidly to NGN and Convergence



Source: Telecompaper market reports Q3 2018



# Clear rationale for Vodafone and Ziggo to merge

## Two strong and complementary providers...



- Nationwide 4G coverage
- #2 mobile provider
- Leading mobile brand
- 1 of only 4 networks in Europe rated 'outstanding'<sup>1</sup>
- >90% NL fixed coverage
- #1 fixed broadband provider in Consumer
- Leading fixed brand
- Leading content provider

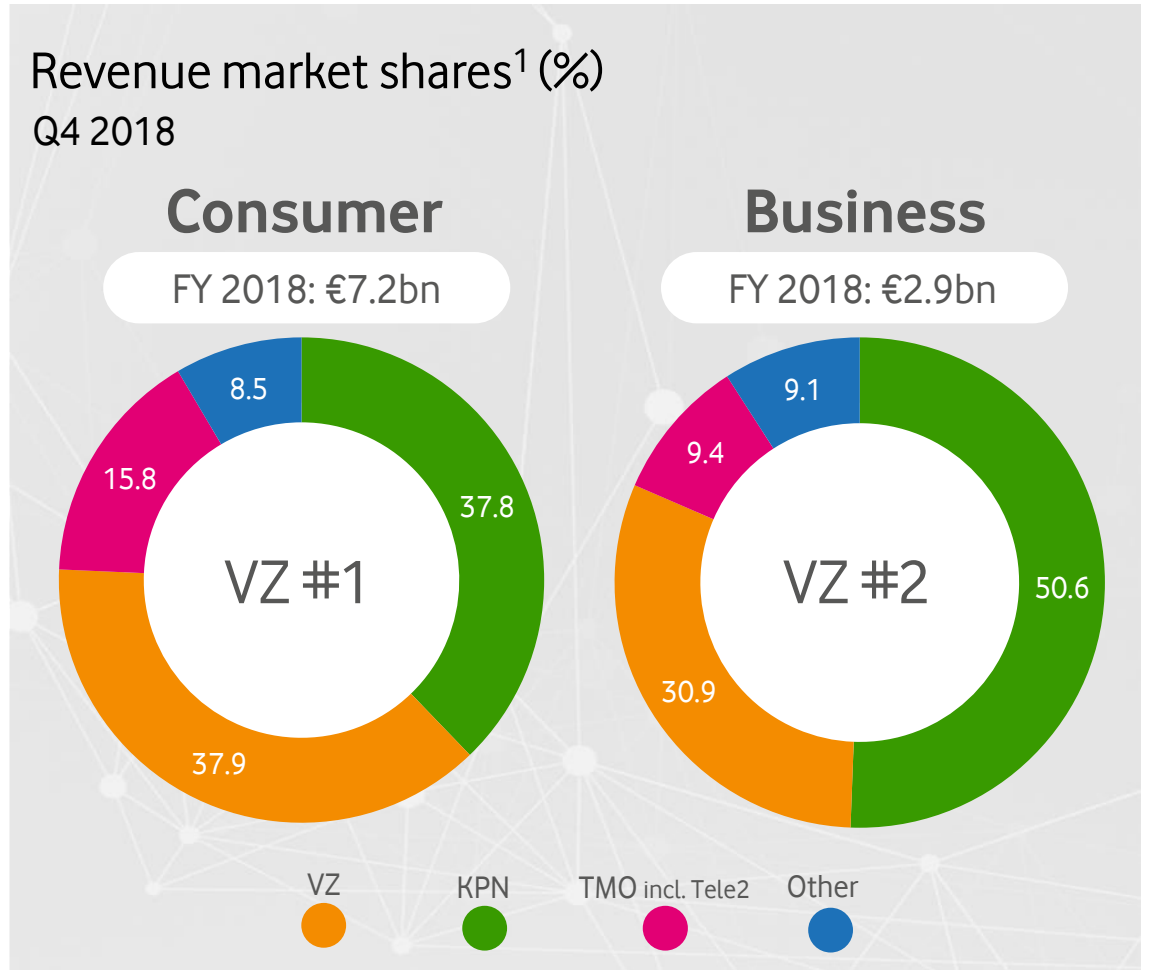
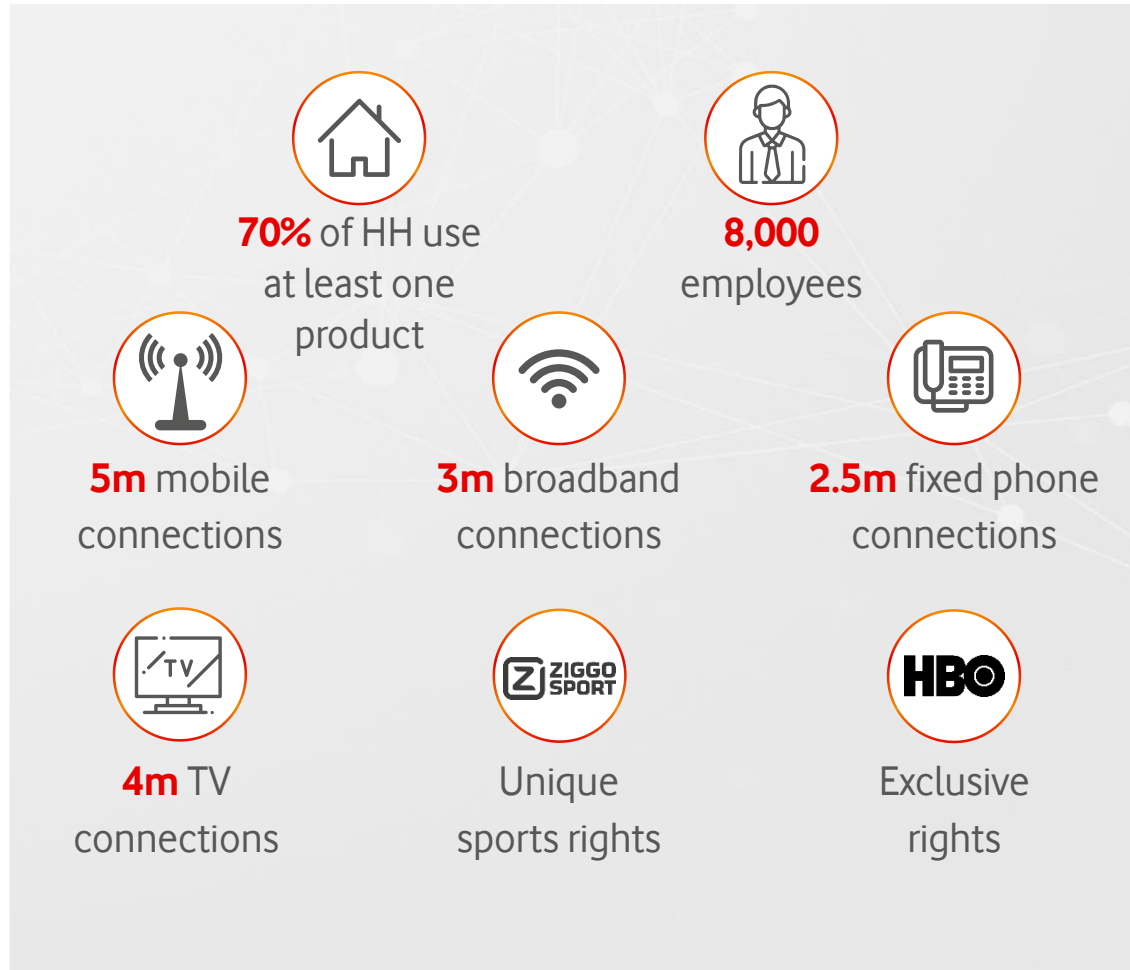
## ... combined to create VodafoneZiggo



- A leading NGN provider
- Well positioned to address the growing demand for convergence
- Differentiated through content
- Creating significant synergies (€210m run-rate savings)

1. Based on independent network test scores from P3

# VodafoneZiggo at a glance



1. Source: Telecompaper Total Comms Q4 report & company estimates (all based on IFRS)

We are a purpose led company

PURPOSE

Enjoyment and progress with every connection

PLAN



Live up to the customer promise



Put the customer first



Deliver great products



Invest for the future

VALUES

**OPEN UP**

**TEAM UP**

**STEP UP**





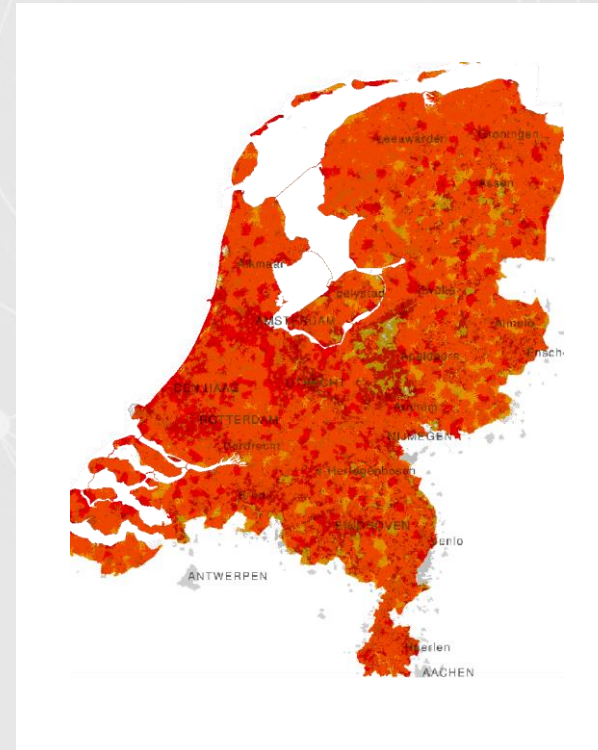
# We are the leading NGN provider...

## Ziggo footprint



- 7.2m homes passed (~92% of NL)
- 100% DOCSIS 3.0 with >500Mbps
- c.1m homes DOCSIS 3.1 ready with >1Gbps

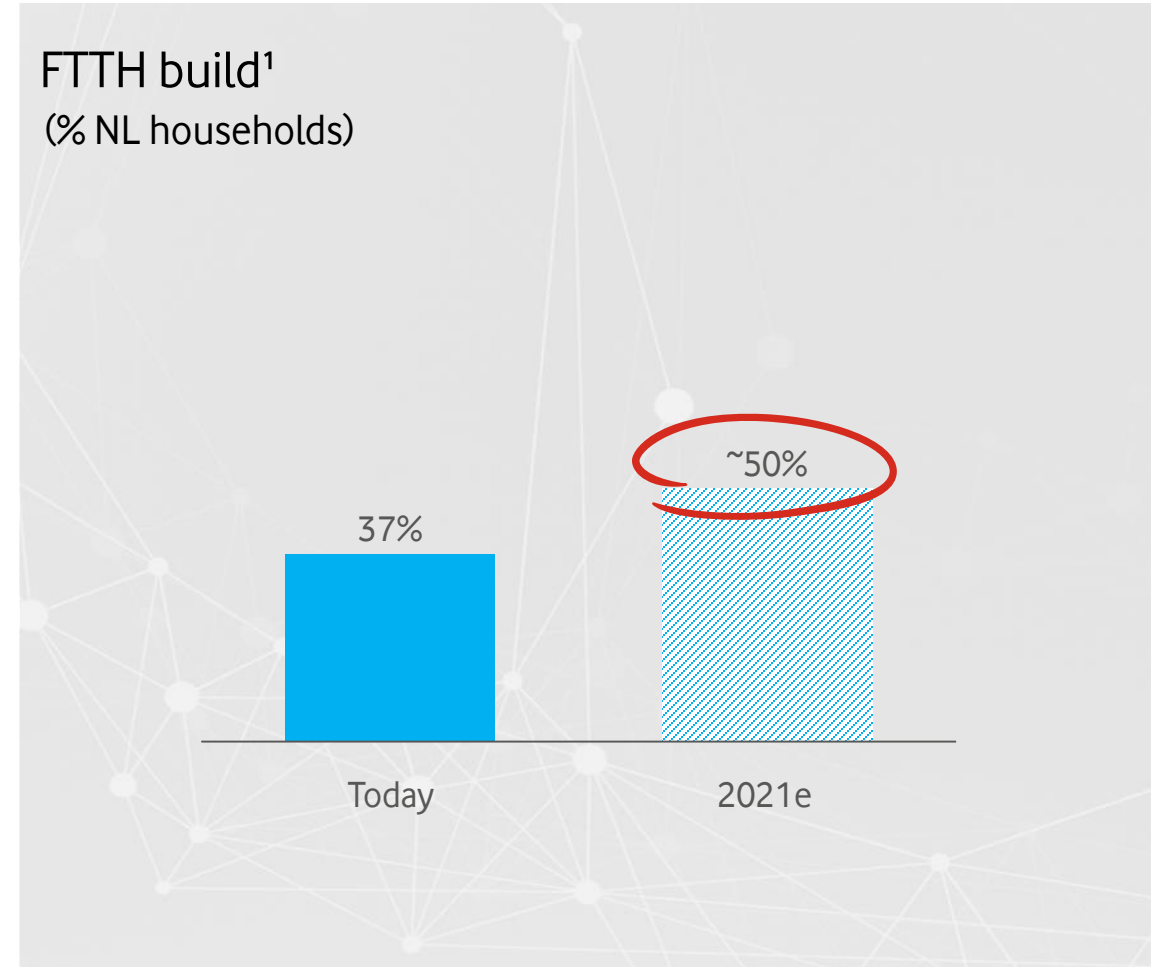
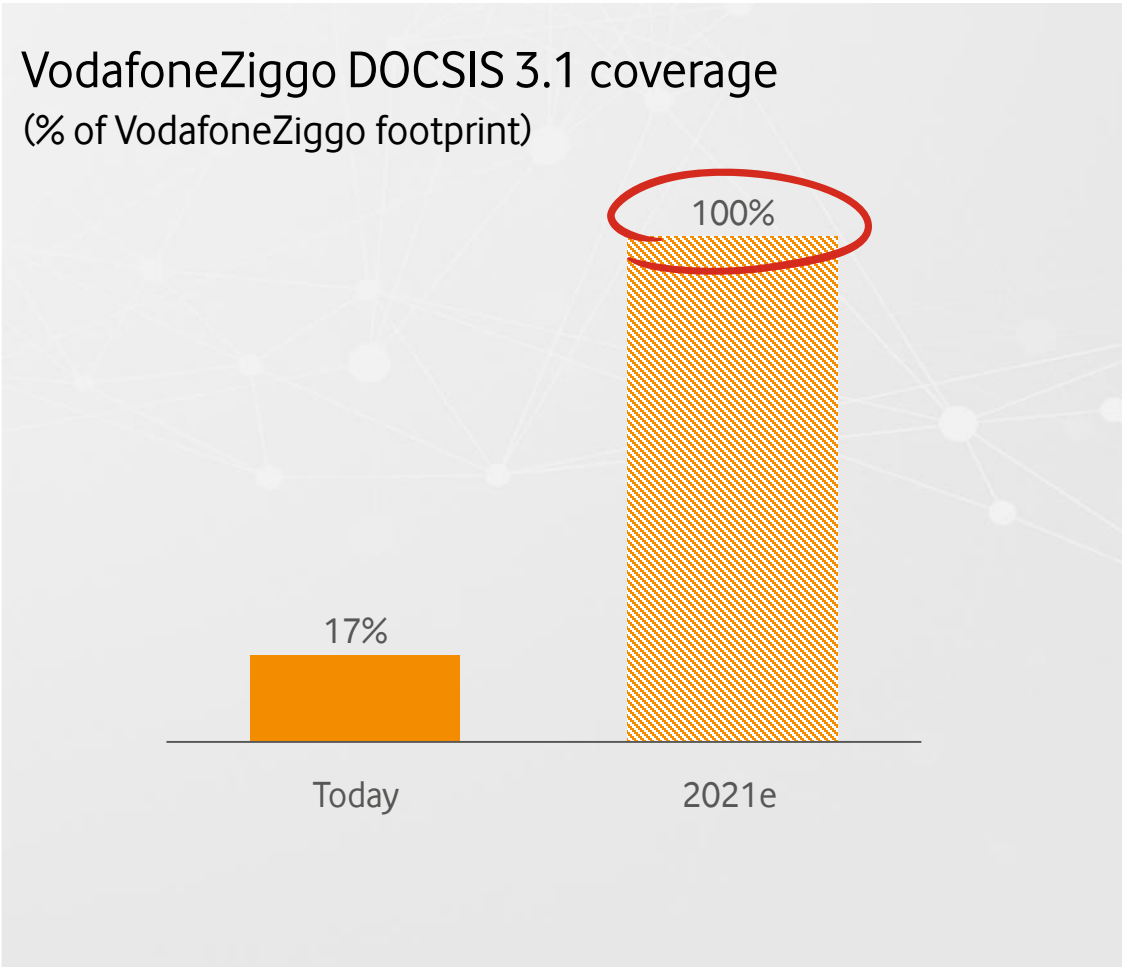
## Vodafone footprint



- Nationwide 4G coverage
- Core 5G ready
- 1 of only 4 networks in Europe rated 'outstanding'



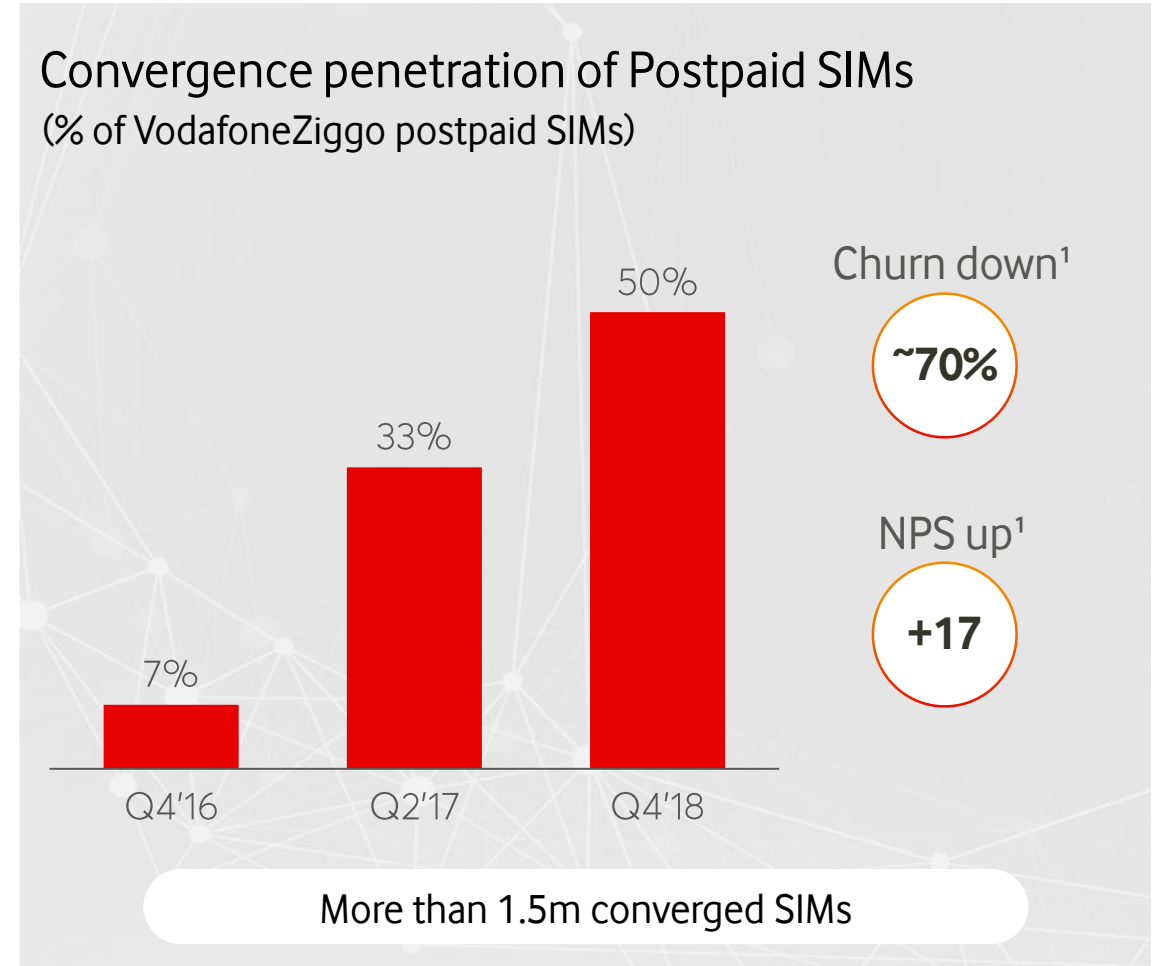
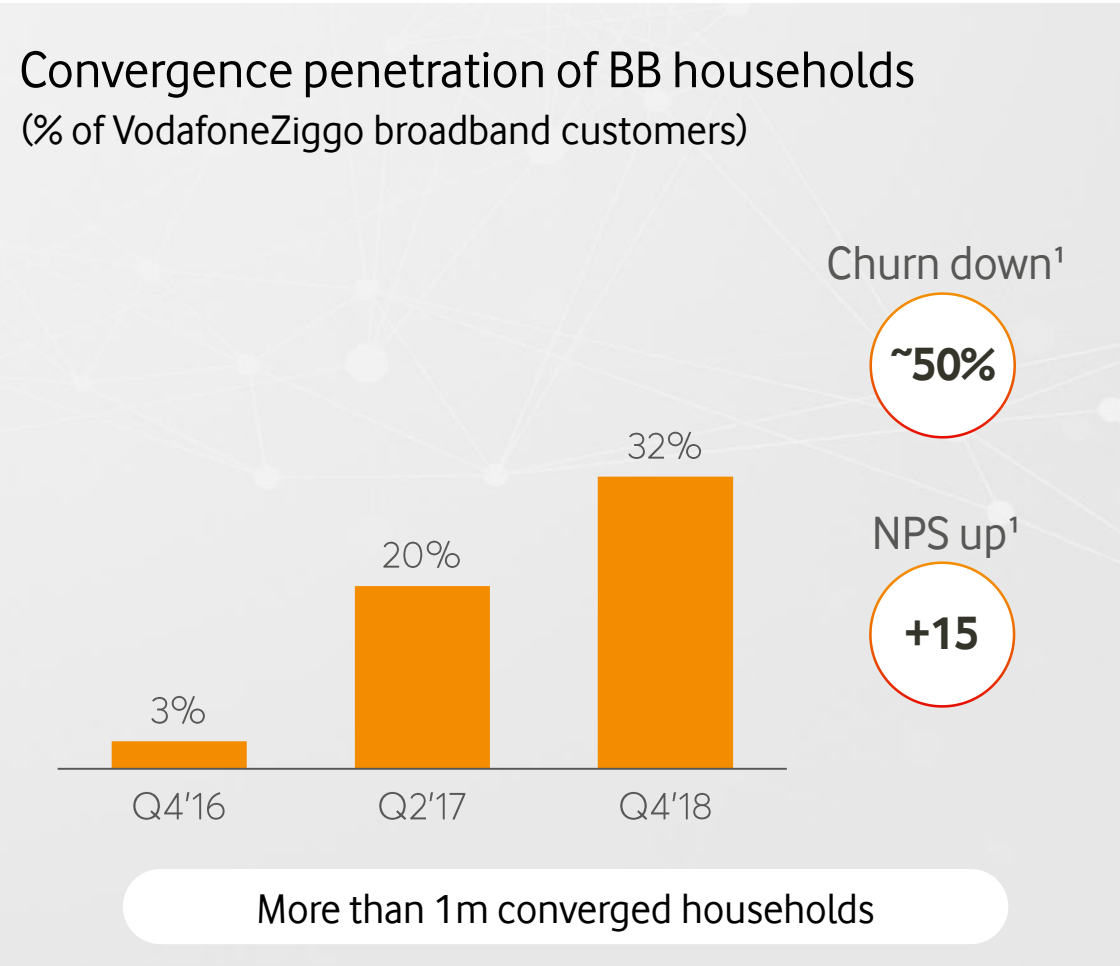
# ... enabling Gigabit speeds to all households by 2021



1. KPN Capital markets day 2018 presentation and company estimates



# Our convergence strategy is paying off...



1. FMC vs non-FMC customers



... supported by our differentiated position

Best Network



**Gigabit speeds in fixed, co-best in mobile**

Best content & viewing experience



Home of Sports



Ziggo Go app



Medibox Next

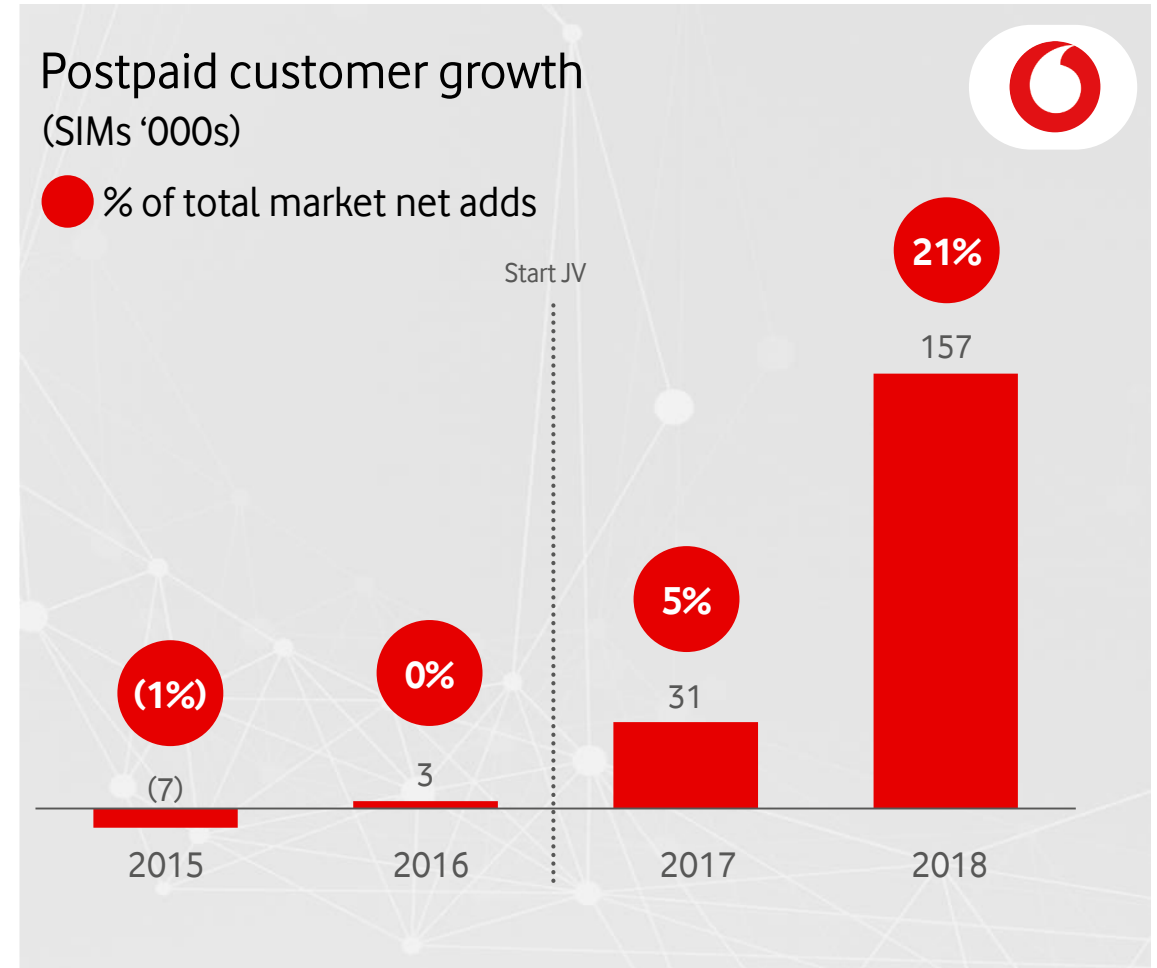
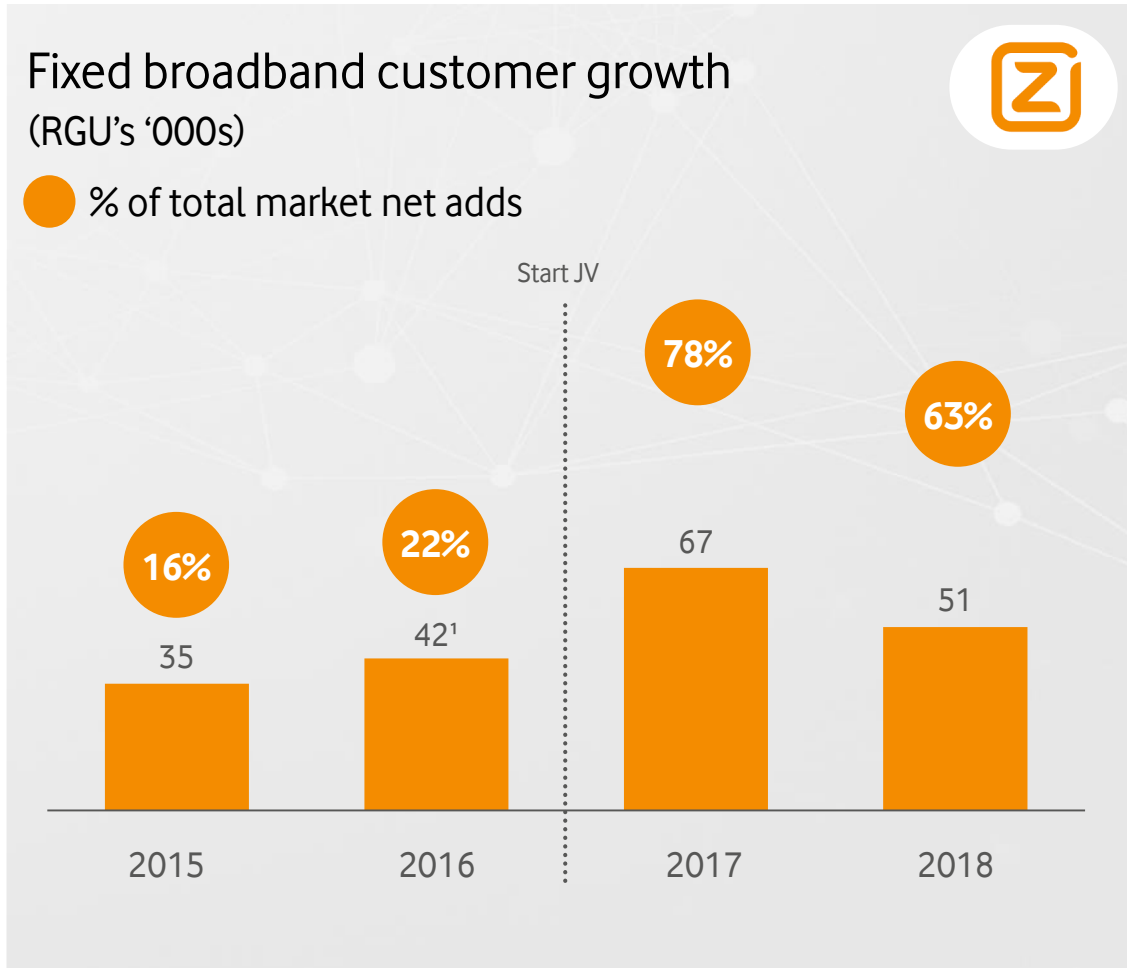
Best converged propositions



Sharing benefits with Red Together



# Our commercial performance has improved significantly post merger



1. Reported broadband customer net additions +87k. Adjusted for our Q4'16 free customer upgrade campaign for both fixed telephony & TV customers which accounted for +45k net adds

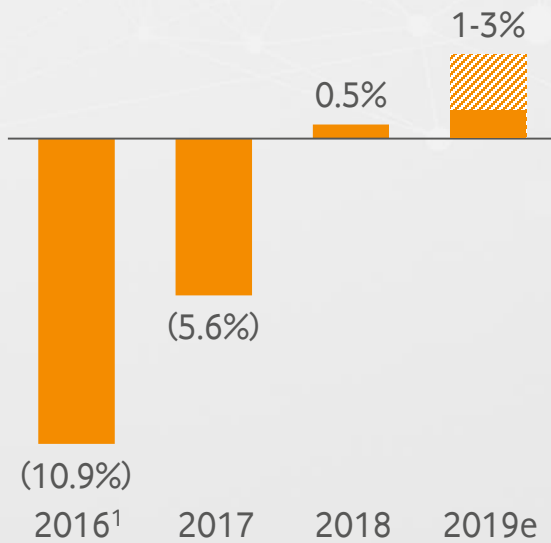


# Financial performance: all guidance metrics achieved

## OCF back to growth

OCF YoY growth (%)

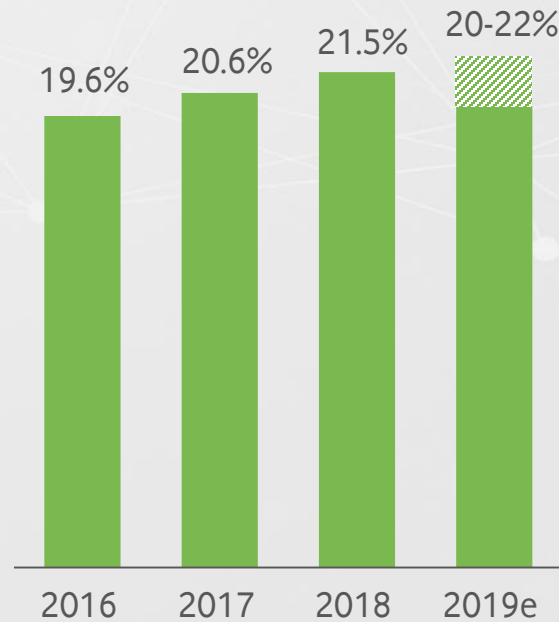
Guidance range<sup>2</sup>



## Consistent investment

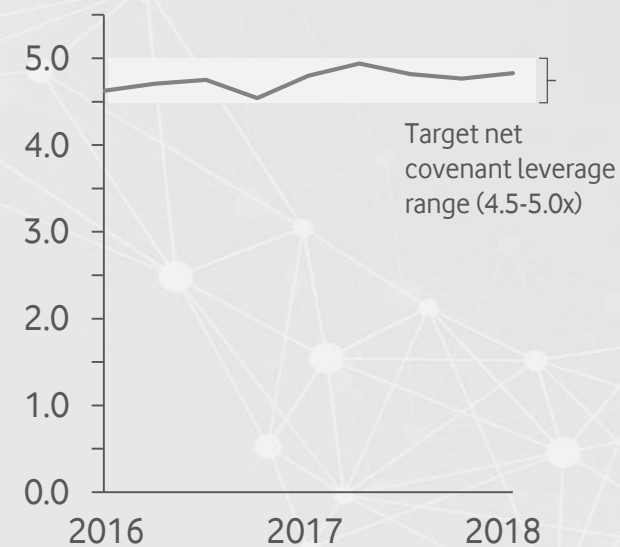
Capex intensity (%)

Guidance range<sup>2</sup>



## Resilient balance sheet

Covenant leverage

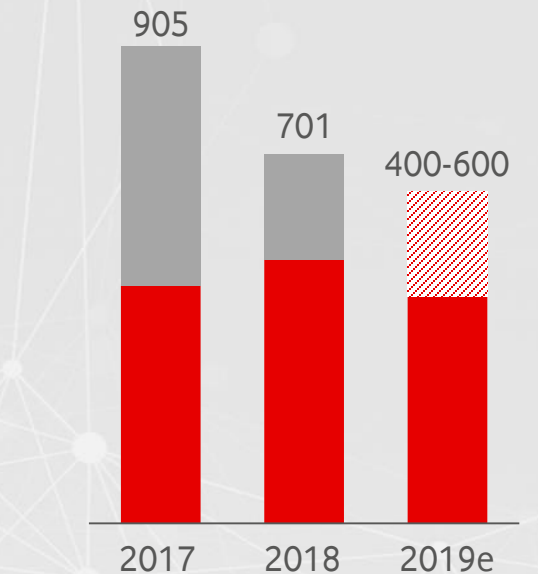


## Robust distributions

Total shareholder returns (€m)

Vendor financing

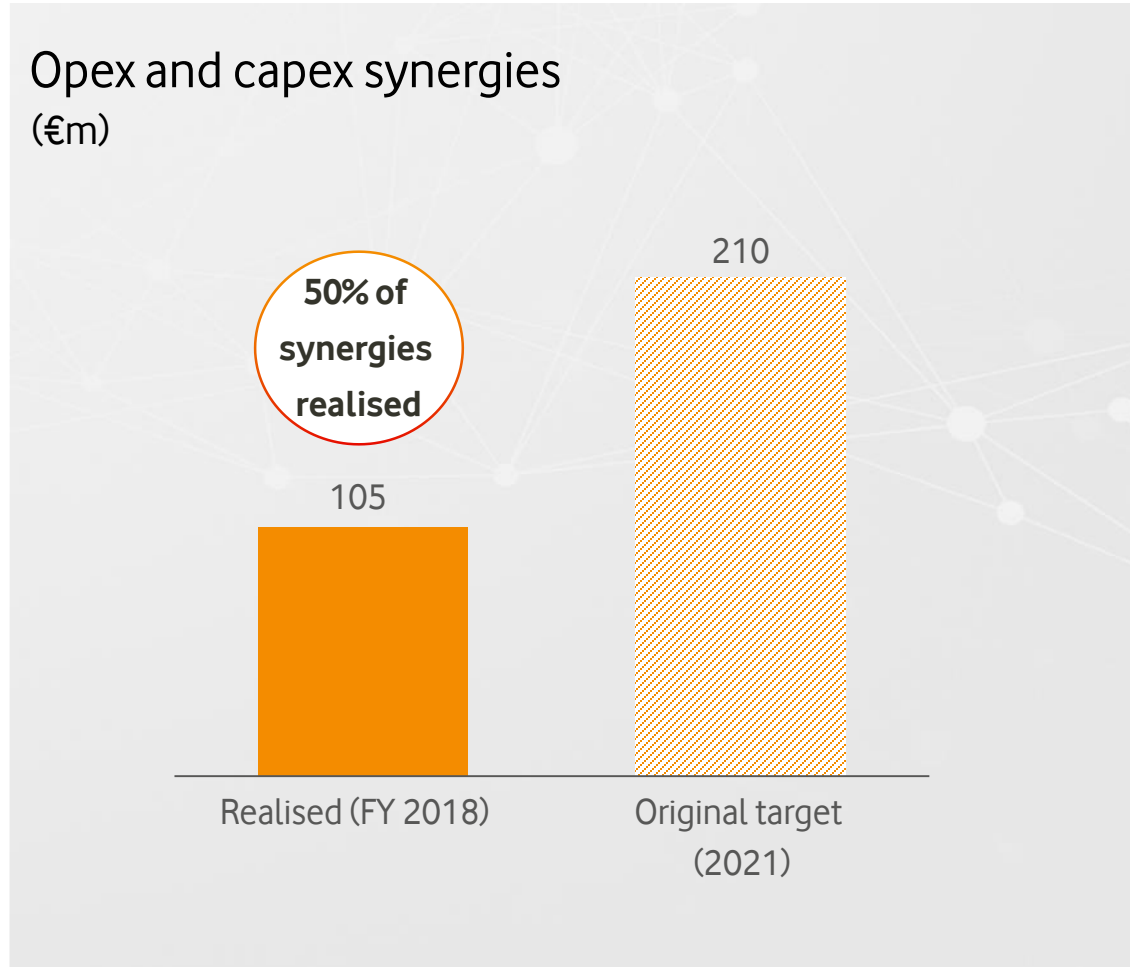
Guidance range<sup>2</sup>



1. Unaudited proforma growth rate
2. Per FY2018 results press release

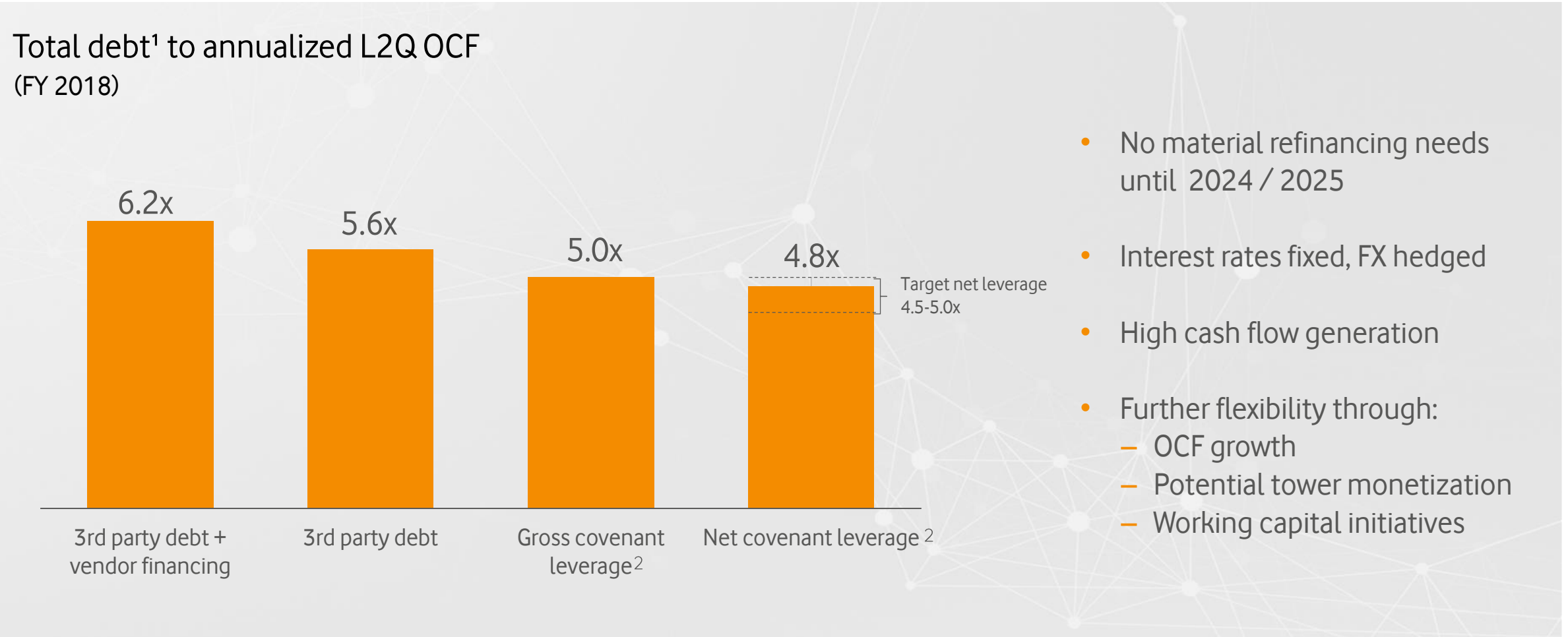


# Synergy realisation ahead of plan



- Synergies achieved:
  - FTE reduction
  - Reduction in joint marketing expenditure
  - IT platforms combined
- Full run-rate synergies to be achieved in 2020, one year ahead of original 2021 plan
- Additional opportunities:
  -  Digital transformation
  -  Radically simpler

# We have a resilient balance sheet



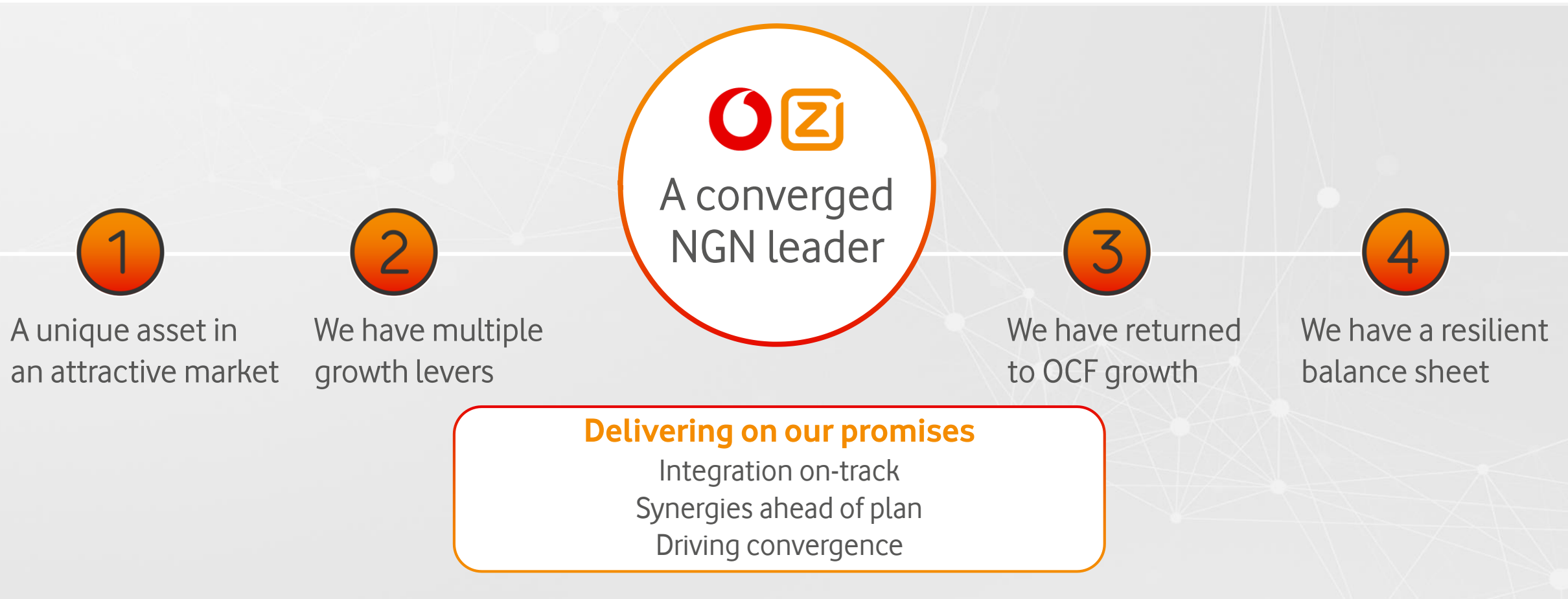
1. Debt is presented on a fully swapped basis and differs from reported debt

2. Covenant leverage is defined as 3<sup>rd</sup> party debt divided by the last two quarters OCF on an annualized basis, adjusted for cost synergies not yet captured, opex related integration costs and capital related shareholder charges





## VodafoneZiggo



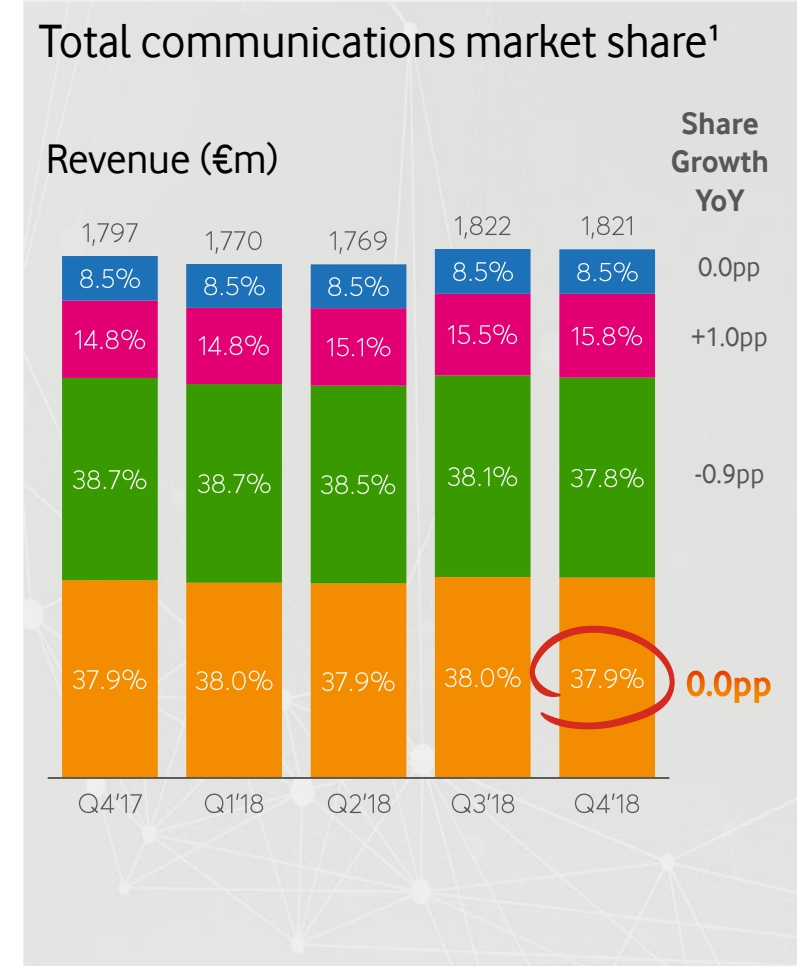
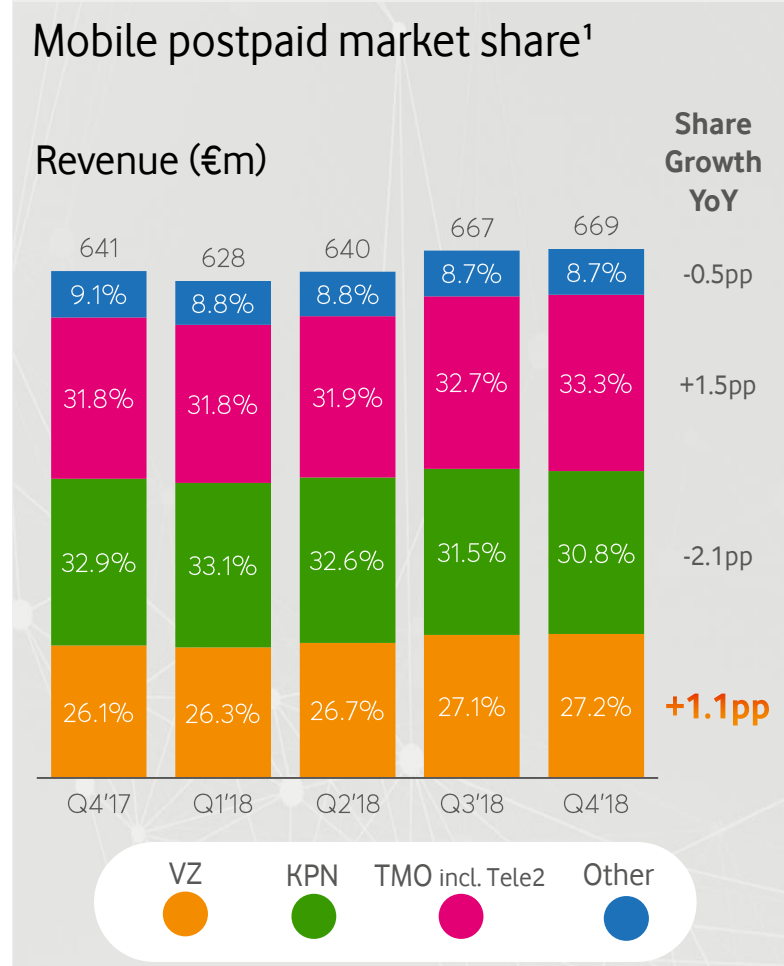
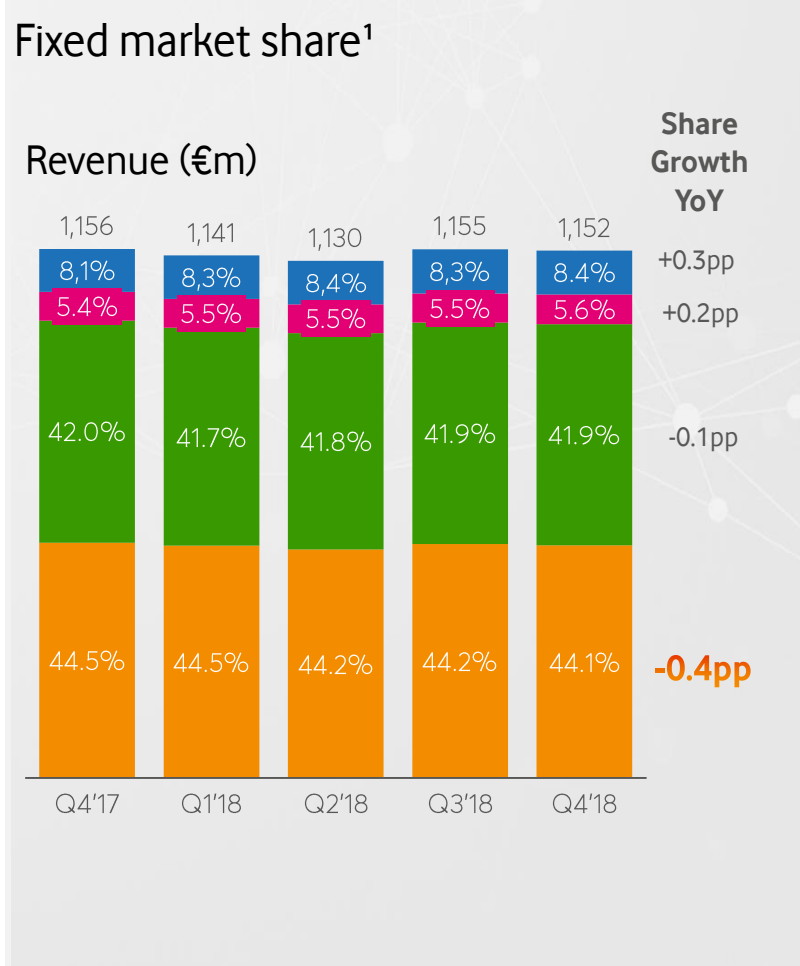


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## Breakout Session: Consumer

Marcel de Groot

# The Consumer market | leader in total comms



1. Source: Telecompaper Total Comms Q4 report & company estimates (all based on IFRS)



# 2018 | a more data driven organization, with a greater focus on convergence

Implementation of



Advanced data analytics platform to optimise sales and marketing

- Central decisioning tool
- Best/relevant offer across channels
- Increase in customer lifetime value

Opened new Flag Ship store



TV streaming app available in EU



Converged % of base

Fixed broadband

Mobile postpaid

32%

69%<sup>1</sup>

Churn<sup>2</sup>

-50%

-73%

NPS<sup>2</sup>

+15

+19

Net adds

+18k

+99k

1. Excluding hollandsnieuwe postpaid

2. FMC vs Non-FMC customers

# Our converged benefits



# Consumer growth opportunities

## The new TV experience

### Mediabox Next



- Seamless multi-device platform
- Cloud based services
- Voice controlled, intuitive UI
- 4K TV

## Increase household penetration



- Increase converged HH's
- Increase HH SIM penetration
- Grow ARPA

## Digital VodafoneZiggo



- Increase digital sales from 25% to 50% in 3 years
- Drive customer interactions through digital channels

# How we position our brands





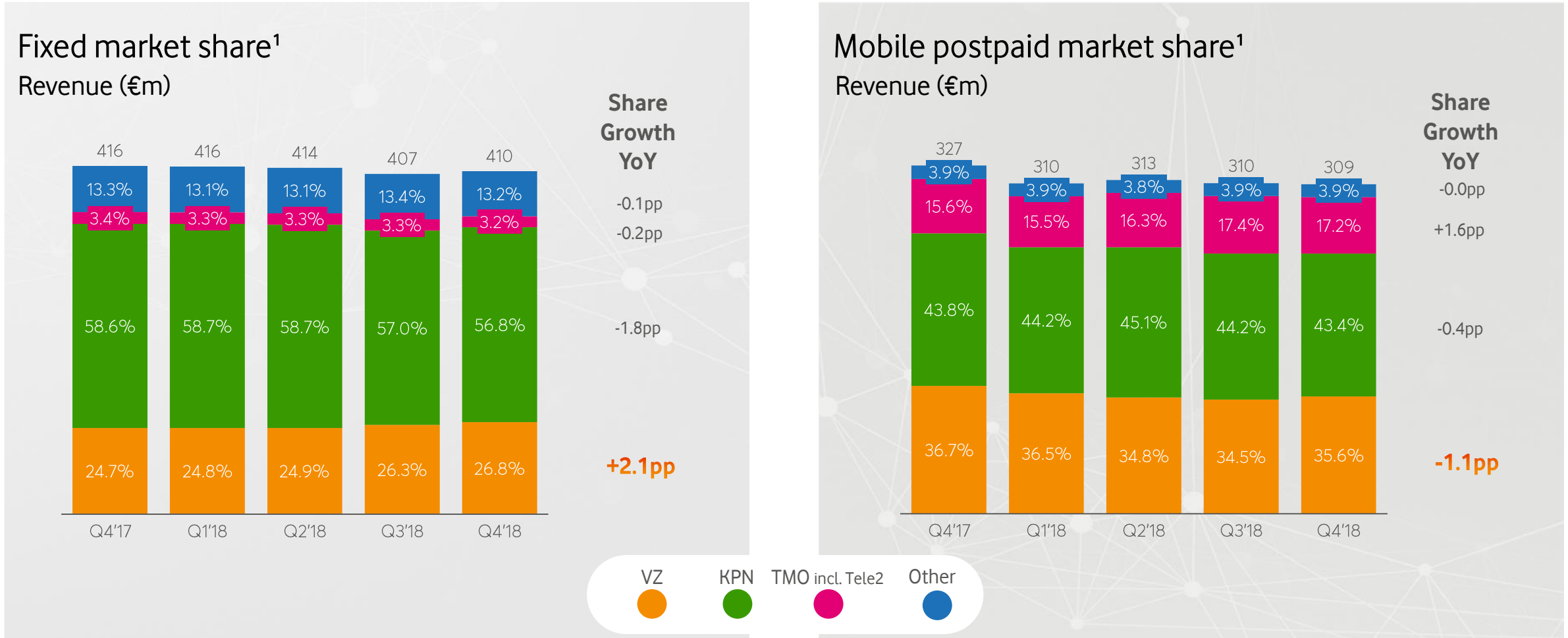
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## Breakout Session: Business

John van Vianen



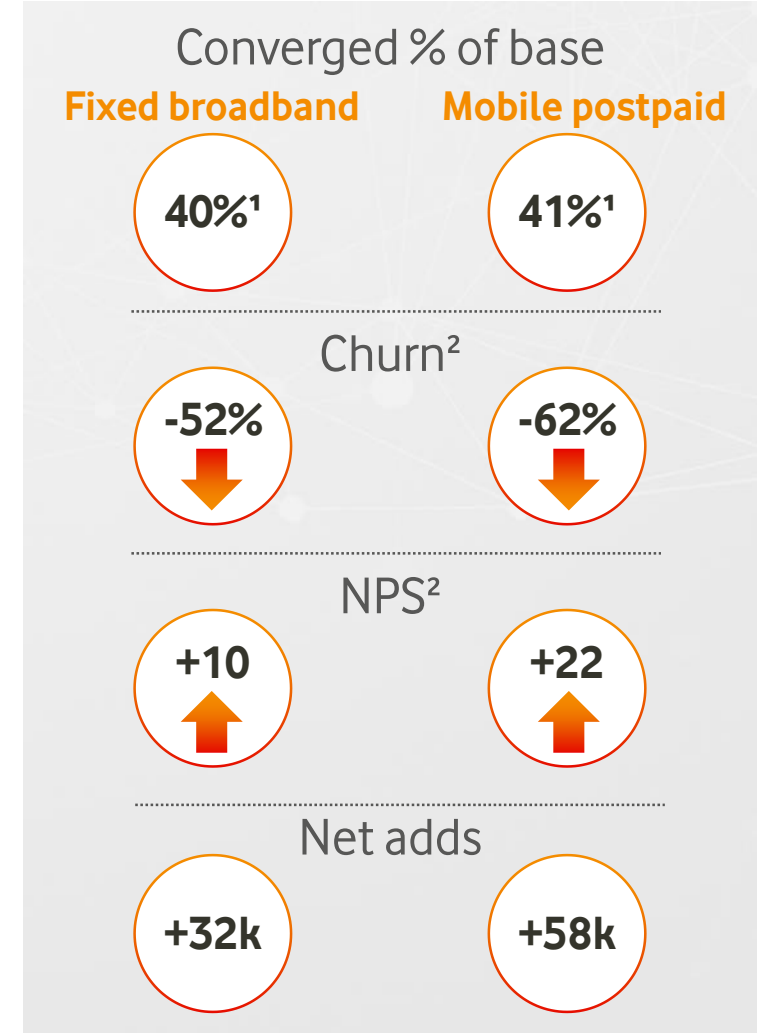
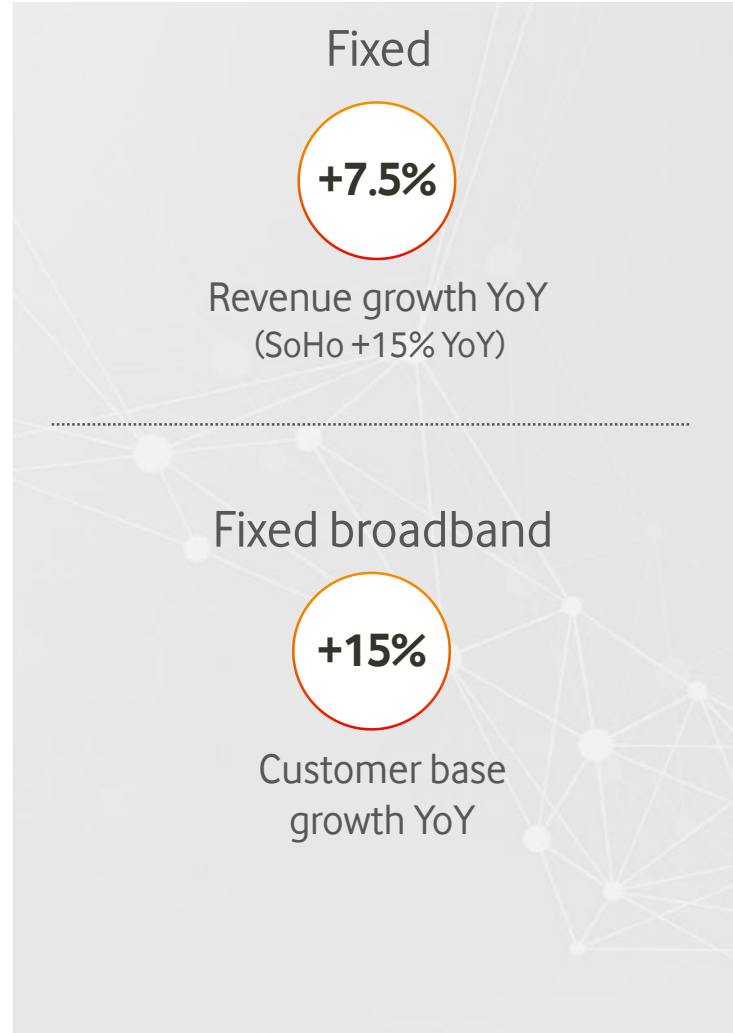
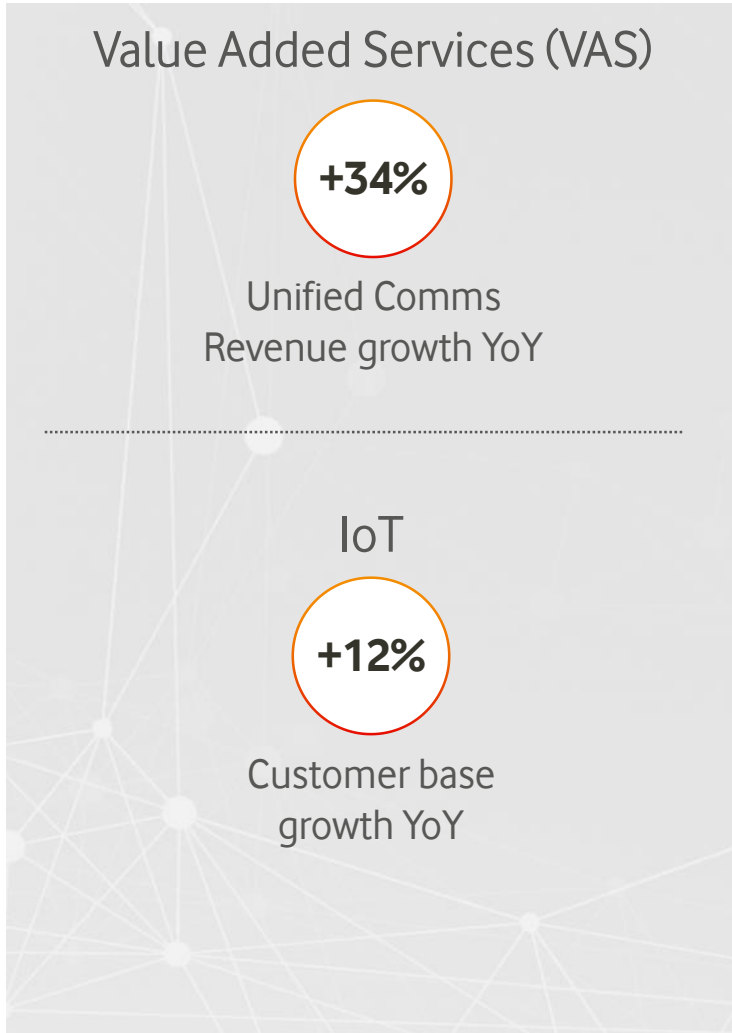
# The Business market | VodafoneZiggo #2 in both fixed and mobile



1. Source: Telecompaper Total Comms Q4 report & company estimates (all based on IFRS)



# 2018 | the year of Value Added Services, fixed and convergence



1. Of eligible base  
2. FMC vs Non-FMC customers



# Growth opportunities

## Stabilize mobile

- Leverage Vodafone's international footprint
- Introduce 'Red Pro Team' to better address the SoHo / Small customer segment



## Challenger in fixed

- Enhance VPN & SDN offers, using our HFC capabilities
- B2B2C solutions in healthcare & hospitality
- Grow market share with SD-WAN



## Add value through converged

- Introduce converged benefits for other B2B segments
- Introduce flexible benefits



## Grow VAS

- Focus on the Digital Workplace
- Cloud solutions (supported by our IBM partnership)
- IoT: grow services in select verticals, beyond just connectivity



# IoT case study

## Dikes





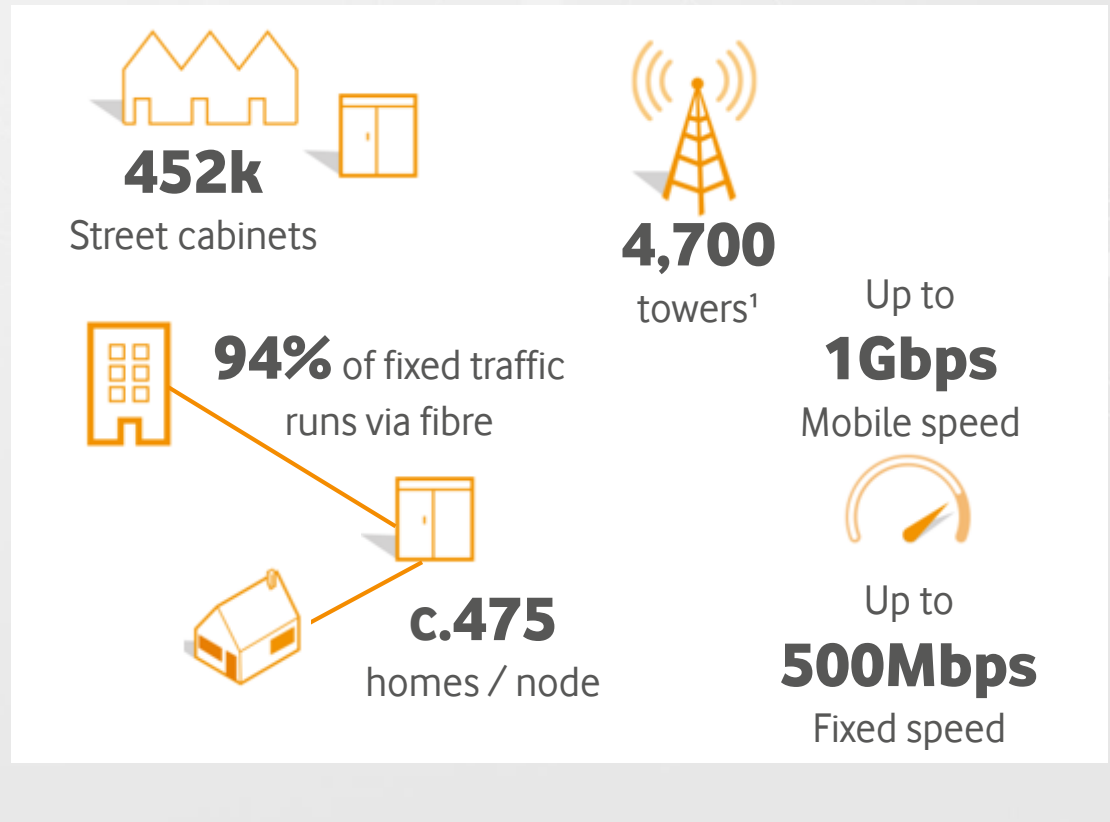
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## Breakout Session: Technology

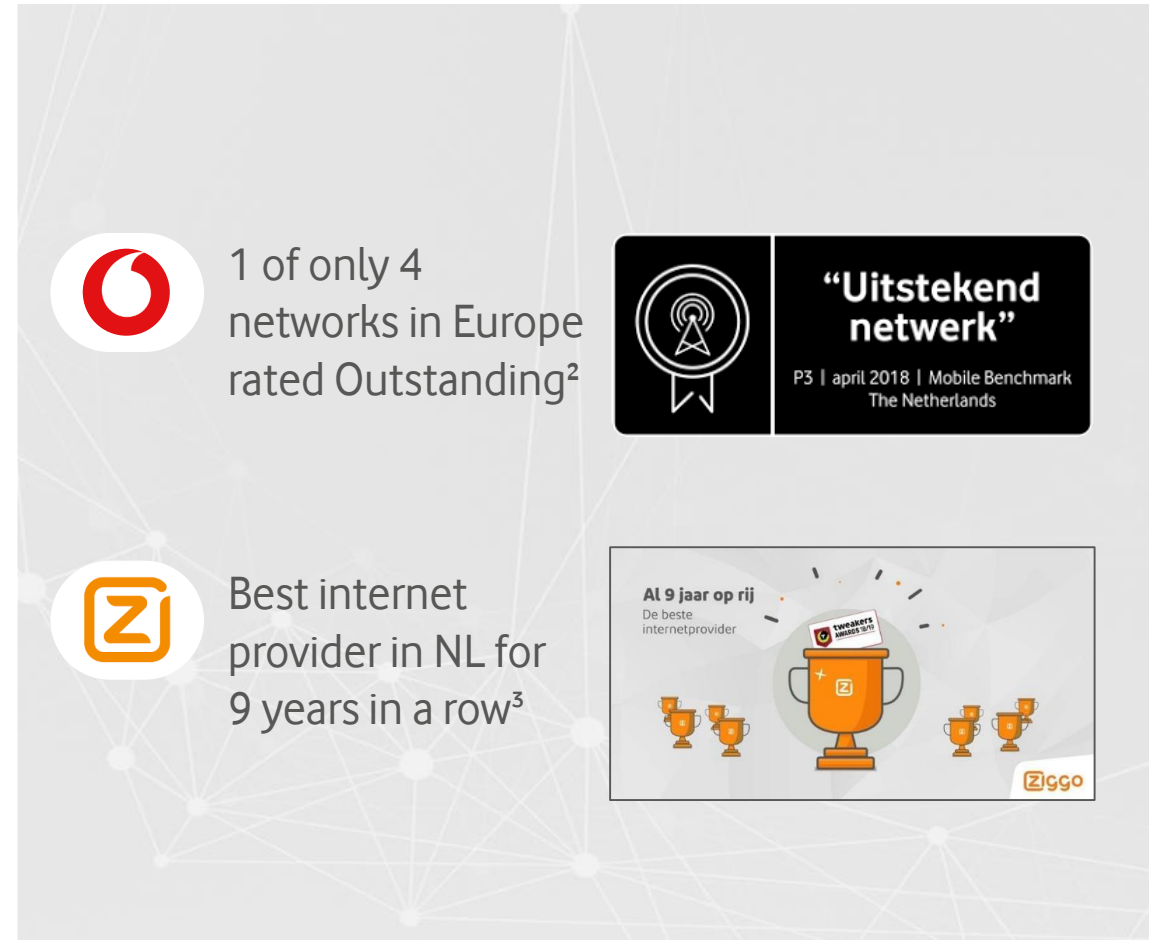
Eben Albertyn

# Our infrastructure is Best in Class

## Infrastructure key metrics



1. Of which c. 3,000 owned directly
2. P3 Benchmark, April 2018
3. Tweakers award 2019



# Full digitalization & DOCSIS 3.1 will enable Gigabit speeds on fixed

## 1 Free-up spectrum



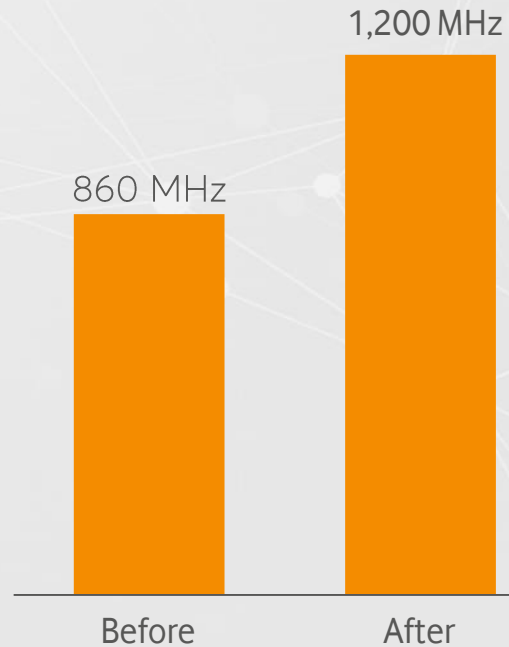
Analogue TV 10x  
less efficient

1.2m analogue TV viewers

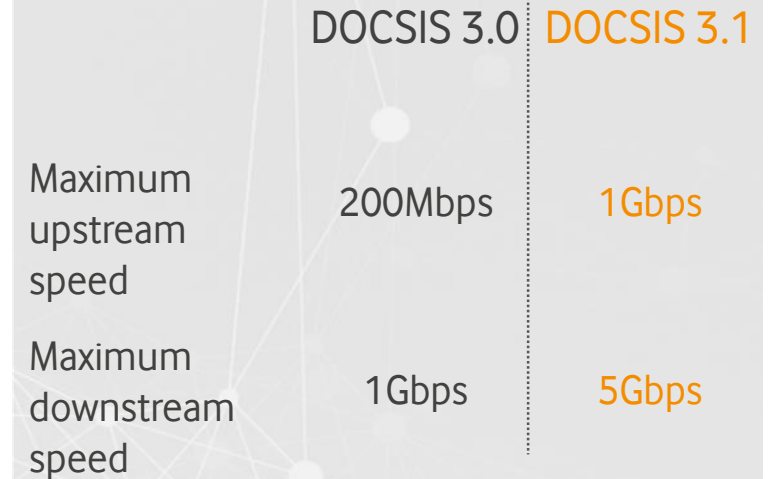


800k on 2<sup>nd</sup>/3<sup>rd</sup> TV set  
400k on prime TV set

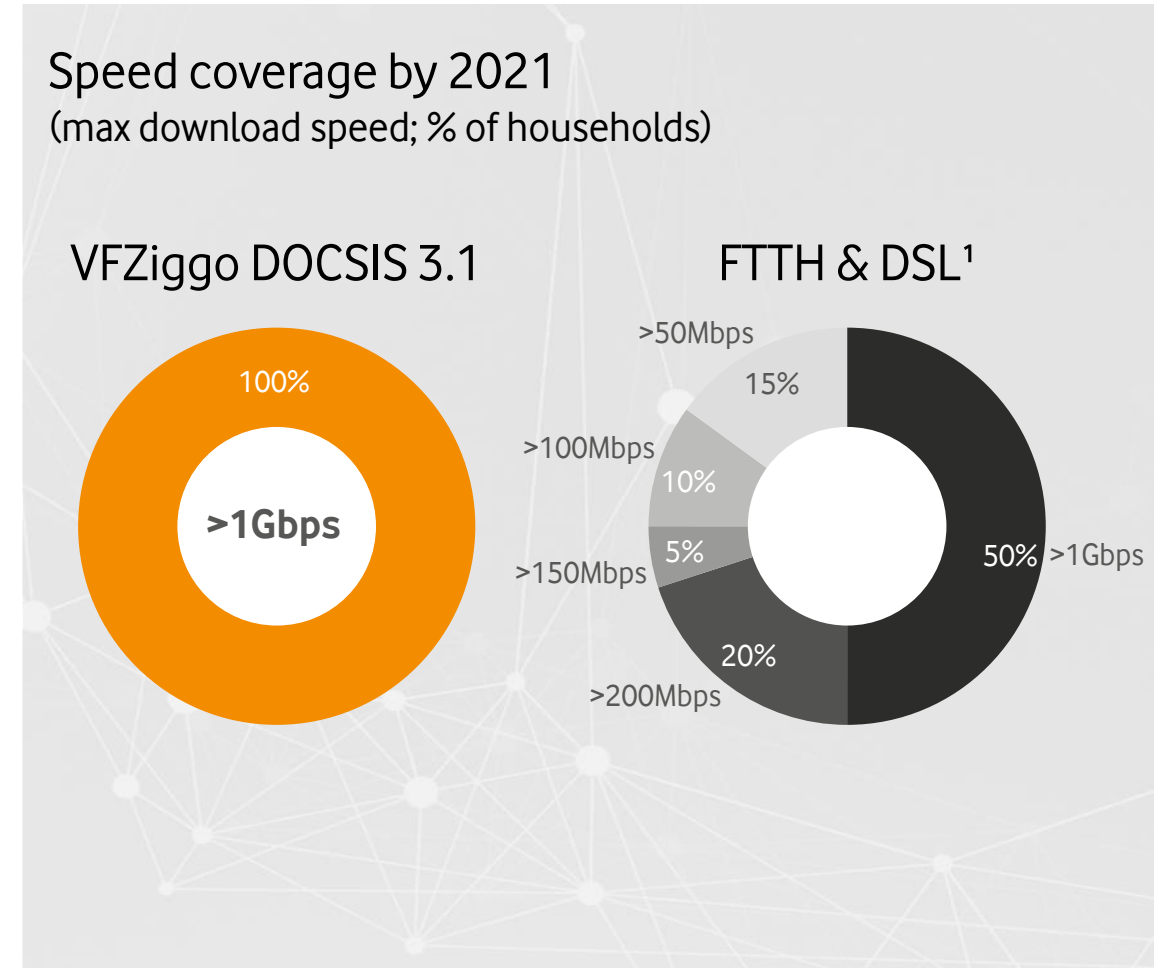
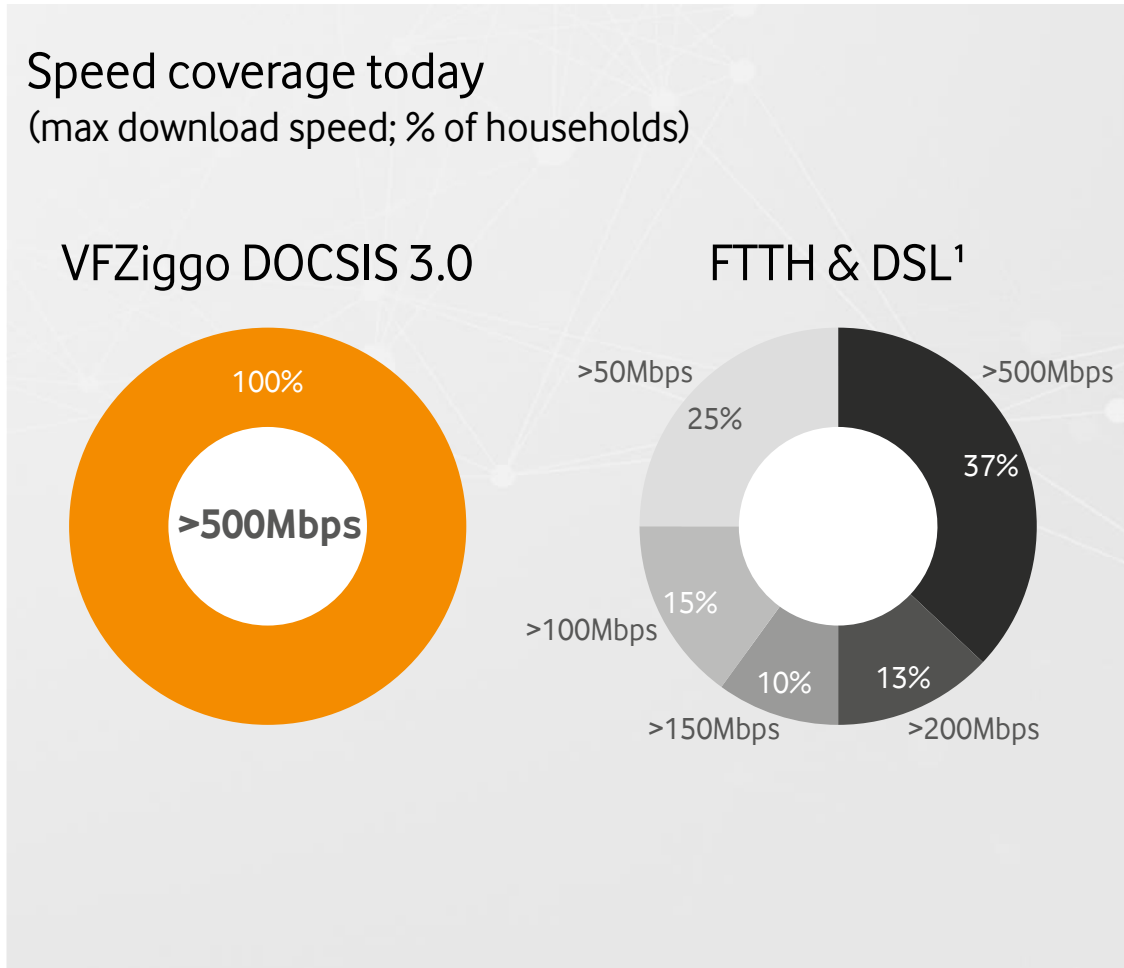
## 2 Increase capacity



## 3 New technology



# We will enable Gigabit speeds to all households by 2021



1. KPN Capital markets day 2018 presentation



# Preparing for 5G

5G launch requires spectrum and handsets...

## Spectrum auction

700, 1400 &  
2100 MHz  
In 2020

**3500MHz  
Spectrum  
auction**  
In 2022

## Handsets

First handsets  
announced only  
for 3500MHz

... and we will be ready

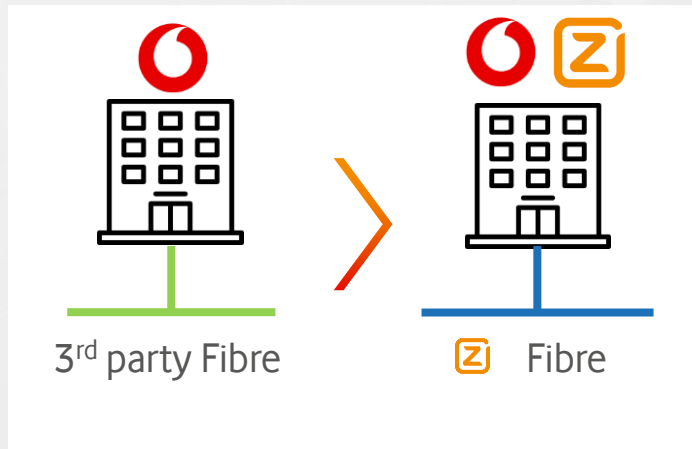
**Core network**  
100% 5G ready

**Transmission**  
40% 5G ready

**Radio sites**  
20% 5G ready,  
initial focus on  
main cities

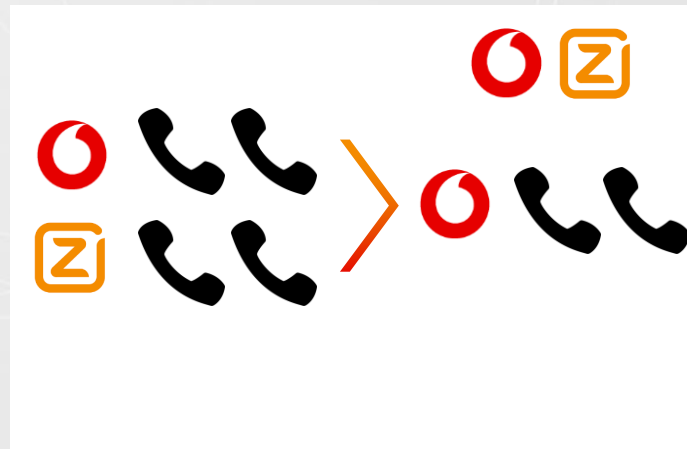
# Technology synergies: simplifying our business

## Infrastructure



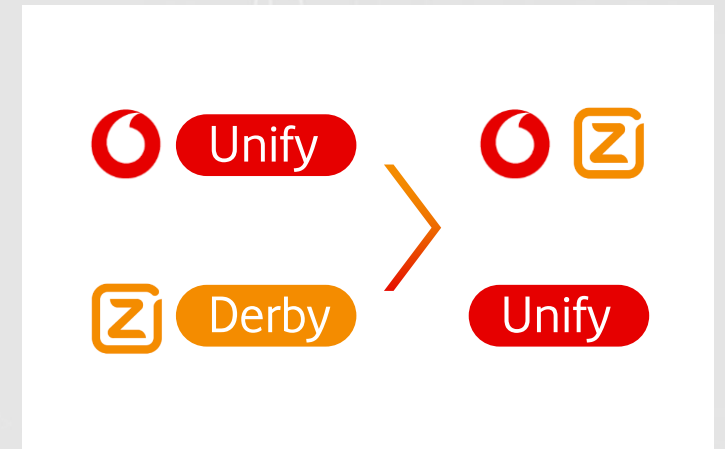
- Migrating services to own fibre infrastructure
- Project commenced (on-track)

## Digital legacy



- Rationalizing legacy voice platforms
- Full transition to the Vodafone platform taking place
- Opportunity to remove old CPE, set-top boxes, tariffs etc

## One Business Support System



- Successful upgrade of Unify for fixed products
- Next step: move Ziggo base to Unify

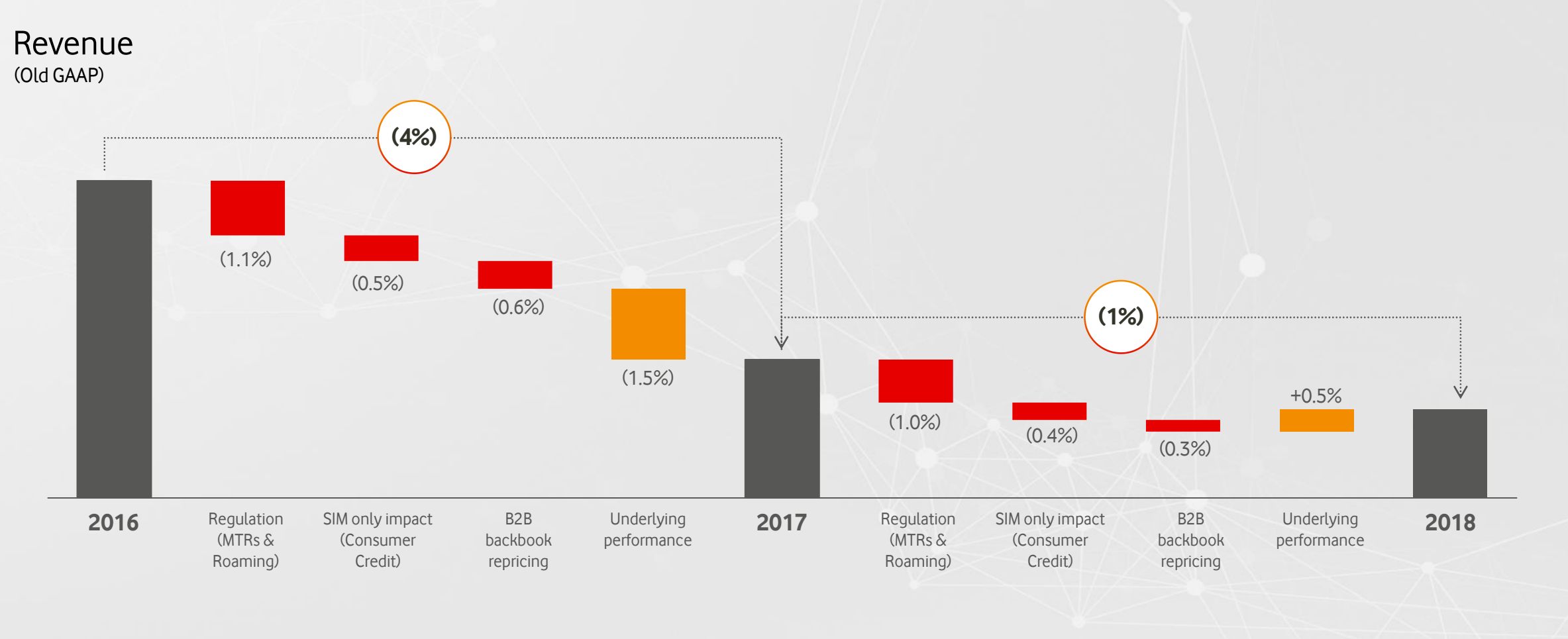


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## Breakout Session: Finance & Regulation

Ritchy Drost & Robin Kroes

# Revenue trends stabilising despite headwinds

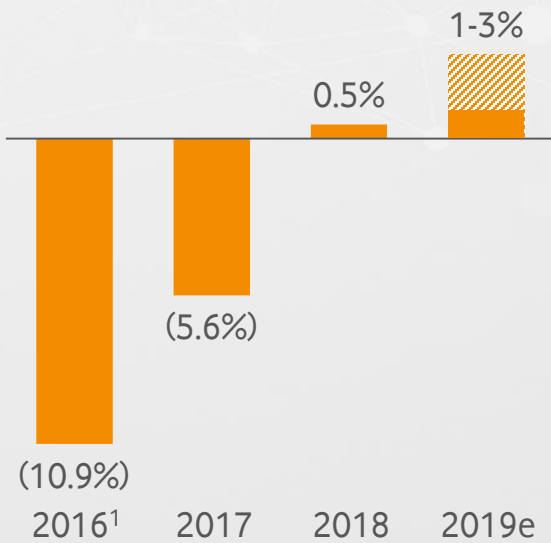


# Financial performance: all guidance metrics achieved

## OCF back to growth

OCF YoY growth (%)

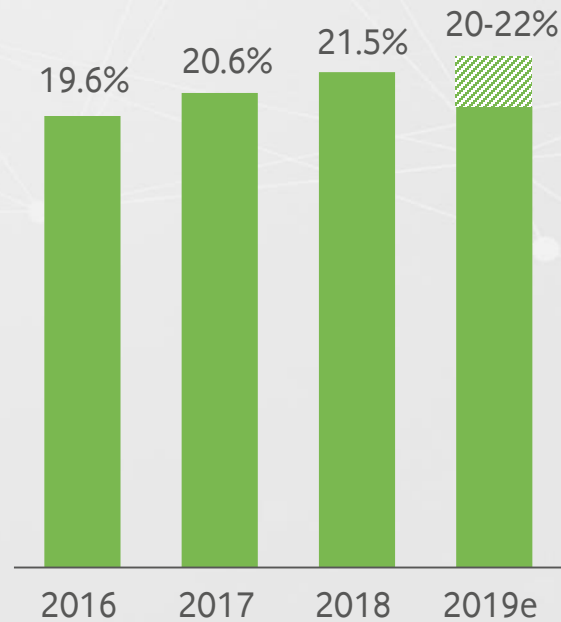
Guidance range<sup>2</sup>



## Consistent investment

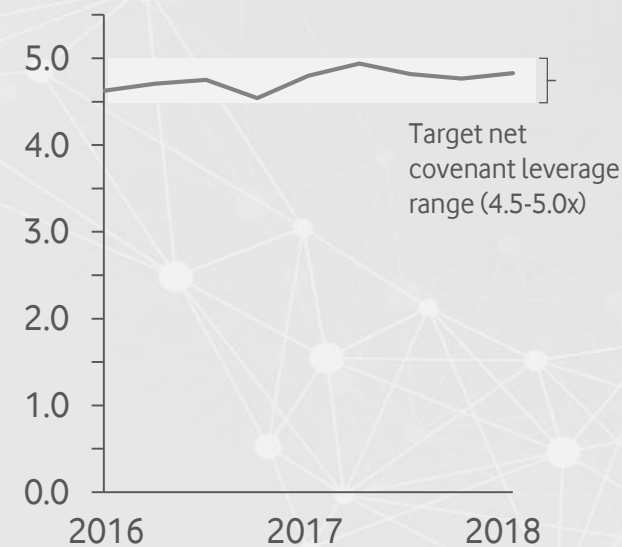
Capex intensity (%)

Guidance range<sup>2</sup>



## Resilient balance sheet

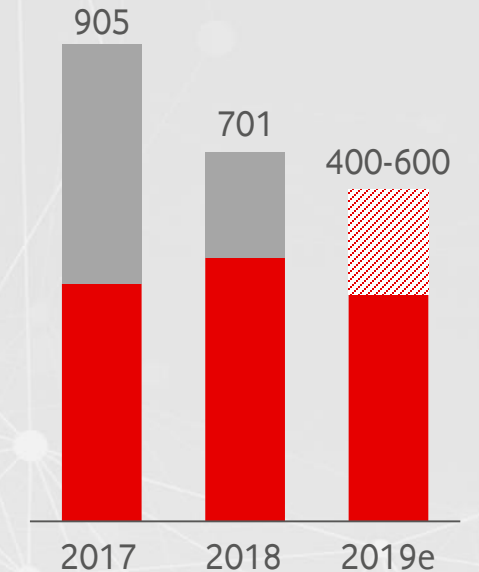
Covenant leverage



## Robust distributions

Total shareholder returns (€m)

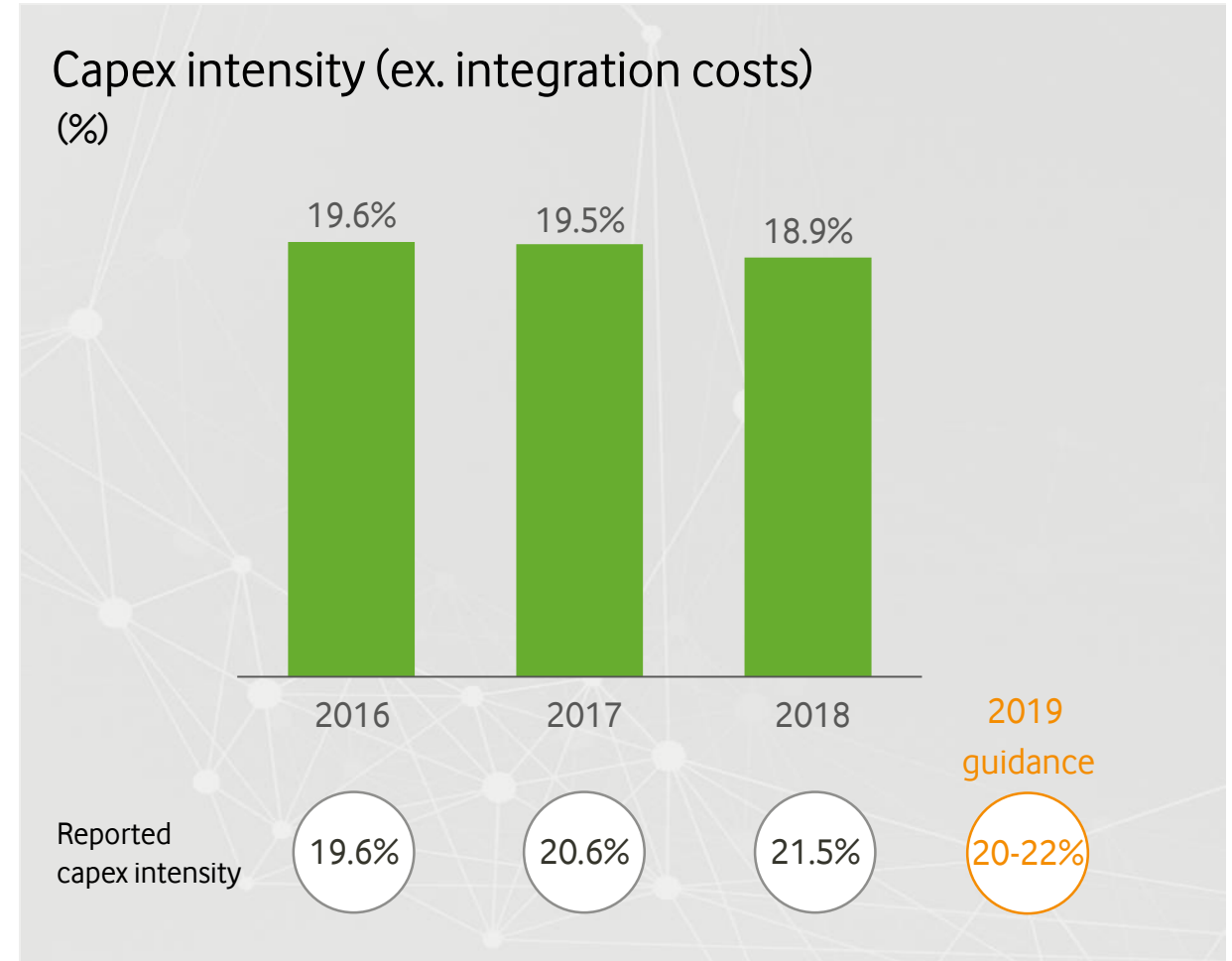
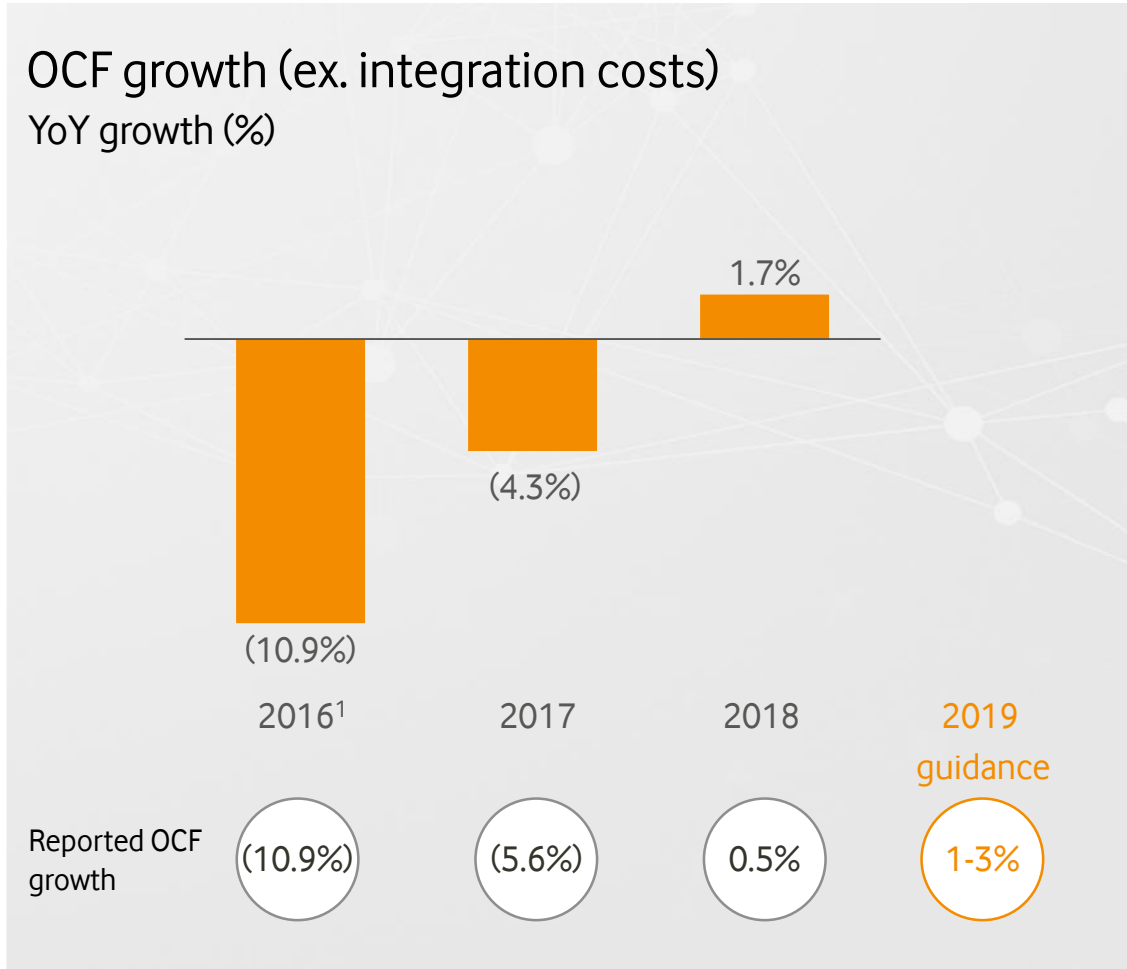
Vendor financing  
Guidance range<sup>2</sup>



1. Unaudited proforma growth rate  
2. Per FY2018 results press release



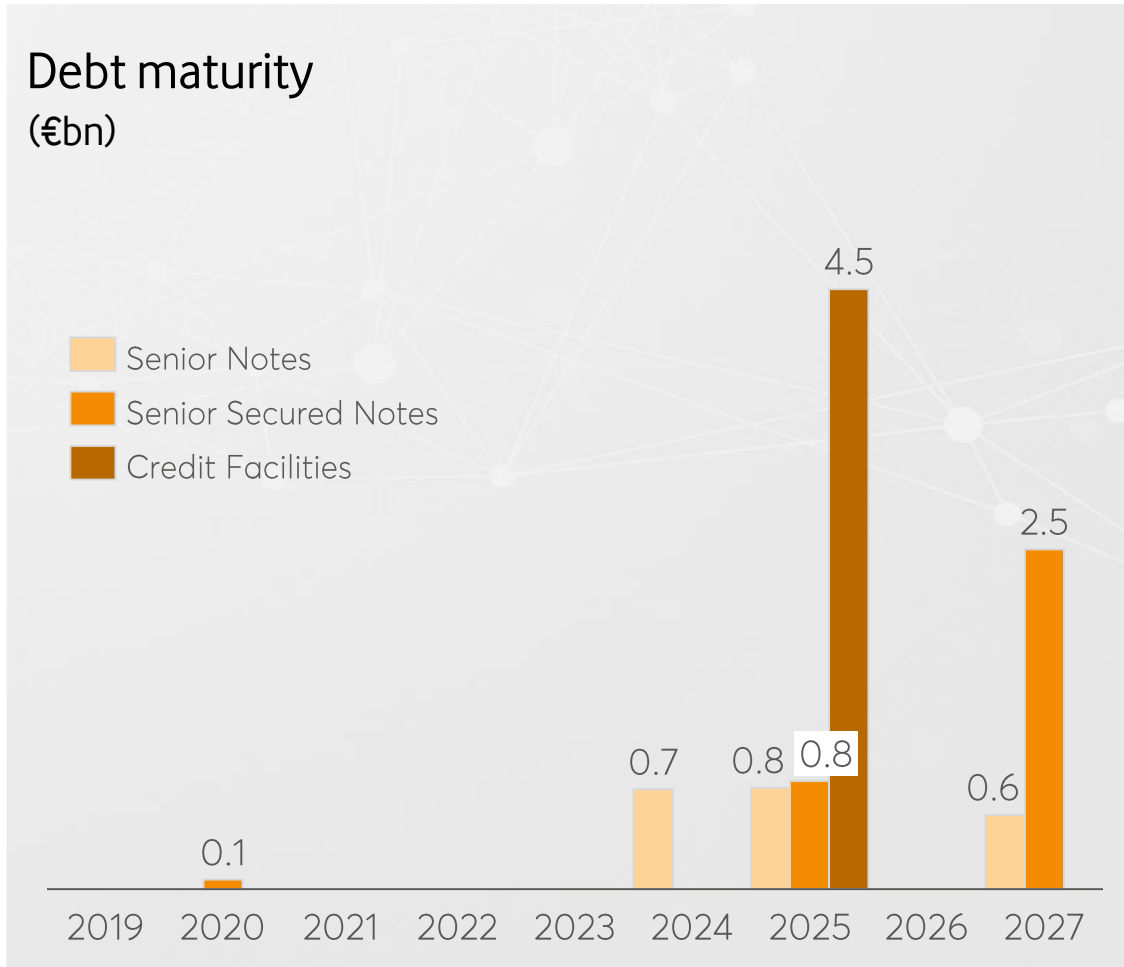
# OCF growth and stable capex intensity



1. Unaudited proforma growth rate



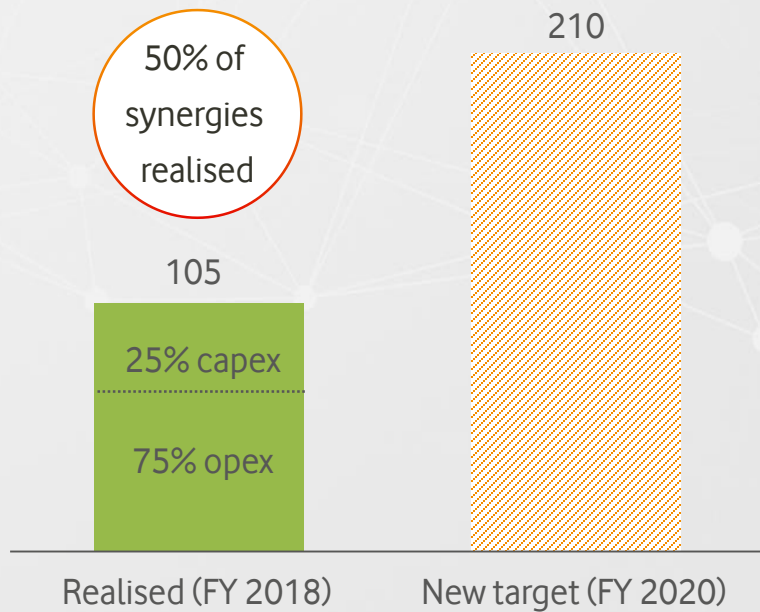
# Debt maturity profile



- Gross covenant debt of €9.7 billion
- Long term, fixed rate capital structure
- Average debt duration of 6.7 years
- No material maturities until 2024/2025
- Average cost of debt 4.6%

# Synergy realisation ahead of plan

## Opex and capex synergies (€m)



## Synergies achieved

<b>FTE reduction</b>	Senior management & first wave in all areas
<b>Marketing</b>	17% reduction in joint marketing expenditure
<b>IT simplification</b>	First steps in IT rationalisation
<b>Ziggo MVNO migration</b>	Migration of 210k Ziggo mobile customers
<b>Office rationalisation</b>	Reduction of office locations (16 to 9)

## Remaining €105m synergy opportunities

<b>IT simplification</b>	40%	Finalising one BSS/OSS, Office IT, B2B platforms
<b>Organisation</b>	20%	Further efficiencies in all areas
<b>Network</b>	15%	Wholesale to own infrastructure, Core network
<b>Marketing</b>	15%	Further efficiencies in marketing expenditure





# Regulatory developments

## Spectrum auction



## T-Mobile/Tele2 merger



## Wholesale cable access



# Regulatory timeline | wholesale cable access

Projected timeline | If appeal rejected first parties expected to go live in 2020

