VodafoneZiggo Reports Preliminary Q4 2019 Results

2019 Guidance Achieved with a Strong Q4 Performance; Commercial Momentum Expected to Continue in 2020

Utrecht, the Netherlands — February 13, 2020: VodafoneZiggo Group B.V. (“VodafoneZiggo”), a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses, is today providing select, preliminary unaudited financial[1] and operating information for the three months (“Q4”) and full year ("FY") ended December 31, 2019, as compared to the results for the same periods in the prior year (unless otherwise noted). The financial and operating information contained herein is preliminary and subject to change. We expect to issue our December 31, 2019 audited consolidated financial statements in March 2020, at which time the report will be posted to our website.

Highlights for Q4 and FY 2019:

- FY 2019 financial guidance achieved:
  - OCF[2] growth of 4% exceeded guidance[3] of ‘around 3%’
  - Property and equipment additions[4] were 20% of revenue vs guidance of 21%
  - Total cash returns to shareholders[5] of €585 million vs guidance of ‘around €600 million’
- Our commercial momentum remained strong in Q4 with total net customer additions of 62,000, up 44,000 YoY. Our mobile postpaid customer base grew by 75,500 and internet RGUs[6] by 13,000. FY 2019 total net customer additions were 191,000 (up 75,000 YoY)
- Our converged[7] customer base continued to grow, adding 49,000 converged households and 88,000 converged SIMs in Q4. In FY 2019 we added 286,000 households and 541,000 SIMs, resulting in a year end converged penetration rate of 40% of internet RGUs and 74% of Vodafone consumer mobile postpaid SIMs
- Q4 revenue grew by 3% YoY, our third consecutive quarter of growth, supported by a strong fixed performance and a return to growth in mobile. FY 2019 revenue grew 1%
- We reported an operating loss of €10 million in Q4. FY 2019 operating income decreased by €4 million YoY to €106 million
- OCF grew 10% YoY to €457 million in Q4 and 4% to €1,776 million in FY 2019
- Integration on track: approximately 85% of the targeted cost and capex synergies of €210 million have now been realized. We will deliver remaining synergies in 2020, one year ahead of our original target
- 2020 guidance:
  - OCF growth: 2 - 3%
  - Total cash available[8] for potential shareholder distributions: €400 million - €500 million

Jeroen Hoencamp, VodafoneZiggo CEO, commented:

“I am very pleased with the progress we have made in 2019. We returned to revenue growth in what remains a competitive market environment supported by increased convergence penetration and strong commercial momentum, with record mobile postpaid and strong broadband net additions. We ended the year strongly, met all of our 2019 financial guidance targets and made good progress against our 2020 synergy targets, with 85% of all cost synergies now realized. Looking ahead to 2020, we expect to maintain our good commercial momentum supported by our Giganet rollout with Utrecht, Hilversum and The Hague already connected and nationwide Gigabit per second speeds available by the end of 2021. As we enter the final phase of our integration, we are investing to complete the consolidation of our IT systems. As a result, we expect to deliver OCF growth of between 2% to 3% and to generate cash available for potential shareholder distributions of €400 million to €500 million."

Consumer performance for Q4 and FY 2019:

Total consumer revenue grew 3% in Q4 and was stable in FY 2019

Fixed:

Consumer cable revenue[9] grew 3% in Q4 and 1% in FY 2019

- Q4 revenue growth was primarily driven by the price increase implemented on July 1st
- Internet RGUs increased by 3,000 in Q4 supported in part by successful cross sales during the Black Friday sales period. In total, we added 9,000 new broadband customers in FY 2019
- Q4 consumer cable ARPU[10] increased 5% YoY to €49 primarily due to the aforementioned price rise
- 46,000 new customers were connected to our next-generation video platform Mediabox Next in Q4, bringing our total customer base to 347,000, representing more than 10% of our enhanced video base
- Our product-price plans have been simplified and reduced from 42,000 combinations to less than 300
- Final verdict on the wholesale cable access national appeal, previously expected on February 18th, has been postponed until further notice

Mobile:

Consumer mobile revenue[11] increased 3% in Q4 and decreased 2% in FY 2019

- The return to revenue growth in Q4 was primarily driven by an increase in handset sales supported by a successful Black Friday campaign
- Q4 mobile postpaid net customer additions were 52,000 and FY 2019 total net customer additions were 154,000. The FY result was approximately a 50% increase compared to FY 2018
- Q4 consumer postpaid ARPU decreased 13% YoY to €19, driven by (i) differences in phasing of converged discounts compared to the prior year and (ii) a decrease in out-of-bundle revenue
- We recently opened our 5G Hub (www.5ghub.nl) in Eindhoven together with our partners Ericsson, Brainport Development and the High Tech Campus, enabling companies, start-ups, authorities and students to put their 5G innovations from idea and research to results in practice

Business performance for Q4 and FY 2019:

Total B2B revenue grew 2.5% in Q4 and 3% in FY 2019

Fixed:

B2B cable revenue[12] increased 7% in Q4 and 8% in FY 2019

- The strong revenue growth performance was primarily driven by SOHO ("Small Office Home Office") RGU growth and increasing demand for our Unified Communication portfolio
- 20,000 fixed RGUs were added in Q4, representing our best commercial performance since Q1 2018. In total we added 73,000 RGUs in FY 2019
- Q4 SOHO cable ARPU was stable YoY at €58 and our Small Business cable ARPU decreased 1% YoY to €83

Mobile:

B2B mobile revenue[13] decreased 1% in Q4 and FY 2019

- The €2 million revenue decline in Q4 was primarily driven by (i) pricing pressure in the large corporate segment, (ii) lower out-of-bundle revenue partially offset by (iii) an increase in handset sales, and (iv) customer base growth
- We added 23,000 new postpaid customers in Q4, bringing total FY 2019 net additions to 115,000
- Q4 B2B mobile postpaid ARPU decreased 18% YoY to €18 driven by the aforementioned revenue headwinds

Financial highlights for Q4 and FY 2019[1]:

Revenue grew 3% YoY in Q4 and 1% in FY 2019. This good top line momentum combined with our solid progress on synergy realization supported OCF growth of 10% in Q4 and 4% for the full year

- The €29 million YoY revenue growth in Q4, and €42 million growth for the full year was primarily driven by customer base growth, ARPU increase in fixed and increased mobile handset sales
- Reported an operating loss of €10 million in Q4 compared to operating income of €36 million in the corresponding prior year period. FY 2019 operating income decreased 4% YoY to €106 million. The Q4 and FY decrease was primarily the net result of (i) an acceleration in depreciation charges, (ii) an increase in impairment, restructuring, and other operating items primarily driven by additional costs associated with harmonization of labor contract conditions and (iii) OCF growth
- Q4 OCF increased 10% YoY to €457 million, marking six consecutive quarters of growth. On a FY basis, OCF grew 4% YoY to €1,775.5 million
    - Q4 and FY OCF growth was a result of sustained revenue growth and a decrease in certain operating costs supported by ongoing synergy realization
    - Integration expenses were €3 million and €13 million for Q4 and FY 2019, respectively, as compared to €10 million and €20 million in prior-year periods

- Property and equipment additions[4] were 18% of revenue in Q4 and 20% in FY 2019
    - Q4 additions decreased by €71 million YoY primarily as a result of lower spend in our mobile capacity expansion and lower customer premises equipment outlays driven by higher deployment of refurbished equipment
    - FY 2019 property and equipment additions were €44 million lower than the prior-year period, primarily driven by lower spend in our mobile capacity expansion
    - Integration-related additions amounted to €20 million in Q4, bringing the FY total to €86 million, as compared to €27 million and €103 million in the prior-year periods
- At December 31, 2019, our fully-swapped third-party debt borrowing cost[14] was 4.3% and the average tenor of our third-party debt (excluding vendor and handset financing obligations) was 7.2 years
- During the quarter we completed a series of leverage neutral transactions:
    - Issued equivalent of €3.1 billion of new debt, split across €2.25 billion Term Loan H due 2029 and €425 million 2.875% Senior Secured Notes due 2030 and $500 million 4.875% Senior Secured Notes due 2030
    - Proceeds were used to repay €2.25 billion Term Loan F due 2025 in full and redeem the €800 million 3.75% Senior Secured Notes due 2025 and the €71.7 million 3.625% Senior Secured Notes due 2020
    - Extension of our Revolving Credit Facility of €800m to 2026
- Additionally, a third-party SPV that is not consolidated (VZ Vendor Financing B.V.) issued €500 million 2.5% Vendor Financing Notes due 2024 and will use those proceeds to purchase vendor financing receivables from the vendor financing facility provider, thereby reducing our reliance on our uncommitted, 360 day, vendor financing lines
- Due to favorable market conditions we refinanced €5.2 billion of our third-party debt during 2019, realizing interest savings and extending the average tenor of our third-party debt
- In January 2020 we issued $2.52 billion Term Loan I due 2028. Proceeds were used to repay $2.52 billion Term Loan E due 2025 in full. This transaction had no effect on our leverage
- In February 2020, VZ Vendor Financing B.V. issued an additional €100 million 2.5% Vendor Financing Notes due 2024 and will use those proceeds to purchase vendor financing receivables from the vendor financing facility provider thereby replacing shorter dated uncommitted vendor financing lines. Vendor financing debt will remain capped at €1 billion
- In February 2020, we refinanced €950 million 4.625% Senior Notes due 2025 and $400 million 5.875% Senior Notes due 2025 by the issuance of a combination of new €900 million 3.375% Senior Notes due 2030 and $500 million 5.125% Senior Notes due 2030. These transactions were leverage neutral
- At December 31, 2019, total third-party debt (excluding vendor financing, other debt and lease obligations) was €9.9 billion, which is unchanged from September 30, 2019. Further when taking into consideration the projected principal-related cash flows associated with our cross-currency derivative instruments, the total covenant amount of third party gross debt was €9.5 billion at December 31, 2019, unchanged from September 30, 2019. For information concerning the debt balances used in our covenant calculations, see Covenant Debt Information below

- During the quarter, our cash returns to shareholders included €200 million principal repayment of the shareholder loans, €23 million of interest on the Shareholder Notes and €170 million dividends. We have distributed in total €585 million of cash returns to our shareholders in 2019
- At December 31, 2019, 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 3.84x and (ii) the ratio of Total Net Debt to Annualized EBITDA (last two quarters annualized) was 4.77x, each as calculated in accordance with our most restrictive covenants
    - Vendor and handset financing obligations are not included in the calculation of our leverage covenants. If we were to include these obligations in our leverage ratio calculation, the ratio of Total Net Debt to Annualized EBITDA would have been 5.36x at December 31, 2019
- At December 31, 2019, we had maximum undrawn Revolving Credit Facility commitments of €800 million. When our Q4 compliance reporting requirements have been completed and assuming no changes from December 31, 2019 borrowing levels, we anticipate that we will have €662 million of our unused Revolving Credit Facility commitments available to be drawn

Financial guidance for FY 2020:

- OCF growth: 2 - 3%, including around €35 million non-recurring integration costs
- Property and equipment additions: 19 - 21% of revenue, including integration-related additions of approximately €80 million
- Total cash available[8] for potential shareholder distributions: €400 million - €500 million

Operating Statistics Summary

	As of and for the three months ended December 31,	
	2019	2018
Footprint		
Homes Passed[15]	7,250,800	7,199,000
Two-way Homes Passed[16]	7,237,200	7,185,100
Subscribers (RGUs)		
Basic Video[17]	491,300	517,700
Enhanced Video[18]	3,378,800	3,385,000
Total Video	3,870,100	3,902,700
Internet[19]	3,362,100	3,317,200
Telephony[20]	2,409,500	2,499,600
Total RGUs	9,641,700	9,719,500
Q4 Organic RGU Net Additions (Losses)		
Basic Video	(2,800)	(12,500)
Enhanced Video	(800)	(4,200)
Total Video	(3,600)	(16,700)
Internet	13,100	5,400
Telephony	(23,400)	(21,900)
Total organic RGU net losses	(13,900)	(33,200)
Fixed Customer Relationships		
Fixed Customer Relationships[21]	3,875,100	3,906,700
RGUs per Fixed Customer Relationship	2.49	2.49
Q4 Monthly ARPU per Fixed Customer Relationship	€ 49	€ 47
Fixed Customer Bundling		
Single-Play	13.0%	15.0%
Double-Play	25.2%	20.9%
Triple-Play	61.8%	64.1%
Mobile SIMs[22]		
Postpaid	4,483,700	4,215,000
Prepaid	581,200	751,000
Total Mobile	5,064,900	4,966,000
Q4 organic Postpaid net additions	75,500	50,600
Q4 organic Prepaid net additions (losses)	(29,800)	9,500
Total organic Mobile net additions	45,700	60,100
Q4 Monthly Mobile ARPU		
Postpaid (including interconnect revenue)	€ 19	€ 22
Prepaid (including interconnect revenue)	€ 3	€ 3
Convergence[7]		
Converged Households	1,345,000	1,059,000
Converged SIMs	2,081,000	1,540,000
Converged Households as % of Internet RGUs	40%	32%

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, 2019 and 2018.

	Three months ended December 31,			Year ended December 31,		
	2019	2018	Change	2019	2018	Change
	in millions, except % amounts					
Total revenue						
Consumer cable revenue[9]						
Subscription revenue	€ 510.9	€ 495.9	3.0%	€ 2,004.6	€ 1,980.3	1.2%
Non-subscription revenue	4.3	4.8	(10.4%)	19.3	17.8	8.4%
Total consumer cable revenue	515.2	500.7	2.9%	2,023.9	1,998.1	1.3%
Consumer mobile revenue[11]						
Service revenue	157.9	172.9	(8.7%)	627.7	669.5	(6.2%)
Non-service revenue	77.6	55.1	40.8%	241.4	215.5	12.0%
Total consumer mobile revenue	235.5	228.0	3.3%	869.1	885.0	(1.8%)
Total consumer revenue	750.7	728.7	3.0%	2,893.0	2,883.1	0.3%
B2B cable revenue[12]						
Subscription revenue	116.0	105.1	10.4%	440.6	407.1	8.2%
Non-subscription revenue	4.7	7.4	(36.5%)	25.4	24.3	4.5%
Total B2B cable revenue	120.7	112.5	7.3%	466.0	431.4	8.0%
B2B mobile revenue[13]						
Service revenue	99.8	110.0	(9.3%)	413.3	430.8	(4.1%)
Non-service revenue	36.9	28.6	29.0%	112.5	100.0	12.5%
Total B2B mobile revenue	136.7	138.6	(1.4%)	525.8	530.8	(0.9%)
Total B2B revenue	257.4	251.1	2.5%	991.8	962.2	3.1%
Other revenue[23]	14.1	13.0	8.5%	52.3	50.1	4.4%
Total revenue	€ 1,022.2	€ 992.8	3.0%	€ 3,937.1	€ 3,895.4	1.1%
OCF[2]	€ 456.9	€ 416.8	9.6%	€ 1,775.5	€ 1,701.1	4.4%
OCF as a percentage of revenue	44.7 %	42.0%		45.1%	43.7%	
Operating income (loss) as a percentage of revenue	(1.0)%	3.6%		2.7%	2.8%	
OCF Reconciliation						
Operating income (loss)	€ (10.1)	€ 36.1		€ 106.4	€ 110.6	
Share-based compensation expense	0.2	0.6		1.4	2.8	
Depreciation and amortization	458.6	387.3		1,627.5	1,552.0	
Impairment, restructuring and other operating items, net	8.2	(7.2)		40.2	35.7	
OCF	€ 456.9	€ 416.8		€ 1,775.5	€ 1,701.1	

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

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
	in millions, except % amounts			
Customer premises equipment	€ 36.4	€ 60.7	€ 213.1	€ 203.3
New build and upgrade	30.9	34.9	125.7	110.4
Capacity	71.1	101.0	229.1	275.1
Baseline	40.2	52.8	194.9	218.5
Product and enablers	9.0	9.0	30.4	29.5
Property and equipment additions[4]	187.6	258.4	793.2	836.8
Assets acquired under capital-related vendor financing arrangements	(152.4)	(172.7)	(546.5)	(572.7)
Assets acquired under finance leases	2.5	(1.8)	(5.2)	(23.5)
Changes in liabilities related to capital expenditures	19.2	(48.7)	79.4	(27.1)
Total capital expenditures[24]	€ 56.9	€ 35.2	€ 320.9	€ 213.5
Property and equipment additions as a percentage of revenue	18.4%	26.0%	20.1%	21.5%

Third-Party Debt and Cash

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

	December 31, 2019			September 30, 2019
	Borrowing currency		€ equivalent	
			in millions	
Credit Facilities				
Term Loan E (LIBOR + 2.50%) USD due 2025	$	2,525.0	€ 2,248.6	€ 2,315.9
Term Loan F (EURIBOR + 3.00%) EUR due 2025	€	—	—	2,250.0
Term Loan H (EURIBOR + 3.00%) EUR due 2029	€	2,250.0	2,250.0	—
Financing Facility	€	152.7	152.7	—
€800.0 million Ziggo Revolving Facilities EUR due 2026			—	—
Total Credit Facilities			4,651.3	4,565.9
Senior Secured Notes				
3.625% EUR Senior Secured Notes due 2020	€	—	—	71.7
3.75% EUR Senior Secured Notes due 2025	€	—	—	800.0
5.50% USD Senior Secured Notes due 2027	$	2,000.0	1,781.1	1,834.3
4.25% EUR Senior Secured Notes due 2027	€	775.0	775.0	775.0
4.875% USD Senior Secured Notes due 2030	$	500.0	445.3	—
2.875% EUR Senior Secured Notes due 2030	€	425.0	425.0	—
Total Senior Secured Notes			3,426.4	3,481.0
Senior Notes				
4.625% EUR Senior Notes due 2025	€	950.0	950.0	950.0
5.875% USD Senior Notes due 2025	$	400.0	356.2	366.9
6.00% USD Senior Notes due 2027	$	625.0	556.6	573.2
Total Senior Notes			1,862.8	1,890.1
Vendor financing			995.0	999.5
Other debt[25]			186.0	188.4
Finance leases			19.8	26.8
Total third-party debt and finance lease obligations			11,141.3	11,151.7
Unamortized premiums, discounts and deferred financing costs, net			(57.7)	(23.5)
Total carrying amount of third-party debt and finance lease obligations			11,083.6	11,128.2
Less: cash and cash equivalents			204.3	224.6
Net carrying amount of third-party debt and finance lease obligations[26]			€ 10,879.3	€ 10,903.6
Exchange rate ($ to €)			1.1229	1.0903

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[27] and net debt[26] and includes information regarding the projected principal-related cash flows of our cross-currency derivative instruments. The euro equivalents presented below are based on exchange rates that were in effect as of December 31, 2019 and September 30, 2019. These amounts are presented for illustrative purposes only and will likely differ from the actual cash receipts in future periods.

	December 31, 2019	September 30, 2019
	in millions	
Total third-party debt and finance lease obligations (€ equivalent)	€ 11,141.3	€ 11,151.7
Vendor financing	(995.0)	(999.5)
Finance lease obligations	(19.8)	(26.8)
Other debt[25]	(186.0)	(188.4)
Financing Facility excluded amount	(152.7)	-
Projected principal-related cash receipts associated with our cross-currency derivative instruments	(267.3)	(419.8)
Total covenant amount of third-party gross debt[27]	9,520.5	9,517.2
Less: cash and cash equivalents*	(53.3)	(224.6)
Total covenant amount of third-party net debt[26]	€ 9,467.2	€ 9,292.6

* This excludes the €151.0 million cash related to the unutilized portion of the Vendor Finance Note facility

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to our strategies, future financial and operational growth prospects and opportunities; expectations with respect to our OCF and cash returns to our shareholders; expectations with respect to the development, enhancement and expansion of our superior networks and innovative and advanced products and services; expectations regarding the availability of mobile devices with 1 Gbps+ download speeds; expectations with respect to synergies; the strength of our balance sheet and tenor of our third-party debt; and other information and statements that are not historical fact. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include events that are outside of our control, such as the continued use by subscribers and potential subscribers of our services and their willingness to upgrade to our more advanced offerings; our ability to meet challenges from competition, to manage rapid technological change or to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers; the effects of changes in laws or regulation; general economic factors; our ability to obtain regulatory approval and satisfy regulatory conditions associated with acquisitions and dispositions; our ability to successfully acquire and integrate new businesses and realize anticipated efficiencies from the combination of Vodafone Netherlands and Ziggo as well as any acquired businesses; the availability of attractive programming for our video services and the costs associated with such programming; our ability to achieve forecasted financial and operating targets; the outcome of any pending or threatened litigation; the ability of our operating companies to access cash of their respective subsidiaries; the impact of our operating companies' future financial performance, or market conditions generally, on the availability, terms and deployment of capital; fluctuations in currency exchange and interest rates; the ability of suppliers and vendors to timely deliver quality products, equipment, software, services and access; our ability to adequately forecast and plan future network requirements including the costs and benefits associated with network expansions; and other factors detailed from time to time in our most recent Annual and Quarterly Reports. These forward-looking statements speak only as of the date of this release. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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About VodafoneZiggo

VodafoneZiggo is a leading Dutch company that provides fixed, mobile and integrated communication and entertainment services to consumers and businesses. As of December 31, 2019, 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 Utrecht, Amsterdam, Maastricht, Hilversum, Leeuwarden, Groningen, Zwolle, Nijmegen, Helmond, Eindhoven and Rotterdam.

The VodafoneZiggo JV is a joint venture between Liberty Global, one of the world's leading converged video, broadband and communications companies, and Vodafone Group, one of the world's leading telecom and technology service providers. Liberty Global has operations in six European countries under the consumer brands Virgin Media, Telenet and UPC. Liberty Global develops market-leading products delivered through next-generation networks that connect 11 million customers subscribing to 25 million TV, broadband internet and telephony services. Liberty Global also serves 6 million mobile subscribers and offers WiFi service through millions of access points across its footprint. Liberty Global owns significant investments in ITV, All3Media, ITI Neovision, LionsGate, the Formula E racing series and several regional sports networks. Vodafone Group has mobile operations in 24 countries, partners with mobile networks in 42 more, and fixed broadband operations in 19 markets. As of December 31, 2019, Vodafone Group had approximately 625 million mobile customers, 27 million fixed broadband customers and 22 million TV customers, including all of the customers in Vodafone's joint ventures and associates.

Footnotes

1. The financial figures contained in this release are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").
2. Operating Cash Flow ("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 management 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.
3. 2019 OCF guidance included shareholder charges (as further described in our 2018 annual report) and around €10 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 2.
4. Property and equipment additions include capital expenditures on an accrual basis, amounts financed under vendor financing or finance lease arrangements and other non-cash additions.
5. 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 2018 annual report. Shareholders refers to the 50:50 ownership by Vodafone and Liberty Global of VodafoneZiggo.
6. RGU ("Revenue Generating Unit") is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Telephony Subscriber (each as defined and described below). A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer in our market subscribed to our enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, Internet and Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g., VIP subscribers, or free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts. In this regard, our December 31, 2019 RGU counts exclude our separately reported prepaid and postpaid mobile subscribers.
7. Converged households or converged SIMs represent customers in either our Consumer or SOHO segment that subscribe to both a fixed-line digital TV and an internet service (like Connect Start, Complete and Max) and Vodafone and/or hollandsnieuwe postpaid mobile telephony service.
8. Total cash available refers to cash generated during the period excluding any financing and investment expenses relating to potential acquisitions, mobile spectrum auction fees, wholesale cable access or other liabilities.
9. Consumer cable revenue is classified as either subscription revenue or non-subscription revenue. Consumer cable subscription revenue includes revenue from subscribers for ongoing broadband internet, video, and voice services offered to residential customers and the amortization of installation fee. Consumer cable non-subscription revenue includes, among other items, interconnect, channel carriage fees and late fees.
10. Average Revenue Per Unit ("ARPU") refers to the average monthly subscription or service revenue, for either fixed or mobile services, respectively, per average fixed customer relationship or mobile subscriber, as applicable. Although presented on a combined basis in our operating statistics summary table above, our ARPU per fixed customer relationship is calculated separately for our residential ("Consumer cable ARPU") , SOHO ("SOHO cable ARPU") and Small Business ("Small Business cable ARPU") subscribers by dividing the average applicable monthly cable subscription revenue for the indicated period, by the average of the opening and closing balances for the fixed customer relationship for the period. Fixed customer relationships of entities acquired during the period are normalized. Although presented on a combined basis in our operating statistics summary table above, our ARPU per mobile subscriber is calculated separately for our Consumer ("Consumer mobile postpaid ARPU") and B2B ("B2B mobile postpaid ARPU") subscribers. Our ARPU per mobile subscriber calculations refer to the average monthly mobile service and interconnect revenue per average mobile subscribers in service and are calculated by dividing the average monthly postpaid mobile service revenue including interconnect revenue for the indicated period, by the average of the opening and closing balances of postpaid mobile subscribers in service for the period.
11. Consumer mobile revenue is classified as either service revenue or non-service revenue. Consumer mobile service revenue includes revenue from ongoing mobile and data services offered under postpaid and prepaid arrangements to residential customers. Consumer mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, and late fees.

12. B2B cable revenue is classified as either subscription revenue or non-subscription revenue. B2B cable subscription revenue includes revenue from business broadband internet, video, voice, and data services offered to SOHO, small and medium to large enterprises. B2B cable non-subscription revenue includes, among other items, revenue from hosting services, installation fees, carriage fees and interconnect.
13. B2B mobile revenue is classified as either service revenue or non-service revenue. B2B mobile service revenue includes revenue from ongoing mobile and data services offered to SOHO, small and medium to large enterprise customers. B2B mobile non-service revenue includes, among other items, interconnect revenue, mobile handset and accessories sales, and late fees.
14. Our fully-swapped third-party debt borrowing cost represents the weighted average interest rate on our aggregate variable- and fixed-rate indebtedness (excluding finance leases and vendor and handset financing obligations), including the effects of derivative instruments and commitment fees, but excluding the impact of financing costs.
15. Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Our Homes Passed counts are based on internally maintained databases of connected addresses, which are updated monthly. Due to the fact that we do not own the partner networks, we do not report homes passed for partner networks.
16. 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.
17. Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that we use to provide our enhanced service offerings. We count RGUs on a unique premises basis. In other words, a subscriber with multiple outlets in one premises is counted as one RGU and a subscriber with two homes and a subscription to our video service at each home is counted as two RGUs.
18. Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over our broadband network or through a partner network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced Video Subscribers are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives our video service in one premises is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As we migrate customers from basic to enhanced video services, we report a decrease in our Basic Video Subscribers equal to the increase in our Enhanced Video Subscribers. Subscribers to enhanced video services provided by our operations over partner networks receive basic video services from the partner networks as opposed to our operations.
19. Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over our networks, or that we service through a partner network.
20. Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives voice services over our networks, or that we service through a partner network. Telephony Subscribers exclude mobile telephony subscribers.
21. Fixed Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as RGU, without regard to which or to how many services they subscribe. Fixed Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Fixed Customer Relationships. We exclude mobile-only customers from Fixed Customer Relationships.
22. Our mobile subscriber count represents the number of active subscriber identification module (SIM) cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (mobile broadband or secondary SIM) would be counted as two mobile subscribers. Our mobile subscriber count includes both prepaid and postpaid plans. Prepaid customers are excluded from our prepaid mobile telephony subscriber counts after a period of inactivity of 9 months.
23. Other revenue includes, among other items, programming and advertising revenue and revenue related to certain personnel services provided to Vodafone and Liberty Global.
24. The capital expenditures that we report in our consolidated statements of cash flows do not include amounts that are financed under vendor financing or finance lease arrangements. Instead, these expenditures are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and as repayments of debt when the related principal is repaid.
25. Other debt represents handset financing obligations.
26. 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.
27. Total covenant amount of third-party gross debt is the euro equivalent of the nominal amount outstanding of our third-party debt less (i) vendor financing, (ii) finance lease obligations, (iii) other debt and (iv) the projected principal-related cash flows associated with our cross-currency derivative instruments. These projected cash flows are presented for illustrative purposes only and will likely differ from the actual cash receipts or payments in future periods. A reconciliation of total third-party debt to total covenant amount of third-party gross and net debt is provided under the *Covenant Debt Information* section of this release.

Additional General Notes:

Certain of our B2B revenue is derived from SOHO, Small Business and Multiple Dwelling Units subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, internet or telephony services that are the same or similar to the mass marketed products offered to our residential subscribers. Small Business customers receive video, internet or telephony services that are similar to our SOHO product offerings with additional optional functionality such as static IP addresses, hosted VoIP, or Multi Wifi. The Small Business product offerings come at a premium price compared to the business products we offer to our SOHO customers. All mass marketed products provided to SOHO and Small Business customers, whether or not accompanied by enhanced service levels and/or premium prices, are included in the respective RGU and customer counts of our broadband communications operation, with only those services provided at premium prices considered to be “SOHO RGUs” and “Small Business RGUs” or “SOHO customers” and “Small Business customers”. To the extent our existing customers upgrade from a residential product offering to a SOHO or Small Business product offering, the number of SOHO or Small Business RGUs or SOHO or Small Business customers will increase, but there is no impact to our total RGUs or customer counts. We report Multiple Dwelling Units subscribers and revenue under our B2B segment as these contracts are managed by the B2B management team. With the exception of our B2B SOHO, Small Business and Multiple Dwelling Units subscribers, we generally do not count customers of B2B services as customers or RGUs for external reporting purposes.

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