

# VodafoneZiggo Reports Preliminary Q4 2017 Results

## Achieved All 2017 Guidance Targets; Good Momentum In Convergence

**Utrecht, the Netherlands** – February 14, 2018: VodafoneZiggo Group B.V. ("VodafoneZiggo")<sup>(a)</sup>, a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses, is today providing select, preliminary unaudited financial and operating information for the three months ended ("Q4") and the twelve months ended ("YTD") December 31, 2017, as compared to the pro forma<sup>1</sup> results for the same periods in the prior year (unless otherwise noted). The financial and operating information contained herein is preliminary and subject to change. We expect to issue the December 31, 2017 audited consolidated financial statements prior to the end of March 2018, at which time the report will be posted to our website.

### VodafoneZiggo highlights for Q4 2017:

- Achieved 2017 financial guidance: OCF<sup>3</sup> in line with our upgraded ~€1.70 billion guidance, property and equipment additions<sup>4</sup> at 20.6% of revenue (guidance 19% to 21%) and total cash returns to shareholders of €905 million exceeded our upgraded 2017 target of at least €750 million
- Our good momentum continues as 880,000 of our 3.9 million fixed-line customers are now converged<sup>5</sup> (an increase of 99,000 in Q4) with these households using a total of 1.25 million mobile SIMs. The continued uptake of converged products is contributing to a higher Net Promoter Score ("NPS") and a significant reduction in both fixed and mobile churn<sup>6</sup>
- Added 24,000 fixed RGUs<sup>7</sup> in Q4, a sequential improvement of 14,000 RGUs, reflecting our best quarterly result of 2017. Our mobile customer base (excluding non-revenue generating secondary SIMs) continued to grow, with 14,000 net organic additions in Q4, and we completed the Ziggo Mobile migration with over 200,000 customers moved to a Vodafone-branded subscription
- YTD total revenue declined by 4% to €4,019 million, operating income declined by 36% to €193 million and OCF declined by 6% to €1,692 million
- Q4 total revenue<sup>8</sup> declined by 4% to €1,005 million with a 7% and 14% decline in the consumer mobile and B2B mobile segments, respectively. Regulatory headwinds in mobile decreased total revenue by €19 million. Consumer cable revenue was flat and B2B cable delivered 3% growth
- Operating income decreased to €9 million in Q4, compared to €73 million in Q4 2016
- Q4 OCF declined by 12% to €385 million, due to lower revenue and higher indirect costs (primarily driven by integration-related projects and the Vodafone rebranding campaign). Mobile handset costs increased sharply, on a sequential basis, following the launch of leading new smartphones
- 2018 guidance<sup>2</sup>: Stabilizing OCF and total expected cash returns<sup>9</sup> of €600-€800 million

### Jeroen Hoencamp, VodafoneZiggo CEO, commented:

"During 2017 we made substantial strategic and operational progress. Within four months of closing the merger, our customers were already enjoying the benefits of our 'Non-stop Gratis' converged offers, which have now been adopted by over 21% of our cable households and over 60% of Vodafone-branded postpaid customers, exceeding our expectations. These customers have materially higher NPS and lower churn rates, validating our strategic focus on driving convergence. We are exiting 2017 with good commercial

momentum, supported by the success of the Ziggo Power Promise campaign, with 24,000 new fixed customers and 14,000 new mobile postpaid customers added in Q4. Although competitive headwinds will continue to drag on B2B mobile performance for several quarters, our underlying Consumer mobile revenues - excluding the impact of regulation and the mix shift towards SIM-only - are now stabilising. Given our solid momentum in fixed and an increasing flow through of cost synergies, we expect stabilising OCF during 2018, supporting our intention to return €600-€800 million of cash to our shareholders."

### **Consumer performance for Q4 2017:**

Total consumer revenue declined 3% in both Q4 and YTD.

#### Fixed:

Consumer cable revenue<sup>10</sup> remained stable in Q4, supported by a strong RGU performance:

- Our fixed consumer business returned to volume growth with 5,000 net additions (7,000 net loss in Q3 2017) reflecting higher gross additions and lower churn, notably in our enhanced video base
  - We added 15,000 internet customers, supported by the Ziggo Power Promise WiFi campaign
  - Over 20% of new customers in Q4 highlighted the Ziggo Power promise as the reason to switch to Ziggo, with approximately 250,000 installs for new and existing customers since the campaign was launched in Q3
  - Video attrition is at the lowest level in more than 6 years, driven by the continued success of converged propositions and strategic investments in content such as Ziggo Sport and HBO. We recently secured the rights to Champions League football for the 2018-2021 seasons, which will be available to our customers at no additional cost
  - Q4 consumer cable ARPU<sup>11</sup> increased 3% year-over-year to €47, partly driven by our July 2017 price increase
- Ziggo Mediabox XL net additions were 51,000 in Q4, increasing our next-generation TV subscribers to 1.29 million, or 33% of our total video base, supported by our investments in the customer experience
  - Ziggo GO is now used by more than 1,190,000 active customers (up 25% year-over-year)
  - Customers will soon be able to record programs and watch them offline via Ziggo GO

#### Mobile:

Consumer mobile revenue<sup>12</sup> declined 7% in Q4 and 8% YTD. Revenue declines began to moderate in the quarter due to organic growth in our customer base and a lower impact from roaming regulation:

- The €17 million decline in Q4 includes (i) €12 million lower interconnect and roaming revenue following a reduction in Mobile Termination Rates ("MTRs"), which took effect in July 2017, and new EU roaming regulations as of June 2017 and (ii) €5 million lower subscription revenue due to the net effect of (a) a decrease from higher SIM-only mix (resulting from new consumer credit regulation), (b) the impact of a €5 per month convergence discount and (c) an increase from a higher customer base
- Our converged offers helped to drive three consecutive quarters of subscriber growth with 22,000 net additions in Q4 in our Vodafone-branded portfolio (which represents over 75% of our total postpaid consumer base), bringing YTD net additions to 85,000. Overall we had organic net additions of 13,000

postpaid subscribers in Q4, compared to 11,000 postpaid subscribers added in Q3 2017 (as corrected to take into account certain migrating Ziggo Mobile subscribers)

- Our Q4 mobile consumer postpaid ARPU decreased 9% year-on-year to €24, reflecting the impact of regulatory headwinds, the mix shift to SIM-only and price competition
- Mobile data usage continued to surge, increasing 59% year-on-year, with average usage per postpaid smartphone customer increasing from 1.3 GB to 2.0 GB per month

### **Business performance for Q4 2017:**

Total B2B revenue decreased by 8% in Q4 and 7% YTD.

#### Fixed:

B2B cable revenue<sup>13</sup> increased by 3% in Q4 driven by continued growth of our customer segments:

- We added 18,000 fixed small office/home office ("SOHO") RGUs, including 8,000 SOHO broadband and 8,000 SOHO video subscribers during Q4. This performance was driven by our successful converged offers and by our efforts to up-sell customers who were previously subscribed to consumer propositions
- Q4 SOHO cable ARPU decreased 4% year-on-year to €61

#### Mobile:

B2B mobile revenue<sup>14</sup> decreased by 14% in Q4:

- The €24 million decline in Q4 includes (i) a €13 million decline due to the combined effect of SOHO customers selecting lower-priced (Consumer) plans and pricing pressure within our medium and large enterprise segments, (ii) €7 million lower interconnect and roaming revenue, following a reduction in MTRs and new EU regulation and (iii) €4 million lower out-of-bundle usage, mainly as a result of higher data bundles in our premium Red mobile price plans
- Q4 mobile B2B postpaid ARPU decreased 18% year-on-year to €26

With over 100,000 Skype for Business, 70,000 One Net Enterprise and 30,000 private cloud hosting seats sold in 2017, we are now one of the leading providers of integrated unified communication solutions to B2B customers in the Netherlands.

### **Financial highlights for Q4 2017<sup>(b)</sup>:**

Our revenue, operating income and OCF declined in Q4 and YTD. However, on a sequential basis revenue grew by 1% or €6 million:

- Revenue declined 4% in Q4 and YTD to €1,005 million and €4,019 million, respectively
- Operating income declined by €64 million in Q4 to €9 million, and by €108 million to €193 million YTD. These declines were primarily due to the lower OCF performance as described below
- OCF declined by 12% in Q4 to €385 million, and by 6% YTD to €1,692 million

- The contraction in both periods was primarily driven by the revenue declines detailed above. Indirect costs also increased in Q4 as a result of integration work and higher marketing and advertising expenses related to fixed and mobile promotions and the Vodafone re-branding campaign. These impacts were partially offset by lower handset costs, as the result of stricter consumer credit regulation, which increased the proportion of SIM-only sales in both periods. However mobile handset costs increased materially, on a sequential basis, following the launch of leading new smartphones
- Integration expenses were €9 million in Q4 and €24 million YTD
- Property and equipment additions were 24% of revenue for Q4 and 21% YTD
  - Q4 expenditures were higher than the prior-year period, primarily due to integration-related spend to further optimize our mobile and fixed cable network and IT infrastructure
  - Our YTD spend was higher mainly due to (i) new connects of residential and B2B sites and (ii) the deployment of Connect Box Modem and WiFi Boosters as part of our Ziggo WiFi Power Promise
  - Integration-related additions were €21 million in Q4 and €45 million YTD
- At December 31, 2017, our fully-swapped third-party debt borrowing cost<sup>15</sup> was 4.6% and the average tenor of our third-party debt (excluding vendor financing) was 7.7 years
- At December 31, 2017, total third-party debt (excluding vendor financing) was €9.7 billion, which was unchanged from September 30, 2017. For information concerning the debt balances used in our covenant calculations, see Covenant Debt Information below.
- During the quarter, our payments to shareholders included principal on the Shareholder Notes of €200 million, dividends of €150 million and interest of €28 million. For the year ended December 31, 2017, our combined payments for dividends, principal and interest were €905 million, including a €152 million distribution related to a VAT refund in Q1 2017
- At December 31, 2017, and subject to the completion of our corresponding compliance reporting requirements, (i) the ratio of Senior Net Debt to Annualized EBITDA (last two quarters annualized) was 3.76x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.80x, each as calculated in accordance with our most restrictive covenants
- At December 31, 2017, we had maximum undrawn commitments of €800 million. When our Q4 compliance reporting requirements have been completed and assuming no changes from December 31, 2017 borrowing levels, we anticipate the full amount of our unused commitments will be available to be drawn

## Financial guidance 2018:

- For the calendar year 2018, we expect stabilizing OCF<sup>2</sup> compared to 2017, including around €25 million of one-time integration costs
  - We expect our property and equipment additions<sup>2</sup> to be between 20% and 22% as a percentage of our revenue for calendar year 2018, including integration-related additions of approximately €70 million. We expect our property and equipment additions to moderate over time to the high teens as a percentage of revenue
  - During 2018, we intend to pay €600-€800 million of cash in total to Liberty Global and Vodafone Group in the form of dividends and principal and interest payments on shareholder loans.
- a. VodafoneZiggo is a wholly-owned subsidiary of VodafoneZiggo Group Holding B.V. ("VodafoneZiggo JV"), a 50:50 joint venture between Vodafone Group Plc ("Vodafone") and Liberty Global plc ("Liberty Global") that was formed on December 31, 2016 when Liberty Global and Vodafone contributed their respective cable and mobile operations in the Netherlands to the VodafoneZiggo JV (the "JV Transaction"). As the entity contributed to the VodafoneZiggo JV by Liberty Global is considered to be the predecessor of VodafoneZiggo for financial reporting purposes, the historical consolidated financial statements for VodafoneZiggo do not include Vodafone's mobile operations for periods prior to December 31, 2016. In order to provide meaningful comparisons, the preliminary financial and operating information presented herein for the 2016 periods are presented on a pro forma basis that gives effect to, among other items, the inclusion of the financial and operating information of Vodafone Libertel B.V., excluding Vodafone Thuis ("Vodafone NL"). For additional information regarding the JV Transaction and the pro forma adjustments applied to the 2016 periods, see note 1.
- b. The financial figures contained in this release are prepared in accordance with U.S. GAAP<sup>17</sup>.

## Operating Statistics Summary

|  | As of and for the three months ended December 31, |           |
|--|---|-----------|
|  | 2017  | 2016      |
| <b>Footprint</b>   |   |           |
| Homes Passed <sup>18</sup>   | 7,140,000   | 7,089,500 |
| Two-way Homes Passed <sup>19</sup>   | 7,129,400   | 7,078,100 |
| <b>Subscribers (RGUs)<sup>7</sup></b>                                      |   |           |
| Basic Video <sup>20</sup>  | 550,400   | 637,400   |
| Enhanced Video <sup>21</sup>   | 3,366,100   | 3,338,000 |
| Total Video  | 3,916,500   | 3,975,400 |
| Internet <sup>22</sup>   | 3,240,900   | 3,178,200 |
| Telephony <sup>23</sup>  | 2,551,400   | 2,536,200 |
| Total RGUs   | 9,708,800   | 9,689,800 |
| <b>Q4 Organic RGU Net Additions (Losses)</b>                               |   |           |
| Basic Video  | (16,600)  | (34,300)  |
| Enhanced Video   | 15,000  | 17,400    |
| Total Video  | (1,600)   | (16,900)  |
| Internet   | 23,600  | 55,800    |
| Telephony  | 1,700   | 12,200    |
| Total organic RGU net additions  | 23,700  | 51,100    |
| <b>Penetration</b>   |   |           |
| Enhanced Video Subscribers as a % of Total Video Subscribers <sup>24</sup> | 85.9%   | 84.0%     |
| Internet as a % of Two-way Homes Passed <sup>25</sup>                      | 45.5%   | 44.9%     |
| Telephony as a % of Two-way Homes Passed <sup>25</sup>                     | 35.8%   | 35.8%     |
| <b>Fixed Customer Relationships</b>  |   |           |
| Fixed Customer Relationships <sup>26</sup>                                 | 3,920,000   | 3,978,500 |
| RGUs per Fixed Customer Relationship                                       | 2.48  | 2.44      |
| Q4 Monthly ARPU per Fixed Customer Relationship <sup>11</sup>              | € 47  | € 46      |
| <b>Fixed Customer Bundling</b>   |   |           |
| Single-Play  | 17.1%   | 19.9%     |
| Double-Play  | 18.2%   | 16.7%     |
| Triple-Play  | 64.7%   | 63.4%     |
| <b>Mobile SIMs (pro forma for 2016)<sup>27</sup></b>                       |   |           |
| Postpaid   | 4,055,700   | 4,066,500 |
| Prepaid  | 830,000   | 1,066,100 |
| Total Mobile   | 4,885,700   | 5,132,600 |
| Q4 organic Postpaid net additions (losses)                                 | 9,500   | (6,400)   |
| Q4 organic Prepaid net losses  | (74,600)  | (67,400)  |
| Total organic Mobile net losses  | (65,100)  | (73,800)  |
| <b>Q4 Monthly Mobile ARPU<sup>11</sup></b>                                 |   |           |
| Postpaid (including interconnect revenue)                                  | € 25  | € 28      |
| Prepaid (including interconnect revenue)                                   | € 3   | € 3       |

## Financial Results, OCF Reconciliation & Property and Equipment Additions

The following table reflects preliminary unaudited selected financial results for the three months and year ended December 31, 2017, as compared to the pro forma results for the three months and year ended December 31, 2016.

|  | Three months ended<br>December 31, |                                |         | Year ended<br>December 31, |                                |         |
|--|------------------------------------|--------------------------------|---------|----------------------------|--------------------------------|---------|
|  | 2017                               | 2016<br>Pro Forma <sup>1</sup> | Change  | 2017                       | 2016<br>Pro Forma <sup>1</sup> | Change  |
| in millions, except % amounts                            |                                    |                                |         |                            |                                |         |
| <b>Total revenue<sup>8</sup></b>                         |                                    |                                |         |                            |                                |         |
| <b>Consumer cable revenue<sup>10</sup></b>               |                                    |                                |         |                            |                                |         |
| Subscription revenue                                     | € 528.6                            | € 528.0                        | 0.1%    | € 2,095.2                  | € 2,104.9                      | (0.5%)  |
| Non-subscription revenue                                 | 5.5                                | 7.9                            | (30.4%) | 26.9                       | 32.8                           | (18.0%) |
| Total consumer cable revenue                             | 534.1                              | 535.9                          | (0.3%)  | 2,122.1                    | 2,137.7                        | (0.7%)  |
| <b>Consumer mobile revenue<sup>12</sup></b>              |                                    |                                |         |                            |                                |         |
| Service revenue  | 183.2                              | 197.0                          | (7.0%)  | 751.9                      | 816.4                          | (7.9%)  |
| Non-service revenue                                      | 34.4                               | 37.8                           | (9.0%)  | 128.9                      | 137.9                          | (6.5%)  |
| Total consumer mobile revenue                            | 217.6                              | 234.8                          | (7.3%)  | 880.8                      | 954.3                          | (7.7%)  |
| Total consumer revenue                                   | 751.7                              | 770.7                          | (2.5%)  | 3,002.9                    | 3,092.0                        | (2.9%)  |
| <b>B2B cable revenue<sup>13</sup></b>                    |                                    |                                |         |                            |                                |         |
| Subscription revenue                                     | 88.5                               | 84.7                           | 4.5%    | 338.6                      | 321.9                          | 5.2%    |
| Non-subscription revenue                                 | 6.1                                | 7.4                            | (17.6%) | 24.7                       | 27.6                           | (10.5%) |
| Total B2B cable revenue                                  | 94.6                               | 92.1                           | 2.7%    | 363.3                      | 349.5                          | 3.9%    |
| <b>B2B mobile revenue<sup>14</sup></b>                   |                                    |                                |         |                            |                                |         |
| Service revenue  | 125.0                              | 147.8                          | (15.4%) | 529.1                      | 609.3                          | (13.2%) |
| Non-service revenue                                      | 20.9                               | 22.1                           | (5.4%)  | 77.5                       | 82.4                           | (5.9%)  |
| Total B2B mobile revenue                                 | 145.9                              | 169.9                          | (14.1%) | 606.6                      | 691.7                          | (12.3%) |
| Total B2B revenue  | 240.5                              | 262.0                          | (8.2%)  | 969.9                      | 1,041.2                        | (6.8%)  |
| Other revenue <sup>28</sup>                              | 12.9                               | 11.2                           | 15.2%   | 46.3                       | 39.7                           | 16.6%   |
| Total revenue  | € 1,005.1                          | € 1,043.9                      | (3.7%)  | € 4,019.1                  | € 4,172.9                      | (3.7%)  |
| OCF  | € 385.4                            | € 438.9                        | (12.2%) | € 1,691.6                  | € 1,792.2                      | (5.6%)  |
| OCF as a percentage of revenue                           | 38.3%                              | 42.0%                          |         | 42.1%                      | 42.9%                          |         |
| Operating income as a percentage of revenue              | 0.9%                               | 7.0%                           |         | 4.8%                       | 7.2%                           |         |
| <b>OCF Reconciliation</b>                                |                                    |                                |         |                            |                                |         |
| Operating income   | € 9.0                              | € 73.2                         |         | € 192.6                    | € 301.0                        |         |
| Share-based compensation expense                         | 0.2                                | 3.0                            |         | 5.3                        | 11.1                           |         |
| Depreciation and amortization <sup>(a)</sup>             | 369.1                              | 355.7                          |         | 1,486.1                    | 1,466.4                        |         |
| Impairment, restructuring and other operating items, net | 7.1                                | 7.0                            |         | 7.6                        | 13.7                           |         |
| OCF  | € 385.4                            | € 438.9                        |         | € 1,691.6                  | € 1,792.2                      |         |

(a) The pro forma depreciation and amortization amounts for the 2016 periods are based on the fair values and estimated useful lives assigned to our long-lived assets in the acquisition accounting and do not provide for the impacts of property and equipment additions or retirements during the applicable 2016 periods.

The table below highlights the categories of our property and equipment additions<sup>29</sup> for the indicated periods and, for the 2017 periods, reconciles those additions to the capital expenditures that we present in our consolidated statements of cash flows:

|   | Three months ended<br>December 31, |         | Year ended<br>December 31, |         |
|---|------------------------------------|---------|----------------------------|---------|
|   | Pro Forma <sup>1</sup>             |         | Pro Forma <sup>1</sup>     |         |
|   | 2017                               | 2016    | 2017                       | 2016    |
| Customer premises equipment   | € 50.6                             | € 45.3  | € 261.5                    | € 246.6 |
| New build and upgrade   | 32.1                               | 23.4    | 88.2                       | 66.9    |
| Capacity  | 88.1                               | 68.5    | 264.7                      | 281.3   |
| Baseline  | 61.8                               | 67.1    | 188.5                      | 196.7   |
| Product and enablers  | 11.4                               | 10.3    | 24.0                       | 25.7    |
| Property and equipment additions  | 244.0                              | € 214.6 | 826.9                      | € 817.2 |
| Assets acquired under capital-related vendor financing arrangements (a) | (95.7)                             |         | (330.6)                    |         |
| Changes in liabilities related to capital expenditures (a)              | (11.7)                             |         | (1.1)                      |         |
| Total capital expenditures (a) <sup>30</sup>                            | € 136.6                            |         | € 495.2                    |         |
| Property and equipment additions as a percentage of revenue             | 24.3%                              | 20.6%   | 20.6%                      | 19.6%   |

(a) Amounts intentionally omitted for the 2016 periods.



## Third-Party Debt and Cash

The following table details the borrowing currency and euro equivalent of the nominal amount outstanding of VodafoneZiggo's consolidated third-party debt and cash (in millions).

|   | December 31,<br>2017  |         | September 30,<br>2017 |                   |
|---|-----------------------|---------|-----------------------|-------------------|
|   | Borrowing<br>currency |         | € equivalent          |                   |
| <b>Senior Credit Facilities</b>                                   |                       |         |                       |                   |
| Term Loan E (LIBOR + 2.50%) USD due 2025                          | \$                    | 2,525.0 | € 2,100.4             | € 2,139.3         |
| Term Loan F (EURIBOR + 3.00%) EUR due 2025                        | €                     | 2,250.0 | 2,250.0               | 2,250.0           |
| 5.50% USD Senior Secured Proceeds Loan due 2027                   | \$                    | 2,000.0 | 1,663.7               | 1,694.5           |
| 3.75% EUR Senior Secured Proceeds Loan due 2025                   | €                     | 800.0   | 800.0                 | 800.0             |
| 4.625% EUR Senior Proceeds Loan due 2025                          | €                     | 400.0   | 400.0                 | 400.0             |
| 5.875% USD Senior Proceeds Loan due 2025                          | \$                    | 400.0   | 332.7                 | 338.9             |
| 4.25% EUR Senior Proceeds Loan due 2027                           | €                     | 775.0   | 775.0                 | 775.0             |
| 6.00% USD Senior Proceeds Loan due 2027                           | \$                    | 625.0   | 519.9                 | 529.5             |
| €800.0 million Ziggo Revolving Facilities EUR due 2022            |                       |         | —                     | —                 |
| Elimination of the Proceeds Loans in consolidation                |                       |         | (4,491.3)             | (4,537.9)         |
| <b>Total Senior Credit Facilities</b>                             |                       |         | <b>4,350.4</b>        | <b>4,389.3</b>    |
| <b>Senior Secured Notes</b>                                       |                       |         |                       |                   |
| 3.625% EUR Senior Secured Notes due 2020                          | €                     | 71.7    | 71.7                  | 71.7              |
| 3.75% EUR Senior Secured Notes due 2025                           | €                     | 800.0   | 800.0                 | 800.0             |
| 4.25% EUR Senior Secured Notes due 2027                           | €                     | 775.0   | 775.0                 | 775.0             |
| 5.50% USD Senior Secured Notes due 2027                           | \$                    | 2,000.0 | 1,663.7               | 1,694.5           |
| <b>Total Senior Secured Notes</b>                                 |                       |         | <b>3,310.4</b>        | <b>3,341.2</b>    |
| <b>Senior Notes</b>   |                       |         |                       |                   |
| 7.125% EUR Senior Notes due 2024                                  | €                     | 743.1   | 743.1                 | 743.1             |
| 4.625% EUR Senior Notes due 2025                                  | €                     | 400.0   | 400.0                 | 400.0             |
| 5.875% USD Senior Notes due 2025                                  | \$                    | 400.0   | 332.7                 | 338.9             |
| 6.00% USD Senior Notes due 2027                                   | \$                    | 625.0   | 519.9                 | 529.5             |
| <b>Total Senior Notes</b>   |                       |         | <b>1,995.7</b>        | <b>2,011.5</b>    |
| Vendor financing  |                       |         | 750.4                 | 625.5             |
| <b>Total third-party debt</b>                                     |                       |         | <b>10,406.9</b>       | <b>10,367.5</b>   |
| Unamortized premiums, discounts and deferred financing costs, net |                       |         | 61.9                  | 63.8              |
| <b>Total carrying amount of third-party debt</b>                  |                       |         | <b>10,468.8</b>       | <b>10,431.3</b>   |
| Less: cash  |                       |         | 274.5                 | 391.8             |
| <b>Net carrying amount of third-party debt<sup>31</sup></b>       |                       |         | <b>€ 10,194.3</b>     | <b>€ 10,039.5</b> |
| Exchange rate (\$ to €)   |                       |         | 1.2022                | 1.1803            |

## Covenant Debt Information

The following table details the euro equivalent of the reconciliation from VodafoneZiggo's consolidated third-party debt to the total covenant amount of third-party gross and net debt<sup>15</sup> and includes information regarding the projected principal-related cash flows of our cross-currency swap contracts. The euro equivalents presented below are based on exchange rates that were in effect as of December 31, 2017 and September 30, 2017. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future periods.

|  | December 31,<br>2017 | September 30,<br>2017 |
|--|----------------------|-----------------------|
|  | in millions          |                       |
| <b>Total third-party debt (€ equivalent)</b>   | € 10,406.9           | € 10,367.5            |
| Vendor financing   | (750.4)              | (625.5)               |
| Projected principal-related cash payments (receipts) associated with our cross-currency derivative instruments | 53.8                 | (31.7)                |
| <b>Total covenant amount of third-party gross debt<sup>16</sup></b>  | 9,710.3              | 9,710.3               |
| Less: cash   | (274.5)              | (391.8)               |
| <b>Total covenant amount of third-party net debt<sup>16</sup></b>  | € 9,435.8            | € 9,318.5             |

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## About VodafoneZiggo

VodafoneZiggo is a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses. As of December 31, 2017, we have 5 million mobile, nearly 4 million video, over 3 million fixed broadband internet and approximately 2.5 million fixed telephony subscribers.

Approximately 8,000 people are employed by VodafoneZiggo. Our offices are located in Amsterdam, Utrecht, Maastricht, Heerhugowaard, Leeuwarden, Groningen, Zwolle, Zutphen, Nijmegen, Helmond, Eindhoven, Rotterdam, Rijswijk and The Hague.

The VodafoneZiggo JV is a joint venture between Liberty Global, the largest international TV and broadband internet company, and Vodafone Group, one of the world's largest telecommunication companies. Liberty Global develops market-leading products delivered through next-generation networks that connect over 22 million customers subscribing to 46 million TV, broadband internet and telephony services. Liberty Global also serves over 6 million mobile subscribers and offers WiFi service through 10 million access points across its footprint. Vodafone Group has mobile operations in 26 countries, partners with mobile networks in 49 more, and fixed broadband operations in 19 markets. As of December 31, 2017, Vodafone Group had 529.1 million mobile customers and 19.3 million fixed broadband customers.

Footnotes

1. VodafoneZiggo (formerly known as Ziggo Group Holding B.V.) is a wholly-owned subsidiary of VodafoneZiggo Group Holding B.V. (the "VodafoneZiggo JV"), a 50:50 joint venture between Vodafone Group Plc ("Vodafone") and Liberty Global plc ("Liberty Global"). Prior to December 31, 2016, the predecessor of VodafoneZiggo was a wholly-owned subsidiary of Liberty Global. On December 31, 2016, Liberty Global and Vodafone completed a transaction (the "JV Transaction") whereby (i) VodafoneZiggo became a wholly-owned subsidiary of the VodafoneZiggo JV and (ii) Vodafone Libertel B.V. ("Vodafone NL"), the entity that owned Vodafone's mobile operations in the Netherlands, became a wholly-owned subsidiary of VodafoneZiggo. In connection with the closing of the JV Transaction, the VodafoneZiggo JV recorded all of its assets and liabilities at fair value. As the entity contributed to the VodafoneZiggo JV by Liberty Global is considered to be the predecessor of VodafoneZiggo for financial reporting purposes, the historical consolidated financial statements for VodafoneZiggo do not include Vodafone NL for periods prior to December 31, 2016. In order to provide meaningful comparisons, the preliminary financial and operating information presented herein for the 2016 periods is presented on a pro forma basis that gives effect to, among other items, (i) the inclusion of the financial and operating information of Vodafone NL (excluding Vodafone Thuis), (ii) the impacts of the fair value accounting applied to the opening balance sheet of VodafoneZiggo in connection with the closing of the JV Transaction, (iii) the services provided to VodafoneZiggo by Vodafone and Liberty Global pursuant to a "Framework Agreement" that was entered into in connection with the JV Transaction; (iv) the elimination of historical related-party charges from Vodafone and Liberty Global that will not continue in the periods following the JV Transaction, with each adjustment recorded as if the JV Transaction had occurred on January 1, 2016. Financial and operating information in this release for all periods other than the 2016 periods is presented on a historical basis unless otherwise noted. Additionally, the pro forma depreciation and amortization amounts for the 2016 periods are based on the fair values and estimated useful lives assigned to our long-lived assets in the acquisition accounting and do not provide for the impacts of property and equipment additions or retirements during the applicable 2016 periods.
2. 2018 Operating Cash Flow ("OCF") guidance includes shareholder charges (as further described in our 2016 annual report) and around €25 million of one-time integration costs. A reconciliation of our OCF guidance to a U.S. GAAP measure is not provided due to the fact that not all elements of the reconciliation are projected as part of our forecasting process, as certain items may vary significantly from one period to another. For the definition and reconciliation of OCF, see note 3. Effective January 1, 2018, we expect to adopt the new revenue recognition rules set forth in Accounting Standards Update 2014-9, amended by Accounting Standards Update 2015-14. Our 2018 guidance for OCF and property and equipment additions as a percentage of revenue does not reflect the application of the new revenue recognition rules to our 2017 actual results or our 2018 forecasted results. We expect to re-evaluate the impacts of the new rules on our guidance prior to the release of our Q1 2018 results. To the extent that the application of the new rules to our 2018 and 2017 revenue and OCF results in material changes to our guidance, we will provide updated guidance when we report our Q1 2018 results.
3. OCF is the primary measure used by our management to evaluate the operating performance of our businesses. OCF is also a key factor that is used by our management and our Supervisory Board to evaluate the effectiveness of our management for purposes of annual and other incentive compensation plans. As we use the term, OCF is defined as operating income before depreciation and amortization, share-based compensation, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items. Other operating items include (i) gains and losses on the disposition of long-lived assets, (ii) third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, including legal, advisory and due diligence fees, as applicable, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Our internal decision maker believes OCF is a meaningful measure because it represents a transparent view of our recurring operating performance that is unaffected by our capital structure and allows management to (a) readily view operating trends, (b) perform analytical comparisons and benchmarking between entities and (c) identify strategies to improve operating performance. We believe our OCF measure is useful to investors because it is one of the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to similar measures used by other companies. OCF should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income, net earnings or loss, cash flow from operating activities and other U.S. GAAP measures of income or cash flows. A reconciliation of operating income to OCF is presented under the *Financial Results, OCF Reconciliation & Property and Equipment Additions* section of this release.
4. Property and equipment additions include capital expenditures on an accrual basis, amounts financed under vendor financing or capital lease arrangements and other non-cash additions.
5. Converged customers represent customers who subscribe to both a fixed-line digital TV and internet service of at least 30Mbps and a Vodafone branded postpaid mobile subscription (Start, Red, Smart, Scherp or Black) telephony service.
6. Customer Churn represents the rate at which customers relinquish their subscriptions. The annual rolling average basis is calculated by dividing the number of disconnects during the preceding 12 months by the average number of fixed customer relationships. For the purpose of computing churn, a disconnect is deemed to have occurred if the customer no longer receives any level of service from us and is required to return our equipment. A partial product downgrade, typically used to encourage customers to pay an outstanding bill and avoid complete service disconnection is not considered to be disconnected for purposes of our churn calculations. Customers who move within our cable footprint and upgrades and downgrades between services are also excluded from the disconnect figures used in the churn calculation.
7. RGU is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Telephony Subscriber (each as defined and described below). A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer in our market subscribed to our enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, or free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our December 31, 2017 RGU counts exclude our separately reported prepaid and postpaid mobile subscribers.

8. Beginning April 1, 2017, we changed the presentation of our revenue categories to align with VodafoneZiggo JV's internal classification of revenue. We also applied this change retroactively to the pro forma prior-year periods. Formerly, we presented revenue in the following categories: (i) subscription revenue, which included cable subscription revenue (excluding installation and late fees) and mobile service revenue (excluding, among other items, interconnect revenue, mobile handset and accessories sales, activation fees and late fees) to residential and SOHO customers; (ii) B2B revenue (excluding SOHO), which included revenue from business broadband internet, video, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators; and (iii) other revenue. We now view mobile revenue as a separate major revenue category outside of cable revenue and we include SOHO revenue as part of B2B revenue within the applicable cable and mobile B2B categories. Following the change in our revenue presentation, our revenue categories are (a) consumer cable revenue, (b) consumer mobile revenue, (c) B2B cable revenue, (d) B2B mobile revenue, and (e) other revenue. See notes 10, 12, 13 and 14 for additional descriptions of the current revenue categories.
9. Expected cash returns to our shareholders includes payments for dividends and principal and interest on shareholder loans. Of note, this is in addition to the shareholder charges that we describe in our 2016 annual report.
10. Consumer cable revenue is classified as either subscription revenue or non-subscription revenue. Consumer cable subscription revenue includes revenue from subscribers for ongoing broadband internet, video, and voice services offered to residential customers. Consumer cable non-subscription revenue includes, among other items, installation and late fees and the sale of equipment.
11. Average Revenue Per Unit ("ARPU") refers to the average monthly subscription or service revenue, for either fixed or mobile services, respectively, per average fixed customer relationship or mobile subscriber, as applicable. Our ARPU per fixed cable subscriber is calculated separately for our residential ("consumer cable ARPU") and SOHO ("SOHO cable ARPU") subscribers by dividing the average applicable monthly cable subscription revenue for the indicated period, by the average of the opening and closing balances for the fixed customer relationship for the period. Fixed customer relationships of entities acquired during the period are normalized. Unless otherwise indicated, ARPU per fixed customer relationship is not adjusted for currency impacts. Our ARPU per mobile subscriber is calculated separately for our consumer ("mobile consumer postpaid ARPU") and B2B ("mobile B2B postpaid ARPU") subscribers. Our ARPU per mobile subscriber calculations refer to the average monthly mobile service and interconnect revenue per average mobile subscribers in service and are calculated by dividing the average monthly mobile service revenue including interconnect revenue for the indicated period, by the average of the opening and closing balances of mobile subscribers in service for the period.
12. Consumer mobile revenue is classified as either service revenue or non-service revenue. Consumer mobile service revenue includes revenue from ongoing mobile and data services offered under postpaid and prepaid arrangements to residential customers. Consumer mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, activation fees and late fees.
13. B2B cable revenue is classified as either subscription revenue or non-subscription revenue. B2B cable subscription revenue includes revenue from business broadband internet, video, voice, and data services offered to SOHO and medium to large enterprises. B2B cable non-subscription revenue includes, among other items, revenue from hosting services, installation fees, carriage fees and interconnect.
14. B2B mobile revenue is classified as either service revenue or non-service revenue. B2B mobile service revenue includes revenue from ongoing mobile and data services offered to SOHO and medium to large enterprise customers. B2B mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, activation fees and late fees.
15. Our fully-swapped third-party debt borrowing cost represents the weighted average interest rate on our aggregate variable- and fixed-rate indebtedness (excluding capital leases and including vendor financing obligations), including the effects of derivative instruments and commitment fees, but excluding the impact of financing costs.
16. Total covenant amount of third-party gross debt is the euro equivalent of the nominal amount outstanding of our third-party debt less (i) vendor financing and (ii) the projected principal-related cash flows associated with our cross-currency derivative instruments. These projected cash flows are presented for illustrative purposes only and will likely differ from the actual cash receipts or payments in future periods. A reconciliation of total third-party debt to total covenant amount of third-party gross and net debt is provided under the *Covenant Debt Information* section of this release.
17. Accounting principles generally accepted in the United States are referred to as U.S. GAAP.
18. Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Our Homes Passed counts are based on internally maintained databases of connected addresses, which are updated monthly. Due to the fact that we do not own the partner networks, we do not report homes passed for partner networks.
19. Two-way Homes Passed are Homes Passed by those sections of our networks that are technologically capable of providing two-way services, including video, internet and telephony services.
20. Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that we use to provide our enhanced service offerings. With the exception of RGUs that we count on an equivalent billing unit ("EBU") basis, we count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs.
21. Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network or through a partner network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced Video Subscribers that are not counted on an EBU basis are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our Basic Video Subscribers equal to the increase in our Enhanced Video Subscribers. Subscribers to enhanced video services provided by our operations over partner networks receive basic video services from the partner networks as opposed to our operations.

22. Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network.
23. Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our networks, or that we service through a partner network. Telephony Subscribers exclude mobile telephony subscribers.
24. Enhanced video penetration is calculated by dividing the number of enhanced video subscribers by the total number of basic and enhanced video subscribers.
25. Internet and telephony penetration is calculated by dividing the number of internet RGUs and telephony RGUs, respectively, by total Two-way Homes Passed.
26. Fixed Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as Revenue Generating Units ("RGUs"), without regard to which or to how many services they subscribe. To the extent that RGU counts include EBU adjustments, we reflect corresponding adjustments to our Fixed Customer Relationship counts. For further information regarding our EBU calculation, see Additional General Notes below. Fixed Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Fixed Customer Relationships. We exclude mobile-only customers from Fixed Customer Relationships.
27. Our mobile subscriber count represents the number of active subscriber identification module (SIM) cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (mobile broadband or secondary SIM) would be counted as two mobile subscribers. Our mobile subscriber count includes both prepaid and postpaid plans. Customers who do not pay a recurring monthly fee are excluded from our prepaid mobile telephony subscriber counts after a period of inactivity of 15 months. As of the end of Q3, we have made a non-organic adjustment to reduce the closing balance of our postpaid mobile subscribers by 22,800 primarily related to our hollandsnieuwe subscriber base.
28. Other revenue includes, among other items, programming and advertising revenue and revenue related to certain personnel services provided to Vodafone and Liberty Global.
29. Beginning January 1, 2017, we changed the categories of our property and equipment additions from the National Cable & Telecommunications Association ("NCTA") classification approach to a new categorization, which aligns to our internal categories. We also applied this change retroactively to the prior-year periods. The new categories are (i) customer premises equipment, (ii) new build and upgrade, (iii) capacity, (iv) baseline and (v) product and enablers. Customer premises equipment ("CPE") includes capitalizable equipment and labor, materials and other costs directly associated with the installation of such CPE. New build and upgrade includes capitalizable costs of network equipment, materials, labor and other costs directly associated with entering a new service area and upgrading our existing network. Capacity includes capitalizable costs for (a) network capacity required for growth, (b) central/regional head-end, hub, HFC equipment and mobile sites required to secure growth of new subscribers, RGU's and additional bandwidth revenue and (c) services expansions for both existing and new customers (e.g. video, voice, data, mobile and commercial services). This category covers core and access parts of the network and includes, for example, fiber node splits, upstream/downstream spectrum upgrades and optical equipment additions in our international backbone connections. Baseline includes capitalizable costs of equipment, materials, labor and other costs directly associated with maintaining and supporting the business. Our baseline category relates to areas such as network improvement, property and facilities, technical sites, information technology systems and fleet. Product and enablers represents discretionary capitalizable costs and includes investments required to support, maintain, launch or innovate new customer products, and in infrastructure, which drive operational efficiency over the long term.
30. The capital expenditures that we report in our condensed consolidated statements of cash flows do not include amounts that are financed under vendor financing or capital lease arrangements. Instead, these expenditures are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and as repayments of debt when the related principal is repaid.
31. Net third-party debt is not a defined term under U.S. GAAP and may not therefore be comparable with other similarly titled measures reported by other companies.

Additional General Notes:

Certain of our B2B revenue is derived from SOHO subscribers that pay a premium price to receive enhanced service levels along with video, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. All mass marketed products provided to SOHOs, whether or not accompanied by enhanced service levels and/or premium prices, are included in the respective RGU and customer counts of our broadband communications operation, with only those services provided at premium prices considered to be "SOHO RGUs" or "SOHO customers." To the extent our existing customers upgrade from a residential product offering to a SOHO product offering, the number of SOHO RGUs or SOHO customers will increase, but there is no impact to our total RGU or customer counts. With the exception of our B2B SOHO subscribers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

Certain of our residential and commercial RGUs are counted on an EBU basis, including residential multiple dwelling units and commercial units. Our EBUs are generally calculated by dividing the bulk price charged to accounts in an area by the most prevalent price charged to non-bulk residential customers in that market for the comparable tier of service. As such, we may experience variances in our EBU counts solely as a result of changes in rates.

While we take appropriate steps to ensure that subscriber statistics are presented on a consistent and accurate basis at any given balance sheet date, the variability in (i) the nature and pricing of products and services, (ii) the distribution platform, (iii) billing systems, (iv) bad debt collection experience and (v) other factors add complexity to the subscriber counting process. We periodically review our subscriber counting policies and underlying systems to improve the accuracy and consistency of the data reported on a prospective basis. Accordingly, we may from time to time make appropriate adjustments to our subscriber statistics based on those reviews.