Condensed Consolidated Financial Statements
September 30, 2017

UNITYMEDIA GMBH
Aachener Strasse 746-750
50933 Cologne
Germany

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CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2017	December 31, 2016
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	€ 1.5	€ 2.8
Trade receivables and unbilled revenue, net	94.5	93.2
Loan receivable – related-party (note 10)	1,702.0	1,311.0
Other current assets (notes 4 and 10)	61.5	58.1
Total current assets	1,859.5	1,465.1
Property and equipment, net (note 6)	3,167.0	3,177.4
Goodwill	2,841.7	2,841.7
Intangible assets subject to amortization, net (note 6)	477.9	549.9
Loan receivable – related-party (note 10)	513.0	513.0
Derivative instruments (note 4)	156.9	380.2
Investment in associate (note 10)	—	61.0
Other noncurrent assets	19.2	20.2
Total noncurrent assets	7,175.7	7,543.4
Total assets	€ 9,035.2	€ 9,008.5

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS – (Continued)
(unaudited)

	September 30, 2017	December 31, 2016
	in millions	
LIABILITIES AND OWNER'S DEFICIT		
Current liabilities:		
Accounts payable	€ 75.3	€ 33.2
Accrued liabilities	219.8	261.7
Accounts payable and accrued liabilities – related-party (note 10)	266.0	83.6
Deferred revenue and advance payments from subscribers and others	128.7	94.8
Current portion of debt and finance lease obligations:		
Third-party (note 8)	375.6	366.2
Related-party (note 10)	—	1.5
Corporate income taxes payable	142.5	104.4
Current provisions (note 7)	52.8	83.9
Other current liabilities (note 4)	15.3	24.8
Total current liabilities	1,276.0	1,054.1
Noncurrent debt and finance lease obligations:		
Third-party (note 8)	7,097.8	7,347.7
Related-party (note 10)	324.9	363.2
Deferred tax liabilities	421.4	421.9
Noncurrent provisions (note 7)	38.7	43.4
Other noncurrent liabilities (note 4)	116.7	47.8
Total noncurrent liabilities	7,999.5	8,224.0
Total liabilities	9,275.5	9,278.1
Commitments and contingencies (notes 4, 8, 9 and 11)		
Owner's deficit:		
Share capital	—	—
Additional paid-in capital	974.2	970.9
Accumulated deficit	(1,207.0)	(1,233.0)
Accumulated other comprehensive loss, net of taxes	(7.5)	(7.5)
Total owner's deficit	(240.3)	(269.6)
Total liabilities and owner's deficit	€ 9,035.2	€ 9,008.5

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	in millions			
Revenue (note 3)	€ 595.7	€ 567.5	€ 1,775.9	€ 1,688.6
Operating costs and expenses:				
Operating (other than depreciation and amortization) (**OpEx**) (note 10)	157.2	146.0	466.4	442.8
Selling, general and administrative (other than depreciation and amortization) (including share-based compensation) (**SG&A**) (note 10)	59.5	57.3	193.2	186.7
Related-party fees and allocations, net (note 10)	55.3	63.3	171.9	142.4
Impairment, restructuring and other operating items, net	(0.3)	9.9	9.9	65.8
	271.7	276.5	841.4	837.7
Earnings before interest, taxes, depreciation and amortization (**EBITDA**)	324.0	291.0	934.5	850.9
Depreciation and amortization	190.1	209.5	603.0	627.5
Earnings before interest and taxes (**EBIT**)	133.9	81.5	331.5	223.4
Financial and other income (expense):				
Interest expense:				
Third-party	(92.5)	(90.7)	(280.9)	(271.4)
Related-party (note 10)	(6.3)	(5.0)	(18.8)	(16.0)
Foreign currency transaction gains, net	71.6	30.6	253.3	74.7
Realized and unrealized losses on derivative instruments, net (note 4)	(83.5)	(53.8)	(217.6)	(59.8)
Losses on debt modification and extinguishment, net (note 8)	(19.0)	—	(26.3)	(3.9)
Other income, net (notes 5, 8 and 10)	15.9	6.5	45.0	21.4
Net financial and other expense	(113.8)	(112.4)	(245.3)	(255.0)
Earnings (loss) before income taxes	20.1	(30.9)	86.2	(31.6)
Income tax benefit (expense) (note 9)	(16.9)	0.1	(60.2)	(22.1)
Net earnings (loss) / comprehensive earnings (loss) (a)	€ 3.2	€ (30.8)	€ 26.0	€ (53.7)
Further details of OpEx and SG&A:				
Staff-related costs (excluding restructuring charges)	€ 48.6	€ 49.7	€ 156.1	€ 155.1
Direct costs (programming and copyright, interconnect and other)	58.0	50.1	167.3	150.6
Network operating costs	46.9	44.5	136.3	137.5
Sales and marketing costs	20.1	21.3	68.6	71.6
Outsourced labor and professional services	20.6	14.9	63.8	51.3
Other indirect costs	22.5	22.8	67.5	63.4
	€ 216.7	€ 203.3	€ 659.6	€ 629.5
Further details of impairment, restructuring and other operating items, net:				
Restructuring charges	€ 1.2	€ 10.4	€ 2.4	€ 67.1
Gain on disposal of assets	(2.4)	(1.0)	(3.9)	(2.0)
Other	0.9	0.5	11.4	0.7
	€ (0.3)	€ 9.9	€ 9.9	€ 65.8

(a) There were no items of comprehensive earnings or loss other than the net earnings (loss) for the period and, accordingly, no statements of comprehensive earnings or loss are presented.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN OWNER'S DEFICIT
(unaudited)

	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss, net of taxes	Total owner's deficit
	in millions			
Balance at January 1, 2016	€ 955.3	€ (1,142.6)	€ (5.7)	€ (193.0)
Net loss	—	(53.7)	—	(53.7)
Deemed contribution of technology-related services (note 10)	11.6	—	—	11.6
Share-based compensation (note 10)	5.7	—	—	5.7
Capital charge in connection with the exercise of Liberty Global share-based incentive awards (note 10)	(2.8)	—	—	(2.8)
Balance at September 30, 2016	€ 969.8	€ (1,196.3)	€ (5.7)	€ (232.2)
Balance at January 1, 2017	€ 970.9	€ (1,233.0)	€ (7.5)	€ (269.6)
Net earnings	—	26.0	—	26.0
Share-based compensation (note 10)	5.2	—	—	5.2
Capital charge in connection with the exercise of Liberty Global share-based incentive awards (note 10)	(1.9)	—	—	(1.9)
Balance at September 30, 2017	€ 974.2	€ (1,207.0)	€ (7.5)	€ (240.3)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	in millions	
Cash flows from operating activities:		
Net earnings (loss)	€ 26.0	€ (53.7)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Share-based compensation expense	5.2	5.7
Impairment, restructuring and other operating items, net	9.9	65.8
Related-party fees and allocations, net	171.9	142.4
Depreciation and amortization	603.0	627.5
Amortization of deferred financing costs and non-cash interest accretion	4.5	4.5
Related-party interest expense	18.8	16.0
Foreign currency transaction gains, net	(253.3)	(74.7)
Realized and unrealized losses on derivative instruments, net	217.6	59.8
Losses on debt modification and extinguishment, net	26.3	3.9
Deferred tax benefit	(0.5)	(29.4)
Changes in operating assets and liabilities	(14.7)	(48.5)
Net cash provided by operating activities	814.7	719.3
Cash flows from investing activities:		
Advances to parent	(343.5)	(464.8)
Capital expenditures	(379.3)	(287.5)
Other investing activities	2.7	1.7
Net cash used by investing activities	(720.1)	(750.6)
Cash flows from financing activities:		
Repayments of third-party debt and finance lease obligations	(920.2)	(313.2)
Borrowings of third-party debt	824.0	245.9
Net cash received related to derivative instruments	29.9	—
Payment of financing costs and debt premiums	(28.6)	(4.2)
Change in cash collateral	—	108.2
Related-party repayments, net	—	(4.4)
Other financing activities, net	(1.0)	(1.7)
Net cash provided (used) by financing activities	(95.9)	30.6
Net decrease in cash and cash equivalents	(1.3)	(0.7)
Cash and cash equivalents:		
Beginning of period	2.8	2.0
End of period	€ 1.5	€ 1.3
The following amounts are included in net cash provided by operating activities:		
Cash paid for interest (excluding payments related to derivative instruments)	€ 349.3	€ 346.7
Net cash paid for taxes	€ 8.3	€ 10.2

The accompanying notes are an integral part of these condensed consolidated financial statements.

(1) Basis of Presentation

Unitymedia GmbH (**Unitymedia**) is a wholly-owned subsidiary of UPC Germany Holding B.V. (**UPC Germany**), which in turn is an indirect subsidiary of Liberty Global plc (**Liberty Global**). In the following text, the terms "Unitymedia," "we," "our," "our company" and "us" may refer, as the context requires, to Unitymedia, or collectively to Unitymedia and its subsidiaries.

Unitymedia, which operates in the German federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg, provides video, broadband internet, fixed-line telephony and mobile services to residential customers and businesses.

Unitymedia is registered in Cologne, Germany with the commercial register of the local court of Cologne under HRB 68501.

Our unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (**IAS**) 34 and do not include all of the information required by International Financial Reporting Standards (**IFRS**) as adopted by the European Union (**E.U.**) (**E.U.-IFRS**) for full annual financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with our 2016 consolidated financial statements and notes thereto included in our 2016 annual report, which include a description of the significant accounting policies followed in these financial statements.

The preparation of financial statements in conformity with E.U.-IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming and copyright costs, deferred income taxes and the related recognition of deferred tax assets, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets and share-based compensation. Actual results could differ from those estimates.

The Unitymedia Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market, which is not a regulated market (as defined by Article 4 (14) of the Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004). For more information regarding the Unitymedia Notes, see note 8.

Our functional currency is the euro. Unless otherwise indicated, convenience translations into euros are calculated as of September 30, 2017.

Certain prior period amounts have been reclassified to conform to the current period presentation, including the reclassification of certain costs between OpEx and SG&A expenses.

These condensed consolidated financial statements were submitted to our supervisory board and approved for publication by the Managing Directors on November 21, 2017.

(2) Accounting Changes and Recent Pronouncements

New Accounting Standards, Not Yet Effective

Except for the following accounting standards that are relevant for our company, there were no additional standards and interpretations issued by the International Accounting Standards Board (**IASB**) that are not yet effective for the current reporting period that we see as relevant for our company. We have not early adopted the accounting standards that are relevant for us.

Standard/ Interpretation	Title	Applicable for fiscal years beginning on or after	Date of endorsement by the E.U.
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions	January 1, 2018 (a)	Not yet endorsed
IFRS 9	Financial Instruments	January 1, 2018 (b)	November 22, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018 (c)	September 22, 2016
IFRS 15 (amendments)	Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018 (c)	October 31, 2017
IFRS 16	Leases	January 1, 2019 (d)	October 31, 2017
IAS 7 (amendments)	Disclosure Initiative	January 1, 2017 (e)	November 6, 2017
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017 (e)	November 6, 2017
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019 (e)	Not yet endorsed

(a) In June 2016, the IASB issued amendments to IFRS 2, *Share-based Payments* (**IFRS 2**), which includes new requirements for the accounting of share-based payment transactions with a net settlement feature for withholding tax obligations. The amendments to IFRS 2 will require that certain transactions be classified as equity-settled share-based payment transactions. These amendments are effective for annual reporting periods beginning on or after January 1, 2018, while early application is permitted. We are currently evaluating the effect that these amendments to IFRS 2 will have on our consolidated financial statements and related disclosures.

(b) In July 2014, the IASB issued IFRS 9, *Financial Instruments* (**IFRS 9**), which introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities, especially with regard to managing non-financial risks. This new standard is effective for annual reporting periods beginning on or after January 1, 2018, while early application is permitted. We are currently evaluating the effect that IFRS 9 will have on our consolidated financial statements and related disclosures.

(c) In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* (**IFRS 15**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. IFRS 15 will replace existing revenue recognition guidance in IFRS when it becomes effective for annual reporting periods beginning on or after January 1, 2018. This new standard permits the use of either a retrospective or cumulative effect transition method. We will adopt IFRS 15 effective January 1, 2018 using the cumulative effect transition method. While we are continuing to evaluate the effect that IFRS 15 will have on our consolidated financial statements, we have identified a number of our current revenue recognition policies that will be impacted by IFRS 15, including the accounting for certain upfront fees charged to our customers. In this regard, when we enter into contracts to provide services to our customers, we often charge installation or other upfront fees. Under current accounting standards, installation fees related to services provided over our cable networks are recognized as revenue in the period during which the installation occurs to the extent these fees are equal to or less than direct selling costs. Under IFRS 15, these fees will generally be deferred and recognized as revenue over the contractual period, or longer if the upfront fee results in a material renewal right. As this revenue recognition change results in a relatively minor shift in the timing of revenue recognition, we currently do not expect IFRS 15 to have a material impact on our reported revenue.

IFRS 15 will also impact our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our current policy, subscriber acquisition costs are recognized as an intangible asset when such costs (i) are directly attributable to obtaining a new customer contract, (ii) are paid to a third party and (iii) can be measured reliably. Subscriber acquisition costs are currently amortized over the applicable contractual life, which results in an estimated useful life of two years. Under IFRS 15, the upfront costs associated with contracts that have substantive termination penalties and a term of one year or more will be recognized as assets and amortized to other operating expenses over the applicable period benefited. The impact of the accounting change for this change in amortization period will be dependent on numerous factors, but we expect the initial impact of adopting this accounting change will be significant.

The ultimate impact of adopting IFRS 15 for both revenue recognition and costs to obtain and fulfill contracts will depend on the promotions and offers in place during the period leading up to and after the adoption of IFRS 15.

(d) In January 2016, the IASB issued IFRS 16, *Leases* (**IFRS 16**), which supersedes IAS 17 *Leases* (**IAS 17**). IFRS 16 will result in lessees recognizing lease assets and lease liabilities on the balance sheet, with lease assets to reflect the right-of-use and corresponding lease liabilities reflecting the present value of the lease payments. IFRS 16 will also result in additional disclosures about leasing arrangements and eliminate the classification of leases as either operating leases or finance leases for a lessee. IFRS 16 requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach also includes a number of optional practical expedients an entity may elect to apply. IFRS 16 also replaces the straight-line operating lease expense for those leases accounted for under IAS 17 with a depreciation charge for the lease asset and an interest expense on the lease liability. This change aligns the lease expense treatment for all leases. The new standard is effective for annual reporting periods beginning on or after January 1, 2019, while early adoption is permitted if IFRS 15 is applied. We will adopt IFRS 16 on January 1, 2019. Although we are currently evaluating the effect that IFRS 16 will have on our consolidated financial statements and related disclosures, we expect the main impacts of the adoption of this standard to be the recognition of lease assets and lease liabilities in our consolidated balance sheets for leases previously accounted for as operating leases and the replacement of operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities, resulting in a front-loaded total lease expense versus the straight-line operating lease expense. We expect that the impact of the adoption of IFRS 16 will increase cash flows from operating activities and decrease cash flows from financing activities on the consolidated statement of cash flows, as all principal payments on lease liabilities will be presented within financing activities.

(e) We evaluated the impact of applying these accounting standards on our consolidated financial statements and do not believe the impact of the adoption of these standards to be material.

(3) Segment Reporting

We have one reportable segment, which provides video, broadband internet, fixed-line telephony and mobile services to residential customers and businesses in Germany.

Our revenue by major category is as follows. Effective April 1, 2017, we changed the categories that we present in this table in order to align with our internal reporting. These changes were retroactively reflected in the prior-year periods.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	in millions			
Residential revenue:				
Residential cable revenue (a):				
Subscription revenue (b):				
Video	€ 259.8	€ 257.8	€ 779.4	€ 767.1
Broadband internet	155.2	143.1	459.6	421.5
Fixed-line telephony	111.6	108.1	330.4	324.8
Total subscription revenue	526.6	509.0	1,569.4	1,513.4
Non-subscription revenue	34.4	38.6	112.8	116.7
Total residential cable revenue	561.0	547.6	1,682.2	1,630.1
Residential mobile revenue (c):				
Subscription revenue (b)	4.4	4.6	12.8	15.2
Non-subscription revenue	10.7	0.4	26.1	1.3
Total residential mobile revenue	15.1	5.0	38.9	16.5
Total residential revenue	576.1	552.6	1,721.1	1,646.6
Business-to-business (**B2B**) revenue (d):				
Subscription revenue	13.5	10.1	37.6	28.7
Non-subscription revenue	4.9	2.9	12.9	7.8
Total B2B revenue	18.4	13.0	50.5	36.5
Other revenue	1.2	1.9	4.3	5.5
Total	€ 595.7	€ 567.5	€ 1,775.9	€ 1,688.6

(a) Residential cable subscription revenue includes amounts received from subscribers for ongoing services. Residential cable non-subscription revenue includes, among other items, channel carriage fees, installation revenue, late fees and revenue from the sale of equipment.

(b) Residential subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(c) Residential mobile subscription revenue includes amounts received from subscribers for ongoing services. Residential mobile non-subscription revenue includes, among other items, interconnect revenue and revenue from sales of mobile handsets and other devices.

(d) B2B subscription revenue represents revenue from services to certain small or home office (**SOHO**) subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. B2B non-subscription revenue includes business broadband internet, video, fixed-line telephony, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators.

(4) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt and (ii) foreign currency movements with respect to borrowings that are denominated in a currency other than our functional currency. In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (**U.S.**) dollar. We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our condensed consolidated statements of operations.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	September 30, 2017			December 31, 2016		
	Current (a)	Noncurrent (a)	Total	Current (a)	Noncurrent (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b)	€ 39.2	€ 156.9	€ 196.1	€ 45.3	€ 380.2	€ 425.5
Liabilities:						
Cross-currency and interest rate derivative contracts (b)	€ 1.9	€ 55.2	€ 57.1	€ —	€ 0.6	€ 0.6

(a) Our current derivative assets are included in other current assets in our condensed consolidated balance sheets. Our current and noncurrent derivative liabilities are included in other current liabilities and other noncurrent liabilities, respectively, in our condensed consolidated balance sheets.

(b) We consider credit risk relating to our and our counterparties' nonperformance in the fair value assessment of our derivative instruments. In all cases, the adjustments take into account offsetting liability or asset positions. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in net gains of €7.2 million and €7.3 million during the three months ended September 30, 2017 and 2016, respectively and a net gain (loss) of €35.8 million and (€0.5 million) during the nine months ended September 30, 2017 and 2016, respectively. These amounts are included in realized and unrealized losses on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

We recorded realized and unrealized losses on derivative instruments, net, of €83.5 million and €53.8 million during the three months ended September 30, 2017 and 2016, respectively, and €217.6 million and €59.8 million during the nine months ended September 30, 2017 and 2016, respectively.

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. Our net cash inflow related to derivative instruments during the nine months ended September 30, 2017 was €68.3 million, of which €38.4 million was classified as cash inflows from operating activities and €29.9 million was classified as net cash inflows from financing activities in our condensed consolidated statement of cash flows. Our cash inflow related to derivative instruments during the nine months ended September 30, 2016 was €39.8 million, which was classified as operating activities in our condensed consolidated statement of cash flows.

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At September 30, 2017, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of €21.2 million.

Details of our Derivative Instruments

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps. As noted above, we are exposed to foreign currency exchange rate risk in situations where our debt is denominated in a currency other than the functional currency of the borrowing entity. Although we generally seek to match the denomination of our subsidiary's borrowings with the functional currency of the borrowing entity, market conditions or other factors may cause us to enter into borrowing arrangements that are not denominated in the borrowing entity's functional currency (unmatched debt). Our policy is generally to provide for an economic hedge against foreign currency exchange rate movements by using derivative instruments to synthetically convert unmatched debt into the applicable underlying currency. At September 30, 2017, substantially all of our debt was either directly or synthetically matched to the functional currency of the borrowing entity. The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of our cross-currency swap contracts at September 30, 2017:

Notional amount due from counterparty		Notional amount due to counterparty		Weighted average remaining life
in millions				in years
$	3,305.0	€	2,562.1	6.0
€	89.4	$	100.0	5.3

Interest Rate Swaps. As noted above, we enter into interest rate swaps to protect against increases in the interest rates on our variable-rate debt. Pursuant to these derivative instruments, we typically pay fixed interest rates and receive variable interest rates on specified notional amounts. At September 30, 2017, the euro equivalent of the notional amounts of these derivative instruments was €268.2 million and the related weighted average remaining contractual life of our interest rate swap contracts was 5.3 years.

Basis Swaps

Our basis swaps involve the exchange of attributes used to calculate our floating interest rates, including (i) the benchmark rate, (ii) the underlying currency and/or (iii) the borrowing period. We typically enter into these swaps to optimize our interest rate profile based on our current evaluations of yield curves, our risk management policies and other factors. At September 30, 2017, the euro equivalent of the notional amount of our basis swap contract was €724.4 million and the related weighted average remaining contractual life was 1.0 year.

Impact of Derivative Instruments on Borrowing Costs

The impact of the derivative instruments that mitigate our foreign currency and interest rate risk, as described above, was a decrease of 53 basis points to our borrowing costs at September 30, 2017.

(5) Fair Value Measurements

We use the fair value method to account for (i) our derivative instruments and (ii) certain instruments that we classify as debt. The reported fair values of these instruments as of September 30, 2017 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these instruments, as we expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

We disclose fair value measurements according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Effective January 1, 2017, we incorporated a Monte Carlo based approach into our calculation of the value assigned to the risk that we or our counterparties will default on our respective derivative obligations. Previously, we used a static calculation derived from our most current mark-to-market valuation to calculate the impact of counterparty credit risk. The adoption of a Monte Carlo based approach did not have a material impact on the overall fair value of our derivative instruments. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps and certain of our debt are quantified and further explained in notes 4 and 8.

The fair values of financial assets and liabilities, together with the carrying amounts shown in our condensed consolidated balance sheets, are as follows:

		September 30, 2017		December 31, 2016	
	Category (a)	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
		in millions			
Assets carried at fair value — derivative financial instruments	I	€ 196.1	€ 196.1	€ 425.5	€ 425.5
Assets carried at cost or amortized cost:					
Loan receivable – related-party	II	€ 2,215.0	(b)	€ 1,824.0	(b)
Other current and noncurrent financial assets	II	6.5	€ 6.5	6.8	€ 6.8
Trade receivables and unbilled revenue	II	98.7	€ 98.7	99.2	€ 99.2
Cash and cash equivalents	II	1.5	€ 1.5	2.8	€ 2.8
Restricted cash	II	1.6	€ 1.6	1.2	€ 1.2
Total assets carried at cost or amortized cost		€ 2,323.3		€ 1,934.0	
Liabilities carried at fair value — third-party debt obligations	I	€ 87.7	€ 87.7	€ 88.4	€ 88.4
Liabilities carried at fair value — derivative financial instruments	I	€ 57.1	€ 57.1	€ 0.6	€ 0.6
Liabilities carried at cost or amortized cost:					
Debt obligations – third-party	III	€ 7,378.8	€ 7,792.4	€ 7,620.7	€ 7,938.6
Loans payable – related-party	III	324.9	(b)	364.7	(b)
Accrued liabilities (including related-party)	III	297.6	€ 297.6	331.3	€ 331.3
Accounts payable and other liabilities (including related-party accounts payable)	III	265.4	€ 265.4	49.7	€ 49.7
Finance lease obligations	V	6.9	€ 6.9	4.8	€ 4.8
Total liabilities carried at cost or amortized cost		€ 8,273.6		€ 8,371.2	

(a) Pursuant to IAS 39, *Financial Instruments: Recognition and Measurement* (**IAS 39**), category I refers to financial assets and liabilities measured at fair value through profit and loss, classified as held for trading, category II refers to loans and receivables, category III refers to financial liabilities measured at amortized cost and category IV refers to derivative instruments designated as hedging instruments. Category V refers to finance leases outside the scope of IAS 39.

(b) Due to the related-party nature of these loans, the fair value is not subject to reasonable estimation.

Pre-tax amounts recognized in our condensed consolidated statements of operations for the three and nine months ended September 30, 2017 and 2016 related to our financial assets and liabilities are as follows:

	Interest income (a)	Interest expense	Other statement of operations effects (b)	Impact on earnings (loss) before income taxes
	in millions			
Three months ended September 30, 2017:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	€ —	€ —	€ (61.2)	€ (61.2)
Assets carried at cost or amortized cost:				
Trade receivables (c)	—	—	(2.2)	(2.2)
Loan receivable – related-party	16.7	—	—	16.7
Cash and cash equivalents	—	—	(0.1)	(0.1)
Derivative liabilities carried at fair value through our condensed consolidated statement of operations	—	—	(22.3)	(22.3)
Liabilities carried at fair value through our condensed consolidated statement of operations	—	—	(0.7)	(0.7)
Liabilities carried at cost or amortized cost	—	(98.8)	52.7	(46.1)
	€ 16.7	€ (98.8)	€ (33.8)	€ (115.9)
Three months ended September 30, 2016:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	€ —	€ —	€ (53.8)	€ (53.8)
Assets carried at cost or amortized cost:				
Trade receivables (c)	—	—	(2.7)	(2.7)
Loan receivable – related-party	10.5	—	—	10.5
Cash and cash equivalents	—	—	0.2	0.2
Liabilities carried at fair value through our condensed consolidated statement of operations	—	—	(4.1)	(4.1)
Liabilities carried at cost or amortized cost	—	(95.7)	30.4	(65.3)
	€ 10.5	€ (95.7)	€ (30.0)	€ (115.2)
Nine months ended September 30, 2017:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	€ —	€ —	€ (160.7)	€ (160.7)
Assets carried at cost or amortized cost:				
Trade receivables (c)	—	—	(8.1)	(8.1)
Loan receivable – related-party	47.5	—	—	47.5
Cash and cash equivalents	—	—	0.3	0.3
Derivative liabilities carried at fair value through our condensed consolidated statement of operations	—	—	(56.9)	(56.9)
Liabilities carried at fair value through our condensed consolidated statement of operations	—	—	(3.1)	(3.1)
Liabilities carried at cost or amortized cost	—	(299.7)	226.7	(73.0)
	€ 47.5	€ (299.7)	€ (1.8)	€ (254.0)

	Interest income (a)	Interest expense	Other statement of operations effects (b)	Impact on earnings (loss) before income taxes
		in millions		
Nine months ended September 30, 2016:				
Derivative assets carried at fair value through our condensed consolidated statement of operations	€ —	€ —	€ (59.8)	€ (59.8)
Assets carried at cost or amortized cost:				
Trade receivables (c)	0.1	—	(8.5)	(8.4)
Loan receivable – related-party	28.3	—	—	28.3
Cash and cash equivalents	—	—	0.2	0.2
Liabilities carried at fair value through our condensed consolidated statement of operations	—	—	(7.3)	(7.3)
Liabilities carried at cost or amortized cost	—	(287.4)	70.6	(216.8)
	€ 28.4	€ (287.4)	€ (4.8)	€ (263.8)

(a) Amounts are included in other income, net in our condensed consolidated statements of operations.

(b) Except as noted in (c) below, amounts are included in net financial and other expense in our condensed consolidated statements of operations.

(c) The other statement of operations effects for trade receivables represent provisions for impairment of trade receivables and are included in OpEx in our condensed consolidated statements of operations.

(6) Long-lived Assets

Property and Equipment, Net

Changes during the nine months ended September 30, 2017 in the carrying amounts of our property and equipment, net, are as follows:

	Cable distribution systems	Customer premises equipment	Support equipment, buildings and land	Total
		in millions		
Cost:				
January 1, 2017	€ 4,647.9	€ 557.1	€ 236.5	€ 5,441.5
Additions	238.0	133.7	32.1	403.8
Retirements and disposals	(96.1)	(80.6)	(31.2)	(207.9)
Transfers of used property and equipment - related-party	—	(3.2)	—	(3.2)
Impairment	—	(0.7)	—	(0.7)
September 30, 2017	€ 4,789.8	€ 606.3	€ 237.4	€ 5,633.5
Accumulated depreciation:				
January 1, 2017	€ 1,890.8	€ 258.8	€ 114.5	€ 2,264.1
Depreciation	296.3	85.2	29.7	411.2
Retirements and disposals	(96.2)	(79.5)	(31.1)	(206.8)
Transfers of used property and equipment - related-party	—	(2.0)	—	(2.0)
September 30, 2017	€ 2,090.9	€ 262.5	€ 113.1	€ 2,466.5
Property and equipment, net:				
September 30, 2017	€ 2,698.9	€ 343.8	€ 124.3	€ 3,167.0

During the nine months ended September 30, 2017 and 2016, we recorded non-cash increases to our property and equipment related to vendor financing arrangements of €152.5 million and €118.9 million, respectively, which exclude related value-added taxes (**VAT**) of €19.3 million and €18.9 million, respectively, that was also financed by our vendors under these arrangements. In addition, during the nine months ended September 30, 2017, we recorded a non-cash increase to our property and equipment related to assets acquired under finance leases of €3.2 million.

During the nine months ended September 30, 2017, no borrowing costs were capitalized.

Intangible Assets Subject to Amortization, Net

Changes during the nine months ended September 30, 2017 in the carrying amounts of our finite-lived intangible assets are as follows:

	Customer relationships	Subscriber acquisition costs	Other (a)	Total
		in millions		
Cost:				
January 1, 2017	€ 1,358.6	€ 170.3	€ 185.6	€ 1,714.5
Additions	—	74.5	46.2	120.7
Retirements and disposals	(700.0)	(60.9)	(40.8)	(801.7)
September 30, 2017	€ 658.6	€ 183.9	€ 191.0	€ 1,033.5
Accumulated amortization:				
January 1, 2017	€ 996.1	€ 80.7	€ 87.8	€ 1,164.6
Amortization	85.4	68.6	37.8	191.8
Retirements and disposals	(700.0)	(60.0)	(40.8)	(800.8)
September 30, 2017	€ 381.5	€ 89.3	€ 84.8	€ 555.6
Intangible assets subject to amortization, net:				
September 30, 2017	€ 277.1	€ 94.6	€ 106.2	€ 477.9

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(a) Primarily includes computer software costs.

(7) Provisions

The details of our provisions are set forth as follows:

	September 30, 2017	December 31, 2016
	in millions	
Net pension liability	€ 36.1	€ 34.8
Restructuring liability	31.2	68.9
Other	24.2	23.6
Total provisions	€ 91.5	€ 127.3
Current portion	€ 52.8	€ 83.9
Noncurrent portion	€ 38.7	€ 43.4

The following table shows the development of our provisions:

	Net pension liability	Restructuring liability	Other	Total
	in millions			
January 1, 2017	€ 34.8	€ 68.9	€ 23.6	€ 127.3
Additions	1.3	2.4	6.5	10.2
Releases	—	—	(1.4)	(1.4)
Cash payments	—	(40.1)	(4.5)	(44.6)
September 30, 2017	€ 36.1	€ 31.2	€ 24.2	€ 91.5

Our restructuring charges during the nine months ended September 30, 2017 relate to employee severance and termination costs associated with certain reorganization activities.

(8) Debt and Finance Lease Obligations

The euro equivalents of the components of our third-party debt are as follows:

	September 30, 2017		Estimated fair value (c)		Principal amount	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
			in millions			
UM Notes	4.92%	€ —	€ 6,401.3	€ 7,281.5	€ 6,060.0	€ 7,034.4
UM Credit Facilities (d)	3.49%	500.0	723.3	—	724.4	—
Derivative-related debt instruments (e)	3.31%	—	391.8	393.5	360.7	370.4
Vendor financing (f)	2.74%	—	286.7	200.5	286.7	200.5
Total third-party debt before discounts, deferred financing costs and accrued interest	4.62%	€ 500.0	€ 7,803.1	€ 7,875.5	€ 7,431.8	€ 7,605.3

The following table provides a reconciliation of total third-party debt before discounts, deferred financing costs and accrued interest to total debt and finance lease obligations:

	September 30, 2017	December 31, 2016
	in millions	
Total third-party debt before discounts, deferred financing costs and accrued interest	€ 7,431.8	€ 7,605.3
Discounts, deferred financing costs and accrued interest, net	34.7	103.8
Total carrying amount of third-party debt	7,466.5	7,709.1
Finance lease obligations	6.9	4.8
Total third-party debt and finance lease obligations	7,473.4	7,713.9
Related-party debt (note 10):		
Principal	306.1	351.3
Accrued interest	18.8	13.4
Total related-party debt	324.9	364.7
Total debt and finance lease obligations	7,798.3	8,078.6
Current portion of debt and finance lease obligations	(375.6)	(367.7)
Noncurrent portion of debt and finance lease obligations	€ 7,422.7	€ 7,710.9

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(a) Represents the weighted average interest rate in effect at September 30, 2017 for all borrowings outstanding pursuant to each debt instrument, including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 4.19% at September 30, 2017. For information regarding our derivative instruments, see note 4.

(b) Unused borrowing capacity represents the maximum availability under the UM Credit Facilities without regard to covenant compliance calculations or other conditions precedent to borrowing. At September 30, 2017, based on the applicable leverage-based restricted payment tests and leverage covenants, the full unused borrowing capacity of €500.0 million was available to be borrowed, comprising (i) €420.0 million under the UM Senior Secured Facility and (ii) €80.0 million under the UM Super Senior Secured Facility. When the relevant September 30, 2017 compliance reporting requirements have been completed, and assuming no changes from September 30, 2017 borrowing levels, we anticipate that the full amount of unused borrowing capacity under the UM Credit Facilities will continue to be available to be borrowed.

(c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information regarding fair value hierarchies, see note 5.

(d) During the second quarter of 2017, we extended the maturities of the UM Senior Secured Facility and UM Super Senior Secured Facility from December 31, 2020 to December 31, 2023.

(e) Represents amounts associated with certain derivative-related borrowing instruments, including €87.7 million and €88.4 million at September 30, 2017 and December 31, 2016, respectively, that are carried at fair value. The fair value of this debt has been reduced by credit risk valuation adjustments resulting in a net gain (loss) of €0.3 million and (€2.0 million) during the three months ended September 30, 2017 and 2016, respectively, and a net gain (loss) of (€5.1 million) and €11.8 million during the nine months ended September 30, 2017 and 2016, respectively. This gain (loss) is included in other income, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

(f) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property, equipment and intangible asset additions and, to a lesser extent, certain of our operating expenses. These obligations are generally due within one year and include VAT that was paid on our behalf by the vendor. Our operating expenses for the nine months ended September 30, 2017 and 2016 include €90.8 million and €26.9 million, respectively, that were financed by an intermediary and are reflected as a hypothetical cash outflow within net cash provided by operating activities and a hypothetical cash inflow within net cash provided (used) by financing activities in our condensed consolidated statements of cash flows. In addition, during the nine months ended September 30, 2017 and 2016, aggregate payments of €136.6 million and €127.7 million, respectively, were made under capital-related vendor financing arrangements. During the nine months ended September 30, 2017 and 2016, aggregate payments of €39.8 million and nil, respectively, were also made under operating-related vendor financing arrangements. Repayments of vendor financing obligations are included in repayments of third-party debt and finance lease obligations in our condensed consolidated statements of cash flows.

UM Credit Facilities

In June 2017, we entered into a new $855.0 million (€724.4 million) term loan facility (**UM Facility B**). UM Facility B was issued at 99.75% of par, matures on September 30, 2025 and bears interest at a rate of LIBOR + 2.25%, subject to a LIBOR floor of 0.0%. UM Facility B contains terms and condition with respect to covenants, events of default and change of control provisions, among other items, that are largely consistent with the terms of our other existing credit facilities. The $240.0 million (€203.3 million) of net proceeds from UM Facility B that were drawn in June 2017, together with existing cash, were used to (i) redeem 10% of the original principal amount of each of the following series of notes: (a) the January 2023 UM Dollar Senior Secured Notes and (b) the April 2023 UM Senior Secured Notes and (ii) redeem 10% of the outstanding principal amount of each of the following series of notes: (1) the January 2023 5.75% UM Euro Senior Secured Notes and (2) the January 2023 5.125% UM Euro Senior Secured Notes. In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of €7.3 million. This loss includes (I) the payment of €6.2 million of redemption premiums and (II) the write-off of €1.1 million of unamortized discounts and deferred financing costs.

In September 2017, we borrowed the remaining $615.0 million (€521.1 million) under UM Facility B. The net proceeds from the September 2017 borrowing under UM Facility B, together with existing cash, were used to redeem in full the €526.5 million outstanding principal amount of the 2022 UM Senior Secured Notes. In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of €19.0 million. This loss includes (i) the payment of €14.5 million of redemption premiums and (ii) the write-off of €4.5 million of unamortized discounts and deferred financing costs.

For information regarding a financing transaction we completed subsequent to September 30, 2017, see note 12.

Maturities of Debt and Finance Lease Obligations

The euro equivalents of the maturities of our debt and finance lease obligations as of September 30, 2017 are presented below:

	Third-party debt	Related-party debt	Finance lease obligations	Total
		in millions		
Year ending December 31:				
2017 (remainder of year)	€ 83.7	€ —	€ 0.5	€ 84.2
2018	213.6	—	1.8	215.4
2019	7.2	—	1.3	8.5
2020	6.8	—	1.0	7.8
2021	6.5	—	0.8	7.3
2022	6.1	—	0.7	6.8
Thereafter	7,107.9	306.1	4.1	7,418.1
Total debt maturities	7,431.8	306.1	10.2	7,748.1
Discounts, deferred financing costs and accrued interest, net	34.7	18.8	—	53.5
Amounts representing interest	—	—	(3.3)	(3.3)
Total	€ 7,466.5	€ 324.9	€ 6.9	€ 7,798.3
Current portion	€ 374.3	€ —	€ 1.3	€ 375.6
Noncurrent portion	€ 7,092.2	€ 324.9	€ 5.6	€ 7,422.7

(9) Income Taxes

The income tax benefit (expense) attributable to our earnings (loss) before income taxes differs from the income tax benefit (expense) computed by using the German income tax rate of 32.78% for each of the 2017 and 2016 periods as a result of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	in millions			
Computed "expected" income tax benefit (expense)	€ (6.6)	€ 10.2	€ (28.3)	€ 10.4
Non-deductible or non-taxable interest and other expenses	(10.3)	(7.6)	(26.6)	(26.4)
Changes in unrecognized net operating losses and interest carryforwards, net	(2.0)	(2.8)	(6.7)	(6.6)
Other, net	2.0	0.3	1.4	0.5
Total income tax benefit (expense)	€ (16.9)	€ 0.1	€ (60.2)	€ (22.1)

(10) Related-party Transactions

Our related-party transactions consist of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	in millions			
Credits (charges) included in:				
OpEx	€ (1.2)	€ (1.1)	€ (2.8)	€ (3.9)
SG&A	—	(0.4)	(0.3)	(0.5)
Allocated share-based compensation expense	(0.9)	(1.9)	(5.2)	(5.7)
Fees and allocations, net:				
OpEx and SG&A (exclusive of depreciation and share-based compensation)	(11.2)	(16.3)	(44.4)	(43.8)
Depreciation	(12.6)	(13.3)	(42.4)	(36.8)
Share-based compensation	(2.4)	(4.0)	(12.5)	(14.1)
Management fee	(29.1)	(29.7)	(72.6)	(47.7)
Total fees and allocations, net	(55.3)	(63.3)	(171.9)	(142.4)
Included in EBIT	(57.4)	(66.7)	(180.2)	(152.5)
Interest expense	(6.3)	(5.0)	(18.8)	(16.0)
Interest income	16.7	10.5	47.5	28.3
Share of associate gain	—	0.1	—	0.7
Included in net earnings (loss)	€ (47.0)	€ (61.1)	€ (151.5)	€ (139.5)
Property, equipment and intangible asset additions	€ 15.8	€ 24.9	€ 87.1	€ 78.6

General. Certain Liberty Global subsidiaries charge fees and allocate costs and expenses to our company. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. The methodology Liberty Global uses to allocate its central and administrative costs to its borrowing groups impacts the calculation of the "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations, net, that are deducted to arrive at our Covenant EBITDA are based on (a) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (b) the allocation methodologies in effect during the period and (c) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations, net that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase). Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our condensed consolidated statements of operations are reflective of the costs that we would incur on a standalone basis.

OpEx. These amounts represent certain cash settled charges from other Liberty Global subsidiaries to our company primarily for certain backbone and other network-related services provided to our company.

SG&A. These amounts represent the net impact of certain cash settled (i) charges from other Liberty Global subsidiaries to our company, primarily for software maintenance services and (ii) recharges for certain general and administrative services provided by our company to other Liberty Global subsidiaries.

Allocated share-based compensation expense. These amounts are allocated to our company by Liberty Global and represent the share-based compensation expense associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense is reflected as a decrease to owner's deficit and is included in SG&A in our condensed consolidated statements of operations.

Fees and allocations, net. These amounts, which are based on our company's estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by other Liberty Global subsidiaries, represent the aggregate net effect of charges between our company and various Liberty Global subsidiaries that are outside of our company. These charges generally relate to management, finance, legal, technology and other services that support our company's operations, including the use of the UPC trademark. The categories of our fees and allocations are as follows:

- *OpEx and SG&A (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally cash settled, represent our estimated share of certain centralized technology, management, marketing, finance and other OpEx and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.

- *Depreciation.* The amounts included in this category, which are generally cash settled, represent our estimated share of depreciation of assets not owned by our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

- *Share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) OpEx and SG&A expenses related to stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

Liberty Global charges technology-based fees to our company using a royalty-based method. During the nine months ended September 30, 2016, we recorded an adjustment to reduce the amount charged during 2015 under the royalty-based method. This adjustment resulted in an €11.6 million decrease to owner's deficit that is reflected as a deemed contribution of technology-related services in our condensed consolidated statement of changes in owner's deficit. The fees charged under the royalty-based method are expected to escalate in future periods. The excess of these charges over our estimated proportionate share of the underlying technology-based costs is classified as a management fee and added back to arrive at Covenant EBITDA.

Interest expense. These amounts relate to (i) the Shareholder Loan (as defined and described below) and (ii) the UMI Loan (as defined and described below), which was settled during the first quarter of 2017.

Interest income. These amounts relate to our loans receivable from UPC Germany, including (i) the 2012 UPC Germany Loan Receivable, (ii) the 2015 UPC Germany Loan Receivable and (iii) the 2016 UPC Germany Loan Receivable (each as defined and described below). Interest income is included in other income, net, in our condensed consolidated statements of operations.

Share of associate gain. These amounts represent our share of the results of the operations of Unitymedia International GmbH (**UMI**). Share of associate gain is included in other income, net, in our condensed consolidated statements of operations.

Property, equipment and intangible asset additions, net. These amounts, which are generally cash settled, represent the net carrying values of (i) customer premises and network-related equipment acquired from other Liberty Global subsidiaries, which centrally procure equipment on behalf of our company and other Liberty Global subsidiaries, and (ii) used customer premises and network-related equipment acquired from or transferred to other Liberty Global subsidiaries outside of Unitymedia.

The following table provides details of our related-party balances:

	September 30, 2017	December 31, 2016
	in millions	
Related-party assets:		
Current loans receivable – related-party (a)	€ 1,702.0	€ 1,311.0
Other current assets (b)	10.6	4.3
Investment in associate (c)	—	61.0
Noncurrent loans receivable – related-party (d)	513.0	513.0
Total	€ 2,225.6	€ 1,889.3
Related-party liabilities:		
Accounts payable and accrued liabilities – related-party (e)	€ 266.0	€ 83.6
Shareholder Loan (f)	306.1	291.6
UMI Loan (g)	—	59.7
Total	€ 572.1	€ 434.9

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(a) Represents (i) principal (€1,669.8 million at September 30, 2017) and accrued interest associated with our loan receivable from UPC Germany (the **2012 UPC Germany Loan Receivable**) and (ii) accrued interest associated with the 2016 UPC Germany Loan Receivable and the 2015 UPC Germany Loan Receivable (each as defined and described below). Pursuant to the 2012 UPC Germany Loan Receivable agreement, we can require the repayment of all or part of the amount outstanding within five days of providing notice to UPC Germany. Amounts loaned to UPC Germany pursuant to the 2012 UPC Germany Loan Receivable agreement are subject to certain restrictions contained in the instruments governing our indebtedness. The interest rate on this loan, which is subject to adjustment, was 2.58% as of September 30, 2017. The principal balance of the 2012 UPC Germany Loan Receivable increased during the nine months ended September 30, 2017 due to (a) cash advances of €2,395.1 million, (b) cash repayments of €2,051.6 million, (c) the transfer of €25.3 million in non-cash accrued interest to the 2012 UPC Germany Loan Receivable balance and (d) a €21.8 million non-cash increase related to the settlement of aggregate amounts due under the 2015 UPC Germany Loan Receivable and the 2016 UPC Germany Loan Receivable.

(b) Represents various related-party receivables that may be cash or loan settled.

(c) Represents our 100% equity interest in UMI, which is a special purpose entity that was formed for the purpose of effecting certain asset purchase and related leasing transactions involving certain UPC Holding B.V. (**UPC Holding**) subsidiaries. UPC Holding is a subsidiary of Liberty Global. Prior to January 1, 2017, these leasing transactions created a variable interest in UMI for which UPC Holding was the primary beneficiary and, accordingly, UPC Holding was required to consolidate UMI. Effective January 1, 2017, as UMI no longer engages in leasing transactions with UPC Holding, UMI is consolidated by Unitymedia Hessen GmbH & Co. KG (**Unitymedia Hessen**), our wholly-owned subsidiary. During the first quarter of 2017, our investment in UMI was fully settled against a loan payable to UMI that originated in March 2015 (the **UMI Loan**). As such, all principal and accrued interest outstanding under the UMI Loan was settled against the corresponding equity method investment balance included in investment in associate in our condensed consolidated balance sheets.

(d) Represents (i) principal (€283.0 million at September 30, 2017) associated with our loan receivable from UPC Germany that was issued in June 2016 and matures on January 15, 2023 (the **2016 UPC Germany Loan Receivable**) and (ii) principal (€230.0 million at September 30, 2017) associated with our loan receivable from UPC Germany that was issued in December 2015 and matures on February 15, 2026 (the **2015 UPC Germany Loan Receivable**). Amounts loaned to UPC Germany pursuant to the 2016 UPC Germany Loan Receivable and the 2015 UPC Germany Loan Receivable agreements are subject to certain restrictions contained in the instruments governing our indebtedness. The interest rates on these loans, which are subject to adjustment, were 4.90% and 5.25%, respectively, as of September 30, 2017.

(e) Represents various non-interest bearing related-party payables that may be cash or loan settled.

(f) Represents a loan payable to our shareholder, UPC Germany, that originated in December 2010 (the **Shareholder Loan**). The Shareholder Loan bears interest at 8.125% per annum and accrued interest is generally transferred to the loan balance annually on January 1. All principal and accrued interest on this loan (collectively €324.9 million at September 30, 2017) is due and payable on January 1, 2030. The net increase in the principal amount during the nine months ended September 30, 2017 includes (i) the transfer of €11.9 million in non-cash accrued interest to the loan balance and (ii) a non-cash increase of €2.6 million related to the settlement of related-party payables.

(g) The UMI Loan was fully settled against our investment in UMI during the first quarter of 2017, as discussed under (c) above.

Equity transactions. In connection with the exercise of Liberty Global share appreciation rights and the vesting of Liberty Global restricted share awards held by certain employees of our subsidiaries, we recorded aggregate capital charges of €1.9 million and €2.8 million during the nine months ended September 30, 2017 and 2016, respectively, in our condensed consolidated statements of changes in owner's deficit. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the capital charge does not exceed the amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

(11) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to network and connectivity commitments, purchases of customer premises and other equipment and services, programming contracts, non-cancellable operating leases and other items. These include several long-term agreements with Deutsche Telekom AG (**Deutsche Telekom**) and its affiliates with respect to usage and access for underground cable duct space, the use of fiber optic transmission systems, tower and facility space. In general, these agreements primarily impose fixed prices for a limited period of time, which may then be raised to reflect additional services requested and increased costs, subject to index-linked limitations. Some agreements impose prices based on the cost to Deutsche Telekom for services that are passed through to us. In accordance with E.U.-IFRS, we treat these agreements as operating rather than finance leases or as other commitments, as applicable.

As of September 30, 2017, our network and connectivity commitments, purchase commitments, operating leases, programming obligations and other commitments are as follows:

	Payments due during:							
	Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	Total
	in millions							
Network and connectivity commitments	€ 33.8	€ 105.7	€ 97.9	€ 86.5	€ 85.8	€ 82.9	€ 626.5	€ 1,119.1
Purchase commitments (a)	129.7	29.7	29.7	28.8	—	—	—	217.9
Operating leases	4.3	15.2	13.8	11.7	8.8	7.5	23.1	84.4
Programming commitments	9.0	25.0	25.4	5.8	—	—	—	65.2
Other commitments	0.6	0.7	0.1	0.1	0.1	0.1	—	1.7
Total (b)	€ 177.4	€ 176.3	€ 166.9	€ 132.9	€ 94.7	€ 90.5	€ 649.6	€ 1,488.3

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(a) Includes €7.6 million of related-party purchase obligations due during the remainder of 2017.

(b) The commitments included in this table do not reflect any liabilities that are included in our September 30, 2017 condensed consolidated balance sheet.

Network and connectivity commitments include indefinite-lived lease agreements with Deutsche Telekom for cable ducts and, to a lesser extent, certain repair and maintenance, fiber capacity and energy commitments.

Purchase commitments include unconditional and legally binding obligations related to (i) the purchase of customer premises and other equipment and (ii) certain service-related commitments, including call center, information technology and maintenance services.

Programming commitments consist of obligations associated with certain of our programming and copyright contracts that are enforceable and legally binding on us as we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services, (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems or (iii) whether we discontinue our premium film or sports services. The amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Historically, payments to programming vendors have represented a significant portion of our operating costs, and we expect that this will continue to be the case in future periods. In this regard, our third-party programming and copyright costs aggregated €110.7 million and €111.1 million during the nine months ended September 30, 2017 and 2016, respectively.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2017 and 2016, see note 4.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide (i) indemnifications to our lenders, our vendors and certain other parties and (ii) performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Legal and Regulatory Proceedings and Other Contingencies

Deutsche Telekom Litigation. On December 28, 2012, we filed a lawsuit against Telekom Deutschland GmbH, an operating subsidiary of Deutsche Telekom, in which we assert that we pay excessive prices for the co-use of Deutsche Telekom's cable ducts in our footprint. The Federal Network Agency approved rates for the co-use of certain ducts of Deutsche Telekom in March 2011. Based in part on these approved rates, we are seeking a reduction of the annual lease fees (approximately €76 million for 2012) by approximately two-thirds and the return of similarly calculated overpayments from 2009 through the ultimate settlement date, plus accrued interest. In October 2016, the first instance court dismissed this action. We have appealed this decision; however, the resolution of this matter may take several years, and no assurance can be given that our claims will be successful. Any recovery by our company will not be reflected in our consolidated financial statements until such time as the final disposition of this matter has been reached.

Other Regulatory Issues. Broadband communications and mobile businesses are subject to significant regulation and supervision by various regulatory bodies, including state authorities in the jurisdictions in which we operate, and German and E.U. authorities. Adverse regulatory developments could subject our businesses to a number of risks. Regulation, including conditions imposed on us by competition or other authorities as a requirement to close acquisitions or dispositions, could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property, equipment and intangible asset additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property, withholding and other tax issues and (iii) disputes over interconnection, programming, copyright and channel carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(12) Subsequent Event

In October 2017, we entered into (i) an €825.0 million term loan facility (**UM Facility C**), which matures on January 15, 2027 and bears interest at a rate of EURIBOR + 2.75%, subject to a EURIBOR floor of 0.0%, and (ii) an $850.0 million (€720.2 million) term loan facility (**UM Facility D**), which matures on January 15, 2026 and bears interest at a rate of LIBOR + 2.25%, subject to a LIBOR floor of 0.0%, both of which are currently undrawn. The proceeds from UM Facility C and UM Facility D may be used for general corporate purposes, including the repayment or prepayment of existing indebtedness.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the discussion and analysis included in our 2016 annual report, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business, our product offerings and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three and nine months ended September 30, 2017 and 2016.
- *Material Changes in Financial Condition.* This section provides an analysis of our parent and subsidiary liquidity, condensed consolidated statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Unitymedia or collectively to Unitymedia and its subsidiaries.

Forward-looking Statements

Certain statements in this quarterly report constitute forward-looking statements. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding our business, product and finance strategies, our property, equipment and intangible asset additions (including with respect to the planned new build and upgrade activities), subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, liquidity and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the risks and uncertainties in the following list, and those described herein, as some of but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in Germany;
- the competitive environment in Germany, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- customer acceptance of our existing service offerings, including our cable television, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;
- our ability to maintain or increase the number of subscriptions to our cable television, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;
- our ability to provide satisfactory customer service, including support for new and evolving products and services;
- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;

- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in Germany and adverse outcomes from regulatory proceedings;
- government intervention that impairs our competitive position, including any intervention that would impact our contractual relationships with housing associations and third parties that operate and administer in-building networks on behalf of housing associations or would open our broadband distribution networks to competitors;
- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions, and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- our ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement our business plan, with respect to the businesses we may acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in Germany;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of our financial risks;
- the ability of suppliers and vendors (including our third-party wireless network provider under our MVNO (as defined and described below) arrangement) to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for our video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with our planned new build and upgrade activities;
- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems we may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses we acquire;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners;
- changes in the nature of key relationships with Deutsche Telekom and certain of its affiliates for the access and operation of a significant portion of our network;
- our ability to successfully interact with labor councils and unions; and
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this quarterly report are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of this quarterly report, and 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 other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

Overview

General

We are a subsidiary of Liberty Global that provides video, broadband internet and fixed-line telephony services over our broadband communications network and mobile services as a mobile virtual network operator (**MVNO**) to residential customers and businesses. We are the second largest cable operator in Germany and largest cable operator in the German federal states of North Rhine-Westphalia, Hesse and Baden-Württemberg in terms of the number of customers.

Operations

As of September 30, 2017, we served 13,013,300 revenue generating units (**RGUs**) consisting of 6,377,700 video RGUs (including 1,653,900 enhanced video RGUs), 3,430,800 broadband internet RGUs and 3,204,800 fixed-line telephony RGUs over a broadband communications network that passed 12,956,800 homes. In addition, at September 30, 2017, we served 333,600 mobile subscribers.

Competition and Other External Factors

Although we continue to increase revenue and RGUs by increasing the penetration of our advanced services, we are experiencing significant competition. Key competitors of our cable business include:

(i) satellite-based and other broadband cable or fiber-based providers of analog and digital free-to-air programming that compete primarily with our basic video products;

(ii) Sky Deutschland AG, Deutsche Telekom and several other content providers with their respective video offerings that compete primarily with our enhanced video products; and

(iii) Deutsche Telekom and alternative digital subscriber line and fiber-based operators with their bundled offerings that compete primarily with our broadband internet and fixed-line telephony products.

On June 23, 2016, the United Kingdom (**U.K.**) held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as "**Brexit**". The terms of any withdrawal are subject to a negotiation period that could take until March 2019. A withdrawal could, among other outcomes, disrupt the free movement of goods, services, people and capital between the U.K. and the E.U., undermine bilateral cooperation in key geographic areas and significantly disrupt trade between the U.K. and the E.U. or other nations as the U.K. pursues independent trade relations.

In general, our ability to increase or maintain the fees we receive for our services is limited by competitive and, to a lesser degree, regulatory factors. The competition we face in our markets, as well as any decline in the economic environment, could adversely impact our ability to increase or maintain our revenue, RGUs, Adjusted Segment EBITDA or liquidity. We currently are unable to predict the extent of any of these potential adverse effects. As we use the term, "**Adjusted Segment EBITDA**" is defined as EBITDA before share-based compensation, provisions and provision releases related to significant litigation, impairment, restructuring and other operating items and related-party fees and allocations, net.

Material Changes in Results of Operations

General

Most of our revenue is subject to VAT or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating costs and expenses and corresponding declines in our Adjusted Segment EBITDA and Adjusted Segment EBITDA margin to the extent of any such tax increases.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our networks or networks that we access through MVNO or other arrangements. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes in our interconnect revenue and/or costs. The ultimate impact of any such changes in termination rates on our Adjusted Segment EBITDA would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

Revenue

Variances in the subscription revenue that we receive from our customers are a function of (i) changes in the number of RGUs or mobile subscribers outstanding during the period and (ii) changes in average monthly subscription revenue per average RGUs or mobile subscribers, as applicable (**ARPU**). Changes in ARPU can be attributable to (a) changes in prices, (b) changes in bundling or promotional discounts, (c) changes in the tier of services selected, (d) variances in subscriber usage patterns and (e) the overall mix of cable and mobile products during the period. In the following discussion, we discuss ARPU changes in terms of the net impact of the above factors on the ARPU that is derived from our video, broadband internet, fixed-line telephony and mobile products.

Our revenue by major category is set forth below. Effective April 1, 2017, we changed the categories that we present in this table in order to align with our internal reporting. These changes were retroactively reflected in the prior-year periods.

	Three months ended September 30,		Increase (decrease)	
	2017	2016	€	%
	in millions			
Residential revenue:				
Residential cable revenue (a):				
Subscription revenue (b):				
Video	€ 259.8	€ 257.8	€ 2.0	0.8
Broadband internet	155.2	143.1	12.1	8.5
Fixed-line telephony	111.6	108.1	3.5	3.2
Total subscription revenue	526.6	509.0	17.6	3.5
Non-subscription revenue	34.4	38.6	(4.2)	(10.9)
Total residential cable revenue	561.0	547.6	13.4	2.4
Residential mobile revenue (c):				
Subscription revenue (b)	4.4	4.6	(0.2)	(4.3)
Non-subscription revenue	10.7	0.4	10.3	N.M.
Total residential mobile revenue	15.1	5.0	10.1	202.0
Total residential revenue	576.1	552.6	23.5	4.3
B2B revenue (d):				
Subscription revenue	13.5	10.1	3.4	33.7
Non-subscription revenue	4.9	2.9	2.0	69.0
Total B2B revenue	18.4	13.0	5.4	41.5
Other revenue	1.2	1.9	(0.7)	(36.8)
Total	€ 595.7	€ 567.5	€ 28.2	5.0

	Nine months ended September 30,		Increase (decrease)	
	2017	2016	€	%
	in millions			
Residential revenue:				
Residential cable revenue (a):				
Subscription revenue (b):				
Video	€ 779.4	€ 767.1	€ 12.3	1.6
Broadband internet	459.6	421.5	38.1	9.0
Fixed-line telephony	330.4	324.8	5.6	1.7
Total subscription revenue	1,569.4	1,513.4	56.0	3.7
Non-subscription revenue	112.8	116.7	(3.9)	(3.3)
Total residential cable revenue	1,682.2	1,630.1	52.1	3.2
Residential mobile revenue (c):				
Subscription revenue (b)	12.8	15.2	(2.4)	(15.8)
Non-subscription revenue	26.1	1.3	24.8	N.M.
Total residential mobile revenue	38.9	16.5	22.4	135.8
Total residential revenue	1,721.1	1,646.6	74.5	4.5
B2B revenue (d):				
Subscription revenue	37.6	28.7	8.9	31.0
Non-subscription revenue	12.9	7.8	5.1	65.4
Total B2B revenue	50.5	36.5	14.0	38.4
Other revenue	4.3	5.5	(1.2)	(21.8)
Total	€ 1,775.9	€ 1,688.6	€ 87.3	5.2

(a) Residential cable subscription revenue includes amounts received from subscribers for ongoing services. Residential cable non-subscription revenue includes, among other items, channel carriage fees, installation revenue, late fees and revenue from the sale of equipment.

(b) Residential subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(c) Residential mobile subscription revenue includes amounts received from subscribers for ongoing services. Residential mobile non-subscription revenue includes, among other items, interconnect revenue and revenue from sales of mobile handsets and other devices.

(d) B2B subscription revenue represents revenue from services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive expanded service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. B2B non-subscription revenue includes business broadband internet, video, fixed-line telephony, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators.

N.M. — Not Meaningful.

The details of our revenue increases during the three and nine months ended September 30, 2017, as compared to the corresponding periods in 2016, are set forth below:

	Three-month period			Nine-month period		
	Subscription revenue (a)	Non-subscription revenue	Total	Subscription revenue (a)	Non-subscription revenue	Total
	in millions					
Increase in residential cable subscription revenue due to change in:						
Average number of RGUs (b)	€ 9.3	€ —	€ 9.3	€ 31.4	€ —	€ 31.4
ARPU (c)	8.3	—	8.3	24.6	—	24.6
Decrease in residential cable non-subscription revenue (d)	—	(4.2)	(4.2)	—	(3.9)	(3.9)
Total increase (decrease) in residential cable revenue	17.6	(4.2)	13.4	56.0	(3.9)	52.1
Increase (decrease) in residential mobile revenue (e)	(0.2)	10.3	10.1	(2.4)	24.8	22.4
Increase in B2B revenue (f)	3.4	2.0	5.4	8.9	5.1	14.0
Decrease in other revenue	—	(0.7)	(0.7)	—	(1.2)	(1.2)
Total	€ 20.8	€ 7.4	€ 28.2	€ 62.5	€ 24.8	€ 87.3

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(a) Residential cable subscription revenue includes revenue from multi-year bulk agreements with landlords or housing associations or with third parties that operate and administer the in-building networks on behalf of housing associations. These bulk agreements, which generally allow for the procurement of the basic video signals at volume-based discounts, provide access to approximately two-thirds of our video subscribers. Our bulk agreements are, to a significant extent, medium- and long-term contracts. As of September 30, 2017, bulk agreements covering approximately 34% of the video subscribers that Germany serves expire by the end of 2018 or are terminable on 30-days notice. During the three months ended September 30, 2017, our 20 largest bulk agreement accounts generated approximately 9% of its total revenue (including estimated amounts billed directly to the building occupants for digital video, broadband internet and fixed-line telephony services). No assurance can be given that our bulk agreements will be renewed or extended on financially equivalent terms, or at all.

(b) The increases in residential cable subscription revenue related to changes in the average number of RGUs are attributable to increases in the average number of broadband internet, fixed-line telephony and video RGUs.

(c) The increases in residential cable subscription revenue related to changes in ARPU are attributable to (i) improvements in RGU mix and (ii) net increases due to (a) higher ARPU from broadband internet and video services and (b) lower ARPU from fixed-line telephony services.

(d) The decreases in residential cable non-subscription revenue are primarily due to the net effect of (i) decreases in channel carriage fee revenue, (ii) increases in installation revenue and (iii) decreases in interconnect revenue, primarily due to lower fixed-line telephony termination rates and volumes. Channel carriage revenue relates to fees received for the carriage of certain channels included in our basic and enhanced video offerings. This channel carriage fee revenue is subject to contracts that expire or are otherwise terminable by either party on various dates ranging from 2017 through 2020. The aggregate amount of revenue related to these channel carriage contracts represented approximately 3% of our total revenue during the three months ended September 30, 2017. No assurance can be given that these contracts will be renewed or extended on financially equivalent terms, or at all. The decreases in channel carriage fee revenue are primarily due to the June 2017 discontinuation of our analog video service, resulting in revenue decreases during the three and nine months ended September 30, 2017 of €6.7 million and €9.3 million, respectively, as compared to the corresponding prior-year periods.

(e) The increases in residential mobile non-subscription revenue are primarily due to increases in mobile handset sales of €7.2 million and €17.9 million, respectively, associated with the fourth quarter 2016 launch of a wholesale handset program. These mobile handset sales typically generate relatively low margins.

(f) The increases in B2B subscription revenue are primarily attributable to increases in the average number of broadband internet and fixed-line telephony SOHO RGUs. The increases in B2B non-subscription revenue are largely due to higher revenue from data services and increases in interconnect revenue, mainly due to higher telephony volumes.

OpEx

OpEx includes programming and copyright costs, network operations, interconnect and access costs, costs of mobile handsets and other devices, customer operations, customer care and other costs related to our operations. Our network operating costs include significant expenses incurred pursuant to long-term agreements with Deutsche Telekom for the use of assets and other services. Programming and copyright costs, which represent the majority of our direct costs, are subject to increase in future periods as a result of (i) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, (ii) rate increases and (iii) growth in the number of our enhanced video subscribers. In addition, we are subject to inflationary pressures with respect to our staff-related and other costs. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

The details of our OpEx costs are as follows:

	Three months ended September 30,		Increase (decrease)	
	2017	2016	€	%
	in millions			
Direct costs (programming and copyright, interconnect and other)	€ 58.0	€ 50.1	€ 7.9	15.8
Network operating costs	46.9	44.5	2.4	5.4
Staff-related costs (excluding restructuring charges)	20.9	25.0	(4.1)	(16.4)
Outsourced labor and professional services	18.7	14.7	4.0	27.2
Other indirect costs	12.7	11.7	1.0	8.5
Total	€ 157.2	€ 146.0	€ 11.2	7.7

	Nine months ended September 30,		Increase (decrease)	
	2017	2016	€	%
	in millions			
Direct costs (programming and copyright, interconnect and other)	€ 167.3	€ 150.6	€ 16.7	11.1
Network operating costs	136.3	137.5	(1.2)	(0.9)
Staff-related costs (excluding restructuring charges)	70.0	78.6	(8.6)	(10.9)
Outsourced labor and professional services	54.5	42.9	11.6	27.0
Other indirect costs	38.3	33.2	5.1	15.4
Total	€ 466.4	€ 442.8	€ 23.6	5.3

Our total OpEx increased €11.2 million or 7.7% and €23.6 million or 5.3% during the three and nine months ended September 30, 2017, respectively, as compared to the corresponding periods in 2016. These increases include the following factors:

- Increases in direct costs of €7.9 million or 15.8% and €16.7 million or 11.1%, respectively, primarily due to the net effect of (i) increases in mobile handset costs due to higher mobile handset sales volumes associated with the October 2016 launch of a wholesale handset program and (ii) decreases in interconnect and access costs, primarily attributable to lower interconnect rates and call volumes;

- Increases in outsourced labor and professional services of €4.0 million or 27.2% and €11.6 million or 27.0%, respectively, primarily due to higher call center costs;

- Decreases in staff-related costs of €4.1 million or 16.4% and €8.6 million or 10.9%, respectively, largely due to the net effect of (i) lower staffing levels, (ii) annual wage increases and (iii) lower incentive compensation costs; and

- Increases in other indirect costs of €1.0 million or 8.5% and €5.1 million or 15.4%, primarily due to (i) increases in information technology-related expenses primarily due to higher software and other information technology-related maintenance costs and (ii) net increases resulting from individually insignificant changes in other indirect OpEx categories.

SG&A

SG&A expenses include human resources, information technology, general services, management, finance, legal, external sales and marketing costs, share-based compensation and other general expenses. As noted above under OpEx, we are subject to inflationary pressures with respect to our staff-related and other costs.

The details of our SG&A expenses are as follows:

	Three months ended September 30,		Increase (decrease)	
	2017	2016	€	%
	in millions			
Staff-related costs (excluding restructuring charges)	€ 27.7	€ 24.7	€ 3.0	12.1
Sales and marketing costs	20.1	21.3	(1.2)	(5.6)
Outsourced labor and professional services	1.9	0.2	1.7	850.0
Other indirect costs	9.8	11.1	(1.3)	(11.7)
Total	€ 59.5	€ 57.3	€ 2.2	3.8

	Nine months ended September 30,		Increase (decrease)	
	2017	2016	€	%
	in millions			
Staff-related costs (excluding restructuring charges)	€ 86.1	€ 76.5	€ 9.6	12.5
Sales and marketing costs	68.6	71.6	(3.0)	(4.2)
Outsourced labor and professional services	9.3	8.4	0.9	10.7
Other indirect costs	29.2	30.2	(1.0)	(3.3)
Total	€ 193.2	€ 186.7	€ 6.5	3.5

Our total SG&A increased €2.2 million or 3.8% and €6.5 million or 3.5% during the three and nine months ended September 30, 2017, as compared to the corresponding periods in 2016. These increases include the following factors:

- An increase in staff-related costs of €3.0 million or 12.1% and €9.6 million or 12.5%, respectively, primarily due to increased staffing levels; and

- A decrease in external sales and marketing costs of €1.2 million or 5.6% and €3.0 million or 4.2%, respectively, primarily due to the net effect of (i) lower mailing expenses and (ii) for the nine-month comparison, higher costs associated with the migration of our analog video customers to digital video services during the first half of 2017 in connection with the discontinuation of our analog video services.

Related-party fees and allocations, net

We recorded related-party fees and allocations, net, of €55.3 million and €63.3 million during the three months ended September 30, 2017 and 2016, respectively, and €171.9 million and €142.4 million during the nine months ended September 30, 2017 and 2016, respectively. These amounts represent fees charged to our company that originate with Liberty Global and certain other Liberty Global subsidiaries and include charges for management, finance, legal, technology, marketing and other services that support our company's operations, including the use of the UPC trademark. For additional information, see note 10 to our condensed consolidated financial statements.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of (€0.3 million) and €9.9 million during the three months ended September 30, 2017 and 2016, respectively, and €9.9 million and €65.8 million during the nine months ended September 30, 2017 and 2016, respectively. The 2017 amounts include (i) provisions for legal contingencies of nil and €9.9 million, respectively, (ii) gains on disposal of assets of €2.4 million and €3.9 million, respectively, and (iii) restructuring charges of €1.2 million and €2.4 million, respectively. The 2016 amounts include (a) restructuring charges of €10.4 million and €67.1 million, respectively, associated with employee severance and termination costs related to reorganization activities and (b) gains on disposal of assets of €1.0 million and €2.0 million, respectively.

Depreciation and amortization expense

Our depreciation and amortization expense decreased €19.4 million or 9.3% and €24.5 million or 3.9% during the three and nine months ended September 30, 2017, as compared to the corresponding periods in 2016. These decreases are primarily due to the net effect of (i) increases associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives, (ii) decreases associated with certain assets becoming fully depreciated, (iii) decreases in the amortization of subscriber acquisition costs and (iv) decreases in accelerated depreciation related to the disposal of certain assets in the prior year period.

Net financial and other expense

Our net financial and other expense primarily includes interest expense, interest income, foreign currency transaction gains or losses, realized and unrealized gains or losses on derivative instruments and losses on debt modification and extinguishment. As further detailed below, we recorded net financial and other expense of €113.8 million and €112.4 million during the three months ended September 30, 2017 and 2016, respectively, and €245.3 million and €255.0 million during the nine months ended September 30, 2017 and 2016, respectively.

Interest expense – third-party

Our third-party interest expense increased €1.8 million or 2.0% and €9.5 million or 3.5% during the three and nine months ended September 30, 2017, respectively, as compared to the corresponding periods in 2016, primarily due to the net effect of (i) higher average outstanding third-party debt balances and (ii) lower weighted average interest rates. We have completed various financing transactions that have lowered average interest rates and extended debt maturities. For additional information regarding our outstanding indebtedness, see note 8 to our condensed consolidated financial statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 4 to our condensed consolidated financial statements, we use derivative instruments to manage our interest rate risks.

Interest expense – related-party

Our related-party interest expense increased €1.3 million or 26.0% and €2.8 million or 17.5% during the three and nine months ended September 30, 2017, respectively, as compared to the corresponding periods in 2016, primarily due to (i) higher average outstanding related-party debt balances and (ii) higher weighted average interest rates. Our related-party interest expense relates to (a) the Shareholder Loan and (b) for the nine-month comparison, the UMI Loan, which was settled during the first quarter of 2017. For additional information, see note 10 to our condensed consolidated financial statements.

Foreign currency transaction gains, net

We recognized foreign currency transaction gains, net, of €71.6 million and €30.6 million during the three months ended September 30, 2017 and 2016, respectively and €253.3 million and €74.7 million during the nine months ended September 30, 2017 and 2016, respectively. These amounts primarily relate to the remeasurement of our U.S. dollar-denominated indebtedness.

Realized and unrealized losses on derivative instruments, net

Our realized and unrealized gains or losses on derivative instruments include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the derivative contracts.

Our realized and unrealized losses on derivative instruments, net, were €83.5 million and €53.8 million during the three months ended September 30, 2017 and 2016, respectively, and €217.6 million and €59.8 million during the nine months ended September 30, 2017 and 2016, respectively. The loss during the three months ended September 30, 2017 is attributable to the net effect of (i) losses associated with a decrease in the value of the U.S. dollar relative to the euro, (ii) losses associated with increases in market interest rates in the U.S. dollar market and (iii) losses associated with decreases in market interest rates in the euro market. The loss during the nine months ended September 30, 2017 is attributable to the net effect of (a) losses associated with a decrease in the value of the U.S. dollar relative to the euro, (b) gains associated with decreases in market interest rates in the U.S. dollar market and (c) gains associated with increases in market interest rates in the euro market. In addition, the losses during the 2017 periods include net gains of €7.2 million and €35.8 million, respectively, resulting from changes in our credit risk valuation adjustments. The loss during the three months ended September 30, 2016 is attributable to the net effect of (1) losses associated with increases in market interest rates in the U.S. dollar market, (2) losses associated with a decrease in the value of the U.S. dollar relative to the euro and (3) losses associated with decreases in market interest rates in the euro market. The loss during the nine months ended September 30, 2016 is attributable to the net effect of (I) gains associated with decreases in market interest rates in the U.S. dollar market, (II) losses associated with a decrease in the value of the U.S. dollar relative to the euro and (III) losses associated with decreases in market interest rates in the euro market. In addition, the losses during the 2016 periods includes a net gain (loss) of €7.3 million and (€0.5 million), respectively, resulting from changes in our credit risk valuation adjustments.

For additional information regarding our derivative instruments, see notes 4 and 5 to our condensed consolidated financial statements.

Losses on debt modification and extinguishment, net

We recognized losses on debt modification and extinguishment, net, of €19.0 million and €26.3 million during the three and nine months ended September 30, 2017, respectively, attributable to (i) the payment of €14.5 million and €20.7 million, respectively, of redemption premiums and (ii) the write-off of €4.5 million and €5.6 million, respectively, of unamortized discounts and deferred financing costs.

We recognized a loss on debt modification and extinguishment, net, of €3.9 million during the nine months ended September 30, 2016, attributable to (i) the payment of €3.1 million of redemption premiums and (ii) the write-off of €0.8 million of unamortized discounts and deferred financing costs.

For additional information, see note 8 to our condensed consolidated financial statements.

Income tax benefit (expense)

We recognized income tax benefit (expense) of (€16.9 million) and €0.1 million during the three months ended September 30, 2017 and 2016, respectively.

The income tax benefit (expense) during the three months ended September 30, 2017 and 2016 differs from the expected income tax benefit (expense) of (€6.6 million) and €10.2 million, respectively, (based on the German group income tax rate of 32.78%) primarily due to the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items.

We recognized income tax expense of €60.2 million and €22.1 million during the nine months ended September 30, 2017 and 2016, respectively.

The income tax expense during the nine months ended September 30, 2017 and 2016 differs from the expected income tax benefit (expense) of (€28.3 million) and €10.4 million, respectively, (based on the German group income tax rate of 32.78%) primarily due to the negative impact of certain permanent differences between the financial and tax accounting treatment of interest and other items.

For additional information regarding our income taxes, see note 9 to our condensed consolidated financial statements.

Net earnings (loss)

We reported net earnings (loss) of €3.2 million and (€30.8 million) during the three months ended September 30, 2017 and 2016, respectively, and €26.0 million and (€53.7 million) during the nine months ended September 30, 2017 and 2016, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments and (ii) movements in foreign currency exchange rates are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings is largely dependent on our ability to increase our Adjusted Segment EBITDA to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) related-party fees and allocations, net, (c) impairment, restructuring and other operating items, (d) depreciation and amortization, (e) net financial and other expenses and (f) income tax expenses.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will continue to cause our company to maintain our debt at current levels relative to our Covenant EBITDA. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information regarding our expectations with respect to trends that may affect certain aspects of our operating results in future periods, see the discussion under *Overview* above. For information regarding the reasons for changes in specific line items in our condensed consolidated statements of operations, see the above discussion.

Material Changes in Financial Condition

Sources and Uses of Cash

Cash and cash equivalents

Although our consolidated operating subsidiaries generate cash from operating activities, the terms of our subsidiaries' debt instruments restrict our ability to access the liquidity of these subsidiaries. At September 30, 2017, substantially all of our consolidated cash and cash equivalents was held by our subsidiaries. In addition, our ability to access the liquidity of our subsidiaries may be limited by tax and legal considerations or other factors.

Liquidity of Unitymedia

Our sources of liquidity at the parent level include (i) our cash and cash equivalents, (ii) amounts due under the 2012 UPC Germany Loan Receivable, the 2015 UPC Germany Loan Receivable and the 2016 UPC Germany Loan Receivable, (iii) funding from UPC Germany (and ultimately from Liberty Global or other Liberty Global subsidiaries) in the form of loans or contributions, as applicable, and (iv) subject to certain restrictions as noted above, proceeds in the form of distributions or loans from Unitymedia Hessen, Unitymedia NRW GmbH (**Unitymedia NRW**), Unitymedia BW GmbH (**KBW**) or other subsidiaries.

Our corporate liquidity requirements include (i) corporate general and administrative expenses and (ii) interest payments on outstanding debt. From time to time, we may also require cash in connection with (a) the repayment of our debt, (b) the satisfaction of contingent liabilities or (c) acquisitions and other investment opportunities. No assurance can be given that funding from UPC Germany (and ultimately from Liberty Global or other Liberty Global subsidiaries), our subsidiaries or external sources would be available on favorable terms, or at all.

Liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our other operating subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our other operating subsidiaries is cash provided by operations and, in the case of Unitymedia Hessen and Unitymedia NRW, any borrowing availability under the UM Credit Facilities. At September 30, 2017, we had aggregate borrowing capacity of €500.0 million under the UM Credit Facilities. For information regarding our borrowing availability under the UM Credit Facilities, see note 8 to our condensed consolidated financial statements.

The liquidity of Unitymedia Hessen, Unitymedia NRW, KBW and our other operating subsidiaries is generally used to fund capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding our consolidated cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to Unitymedia (and ultimately to Liberty Global or other Liberty Global subsidiaries). No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Capitalization

At September 30, 2017, our outstanding consolidated third-party debt before deferred financing costs and accrued interest, together with our finance lease obligations, aggregated €7,438.7 million, substantially all of which is not due until 2023 or thereafter. For additional information regarding our debt maturities, see note 8 to our condensed consolidated financial statements.

Our ability to service or refinance our debt and to maintain compliance with our leverage covenants is dependent primarily on our ability to maintain or increase our Covenant EBITDA and to achieve adequate returns on our property, equipment and intangible asset additions and acquisitions. Our ability to maintain or increase cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. In addition, our ability to obtain additional debt financing is limited by the incurrence-based leverage covenants contained in our and our subsidiaries' various debt instruments. In this regard, if our Covenant EBITDA were to decline, our ability to obtain additional debt could be limited. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment.

We believe that our cash and cash equivalents, together with our other sources of liquidity described above, will be sufficient to fund our currently anticipated working capital needs, capital expenditures and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our maturing debt grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

Condensed Consolidated Statements of Cash Flows

Summary. Our condensed consolidated statements of cash flows for the nine months ended September 30, 2017 and 2016 are summarized as follows:

	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Change
	in millions		
Net cash provided by operating activities	€ 814.7	€ 719.3	€ 95.4
Net cash used by investing activities	(720.1)	(750.6)	30.5
Net cash provided (used) by financing activities	(95.9)	30.6	(126.5)
Net decrease in cash and cash equivalents	€ (1.3)	€ (0.7)	€ (0.6)

Operating Activities. The increase in net cash provided by our operating activities is primarily attributable to the net effect of (i) an increase in cash provided by our Adjusted Segment EBITDA and related working capital items, (ii) a decrease in cash provided due to higher cash payments for interest, (iii) an increase in cash provided due to lower payments for taxes and (iv) a decrease in cash provided due to lower cash receipts related to derivative instruments.

Investing Activities. The decrease in net cash used by our investing activities is primarily attributable to the net effect of (i) a decrease in cash used of €121.3 million to fund advances to UPC Germany and (ii) an increase in cash used of €91.8 million associated with higher capital expenditures.

The capital expenditures that we report in our condensed consolidated statements of cash flows do not include amounts that are financed under capital-related vendor financing or finance lease arrangements. Instead, these amounts are reflected as non-cash additions to our property, equipment and intangible assets when the underlying assets are delivered and as repayments of debt when the principal is repaid. In this discussion, we refer to (i) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude amounts financed under capital-related vendor financing or finance lease arrangements, and (ii) our total property, equipment and intangible asset additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or finance lease arrangements. For further details regarding our property, equipment and intangible asset additions and our debt, see notes 6 and 8, respectively, to our condensed consolidated financial statements. A reconciliation of our consolidated property, equipment and intangible asset additions to our consolidated capital expenditures as reported in our condensed consolidated statements of cash flows is set forth below:

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
	in millions	
Property, equipment and intangible asset additions	€ 523.3	€ 451.8
Assets acquired under capital-related vendor financing arrangements and finance lease obligations	(155.7)	(118.9)
Changes in liabilities related to capital expenditures (including related-party amounts)	11.7	(45.4)
Capital expenditures	€ 379.3	€ 287.5

The increase in our property, equipment and intangible asset additions is primarily due to (i) an increase in expenditures for new build and upgrade projects to expand services and (ii) an increase in expenditures for the purchase and installation of customer premises equipment. In terms of the composition of our property, equipment and intangible asset additions during the nine months ended September 30, 2017, (a) 36% relates to the rebuild and upgrade of our distribution network, (b) 25% relates to the purchase and installation of customer premises equipment, (c) 15% relates to general maintenance and support systems, (d) 14% relates to capitalized third-party commissions and (e) the remainder relates to other expenditures, including product innovation.

Financing Activities. The change in net cash provided (used) by our financing activities is primarily attributable to the net effect of (i) a decrease in cash of €108.2 million due to a change in cash collateral, (ii) an increase in cash of €29.9 million due to higher cash receipts related to derivative instruments, (iii) a decrease in cash of €28.9 million due to higher net repayments of third-party debt and finance lease obligations and (iv) a decrease in cash of €24.4 million associated with higher payments of financing costs and debt premiums.

Debt Maturities and Contractual Commitments

The euro equivalents of our contractual commitments as of September 30, 2017 are presented below:

	Payments due during:							
	Remainder of 2017	2018	2019	2020	2021	2022	Thereafter	Total
	in millions							
Debt (excluding interest):								
Third-party	€ 83.7	€ 213.6	€ 7.2	€ 6.8	€ 6.5	€ 6.1	€ 7,107.9	€ 7,431.8
Related-party	—	—	—	—	—	—	306.1	306.1
Finance leases (excluding interest)	0.3	1.3	0.9	0.7	0.5	0.4	2.8	6.9
Network and connectivity commitments	33.8	105.7	97.9	86.5	85.8	82.9	626.5	1,119.1
Purchase commitments (a)	129.7	29.7	29.7	28.8	—	—	—	217.9
Operating leases	4.3	15.2	13.8	11.7	8.8	7.5	23.1	84.4
Programming commitments	9.0	25.0	25.4	5.8	—	—	—	65.2
Other commitments	0.6	0.7	0.1	0.1	0.1	0.1	—	1.7
Total (b)	€ 261.4	€ 391.2	€ 175.0	€ 140.4	€ 101.7	€ 97.0	€ 8,066.4	€ 9,233.1
Projected cash interest payments on third-party debt and finance lease obligations (c)	€ 25.8	€ 343.0	€ 341.0	€ 340.7	€ 340.5	€ 340.3	€ 859.6	€ 2,590.9

(a) Includes €7.6 million of related-party purchase obligations due during the remainder of 2017.

(b) The commitments included in this table do not reflect any liabilities that are included in our September 30, 2017 condensed consolidated balance sheet other than debt and finance lease obligations.

(c) Amounts are based on interest rates, interest payment dates, commitment fees and contractual maturities in effect as of September 30, 2017. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest-rate derivative contracts, deferred financing costs or original issue premiums or discounts. Amounts associated with related-party debt are excluded from the table.

For information concerning our debt and finance lease obligations, see note 8 to our condensed consolidated financial statements. For information concerning our contractual commitments, see note 11 to our condensed consolidated financial statements.

In addition to the commitments set forth in the table above, we have significant commitments under derivative instruments, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the nine months ended September 30, 2017 and 2016, see note 4 to our condensed consolidated financial statements.

Projected Cash Flows Associated with Derivative Instruments

The following table provides information regarding the projected cash flows associated with our derivative instruments at September 30, 2017. The euro equivalents presented below are based on interest rates and exchange rates that were in effect as of September 30, 2017. These amounts are presented for illustrative purposes only and will likely differ from the actual cash paid or received in future periods. For additional information regarding our derivative instruments, see note 4 to our condensed consolidated financial statements.

	Receipts due during:							
	Remainder of 2017	**2018**	**2019**	**2020**	**2021**	**2022**	**Thereafter**	**Total**
	in millions							
Projected derivative cash receipts, net:								
Interest-related (a)	€ 6.5	€ 32.3	€ 37.5	€ 37.5	€ 37.5	€ 37.5	€ 36.6	€ 225.4
Principal-related (b)	—	—	—	—	—	—	242.7	242.7
Total	€ 6.5	€ 32.3	€ 37.5	€ 37.5	€ 37.5	€ 37.5	€ 279.3	€ 468.1

(a) Includes the interest-related cash flows of our cross-currency, interest rate and basis swap contracts.

(b) Includes the principal-related cash flows of our cross-currency swap contracts.