Telenet – Q2 2015 Results

Investor & Analyst Presentation

July 30, 2015

Safe harbor disclaimer

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995.

Various statements contained in this document constitute “forward-looking statements” as that term is defined under the U.S. Private Securities Litigation Reform Act of 1995. Words like “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expects,” “estimates,” “projects,” “positioned,” “strategy,” and similar expressions identify these forward-looking statements related to our financial and operational outlook; future growth prospects;, strategies; product, network and technology launches and expansion and the anticipated impact of the acquisition of BASE Company NV on our combined operations and financial performance, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted whether expressed or implied, by these forward-looking statements. These factors include: potential adverse developments with respect to our liquidity or results of operations; potential adverse competitive, economic or regulatory developments; our significant debt payments and other contractual commitments; our ability to fund and execute our business plan; our ability to generate cash sufficient to service our debt; interest rate and currency exchange rate fluctuations; the impact of new business opportunities requiring significant up-front investments; our ability to attract and retain customers and increase our overall market penetration; our ability to compete against other communications and content distribution businesses; our ability to maintain contracts that are critical to our operations; our ability to respond adequately to technological developments; our ability to develop and maintain back-up for our critical systems; our ability to continue to design networks, install facilities, obtain and maintain any required governmental licenses or approvals and finance construction and development, in a timely manner at reasonable costs and on satisfactory terms and conditions; our ability to have an impact upon, or to respond effectively to, new or modified laws or regulations; our ability to make value-accretive investments; and our ability to sustain or increase shareholder distributions in future periods. We assume no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

Adjusted EBITDA and Free Cash Flow are non-GAAP measures as contemplated by the U.S. Securities and Exchange Commission’s Regulation G. For related definitions and reconciliations, see the Investor Relations section of the Liberty Global plc website (http://www.libertyglobal.com/). Liberty Global plc is our controlling shareholder.

Executive Summary

John Porter, Chief Executive Officer

Continued focus on Amazing Customer Experience

Leading to around 49% triple-play penetration and ARPU per customer[1] of €48.8 for H1 2015 with sharply improved annualized churn trends sequentially

- We **increased download speeds by 25%** for our “Whoppa” customers to up to 200 Mbps, while certain of our business customers now enjoy download speeds up to 240 Mbps;
- We enriched our reliable and high-speed “FLUO” bundles for SoHo and SME customers with the “Anytime” option, enabling **unlimited free calling between our fixed-line and mobile B2B customers**;
- And we **accelerated proactive customer visits** to make sure customers get the most out of our products.

See Notes page for additional disclosure

H1 2015 in review

Solid operational results leading to robust financial growth and upgraded outlook for FY 2015

Continuing to add more value for customers

- Start of our **B2B footprint expansion** project
- **Kick-off of "De Grote Netwerf"**, our €500.0 million network upgrade program to 1 GHz
- **Further Wi-Free roll-out** across core cities in Flanders
- Speed upgrade to up to **200 Mbps** for both new and existing "**Whoppa**" customers
- Certain of our **B2B** customers now enjoy download speeds of up to **240 Mbps**
- **Launch of "Play Sports"**, the true sports hub in our market

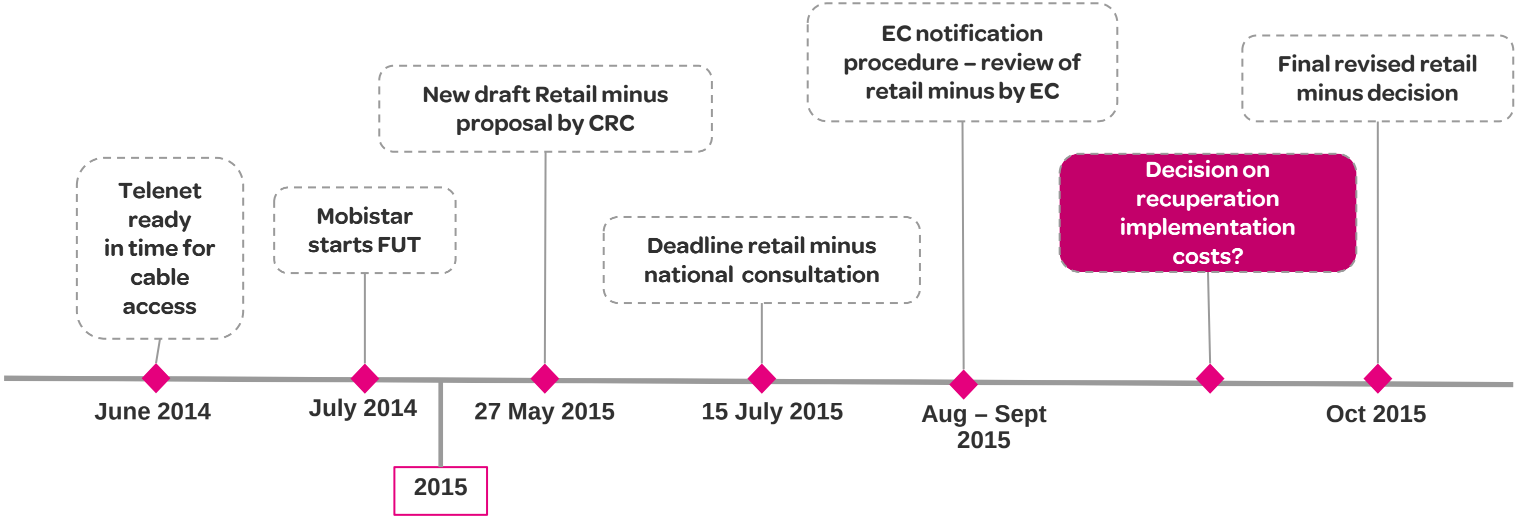
Adding building blocks for future healthy growth

- Regulatory approval for **50% investment** in local media company **De Vijver Media NV**
- **Acquisition of BASE Company NV** to secure long-term mobile access, pending regulatory approval
- **Launch of "Telenet Kickstart, powered by Idealabs"**, our follow-up start-up accelerator program
- **Successful debt refinancing** through issuance of €530.0 million Senior Secured Notes with improved tenor at lower cost
- **€50.0 million share buy-back program**

Cable wholesale regulation

Timeline and issues with the current proposal

1. **Reference values for additional services** need to be relevant for Telenet
2. **France** is **not a valuable reference** as
   - the average effective retail-minus is put at around 47% (current proposal for Telenet above 60%), and
   - an upfront investment by operators is foreseen at €5 million (for Telenet only €750,000)
3. **Stimulating innovation** is a must

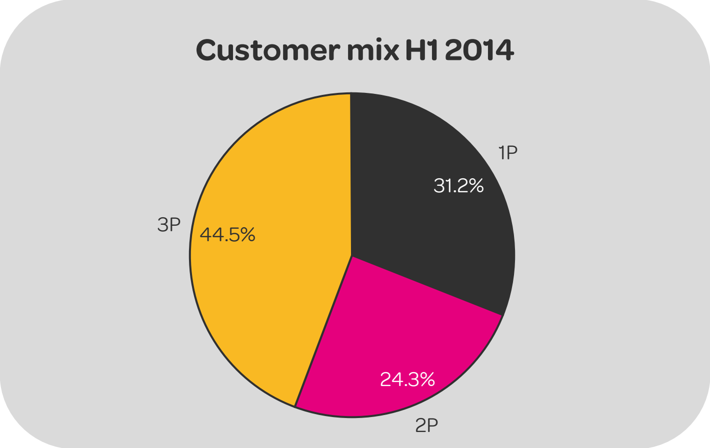


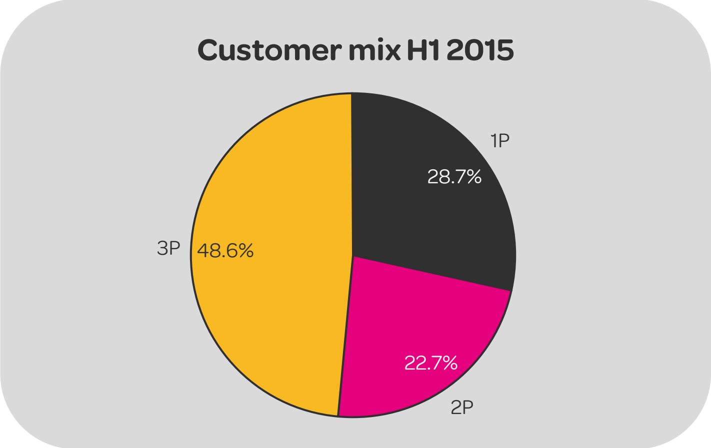
Operational Highlights

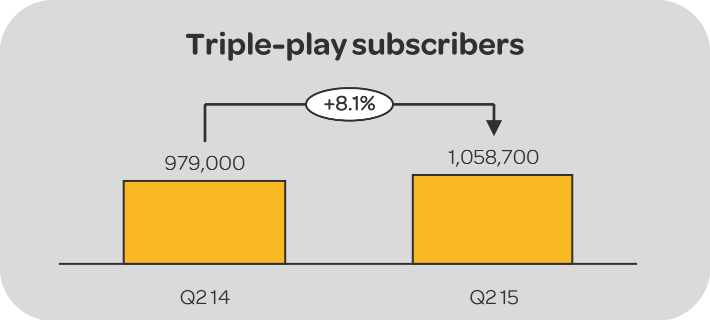
Rob Goyens, VP Strategic Planning, Treasury and Investor Relations

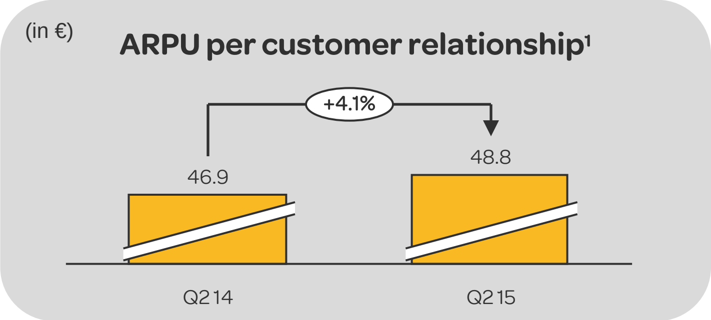
Multiple-play penetration

Triple-play subscribers up 8% in Q2 2015, representing around 49% of our customer base





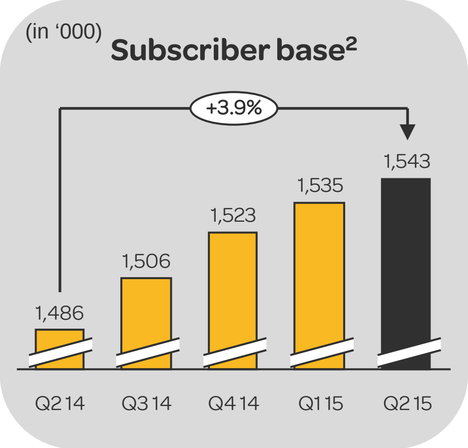


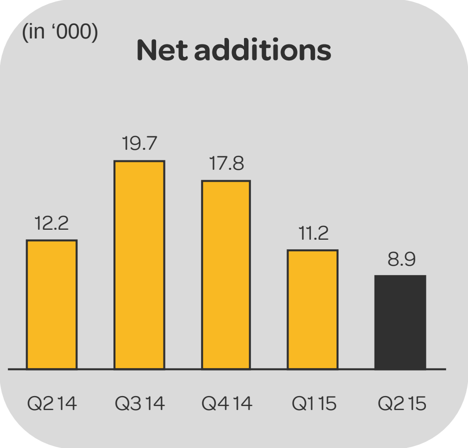


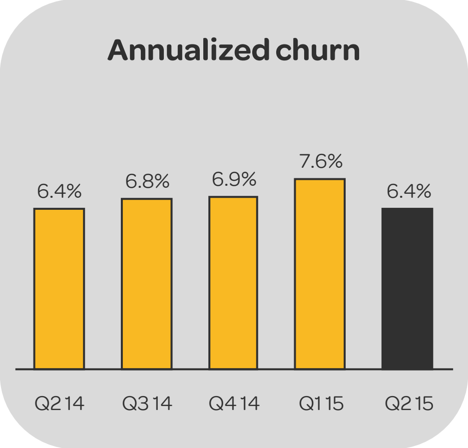
See Notes page for additional disclosure

Broadband internet

Annualized churn down 120 bps sequentially, reflective of our continued focus on product quality and customer experience both in and outside the home







- **8,900 net broadband internet subscriber additions in Q2 2015**, as the second quarter is typically a softer sales quarter in our business;
- Reaching **1,543,400 broadband internet subscribers** at June 30, 2015, +4% yoy, resulting in 52.7% penetration of homes passed by our leading HFC network;
- **Annualized churn of 6.4% in Q2 2015,** a sharp improvement of 120 basis points sequentially;
- **Enhanced customer experience** through (i) recent speed upgrades for both new and existing subscribers, (ii) extensive WiFi coverage, (iii) EAP launch and (iv) proactive house visits.

See Notes page for additional disclosure

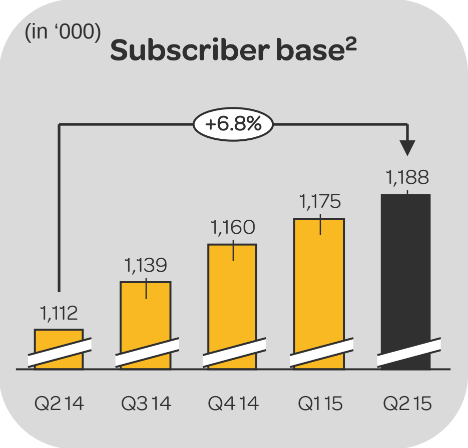
“Helemaal mee” Tournee

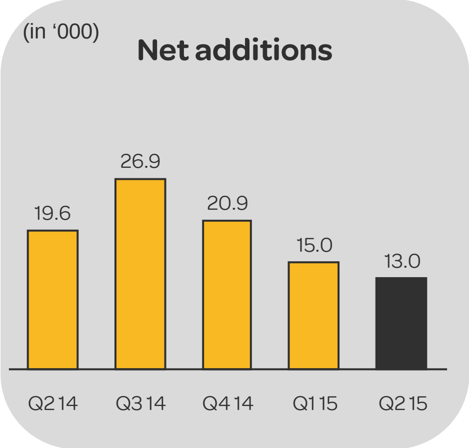
Accelerating our well appreciated proactive customer visits across Flanders, driving customer satisfaction higher

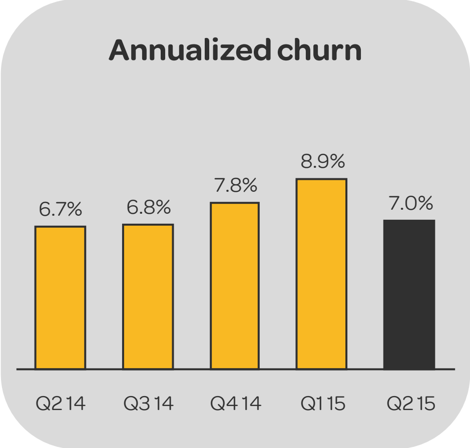
- Check and **improve indoor WiFi coverage** and connect all devices to the correct WiFi access points;
- **Install** all relevant **Telenet apps** (Support, Mobile, Yelo Play, Play Sports) and reset forgotten passwords;
- Making sure **STB is optimally connected** to TV set and free Telenet modem upgrade if necessary.

Fixed-line telephony

More than 40% of homes passed subscribed to our attractive fixed-line telephony offers at June 30, 2015





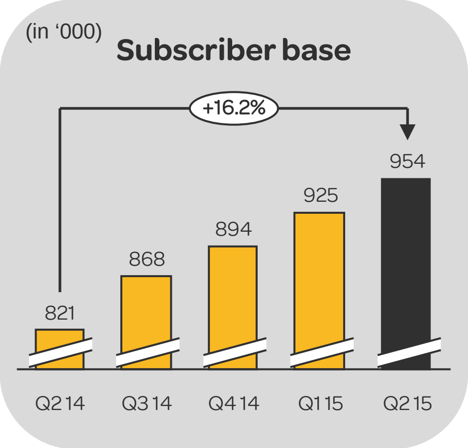


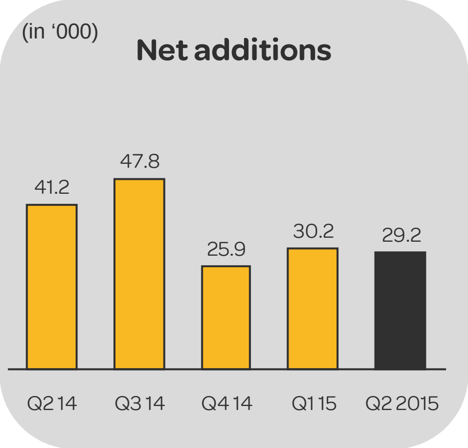
- **13,000 net fixed-line telephony subscriber additions** in Q2 2015, again exceeding net broadband subscriber additions, demonstrating continued triple-play conversion;
- **1,187,500 fixed-line telephony subscribers** at the end of Q2 2015, up 7% yoy, equivalent to 40.6% penetration of homes passed by our network;
- **Annualized churn of 7.0% in Q2 2015**, a 190 basis points improvement compared to Q1 2015 when our churn was impacted by the January 2015 price adjustments;
- Our innovative VoIP app "**Triiing**" had **approximately 358,600 registered devices** at June 30, 2015.

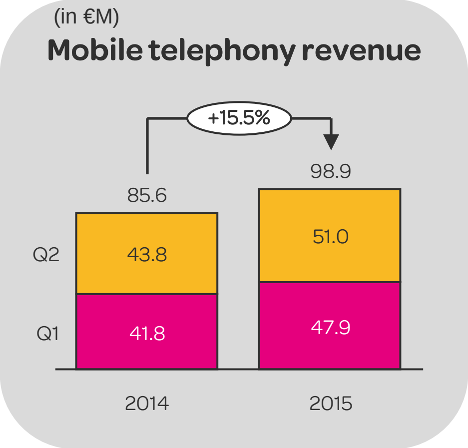
See Notes page for additional disclosure

Mobile telephony

Broadly stable net mobile postpaid subscriber growth in Q2 2015, with subscriber base up 16% yoy at June 30, 2015







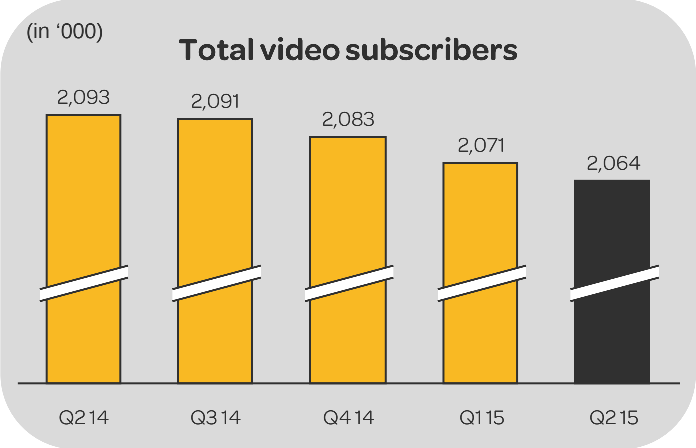
- **29,200 net mobile postpaid subscribers** added in Q2 2015, a broadly stable performance compared to the preceding quarter despite the intensely competitive environment;
- Solid commercial performance driven by our **new "Family Deal" offers** and attractive handset subsidy plans, resulting in **953,700 mobile postpaid** subscribers at June 30, 2015 (+16% yoy);
- **Annualized churn of 13.1%** in Q2 2015 reached its lowest level since mid-2012;
- **Mobile telephony subscription revenue of €98.9 million in H1 2015** (excluding interconnection), up 16% yoy, driven by double-digit subscriber growth, partially offset by a decrease in usage-related revenue per user.

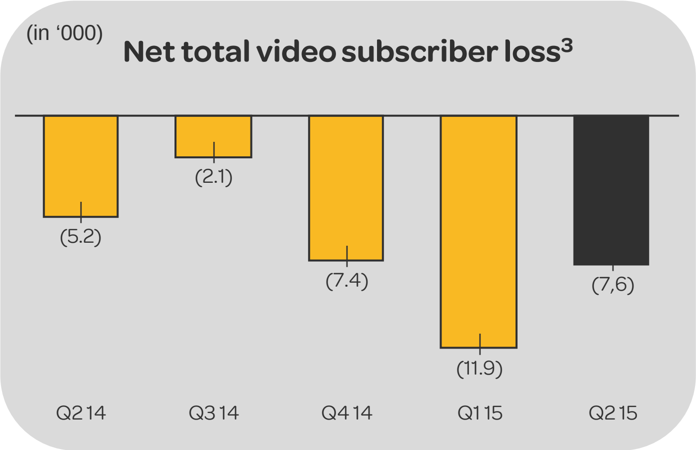
Launch of our “Family Deal” proposition

Boosting value for new and existing triple-play subscribers, through recurring monthly discounts as of the 2nd SIM in the home

Video

Improved net subscriber loss in Q2 2015, back in line with average loss rate of recent quarters



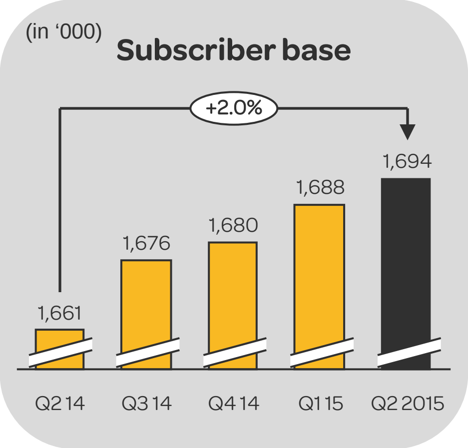


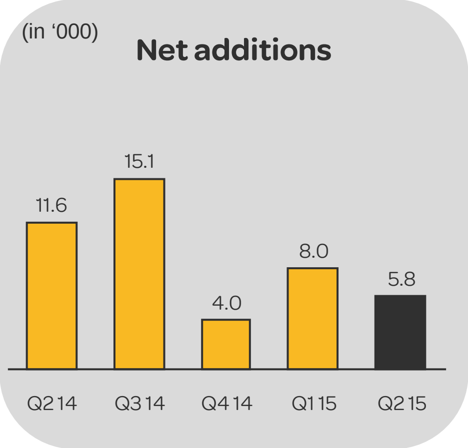
- **2,063,800 total video subscribers** at June 30, 2015, representing approximately 71% of the homes passed by our network;
- The **net loss of 7,600 net video subscribers in Q2 2015 was back in-line with the average churn** witnessed in previous quarters after the increase in Q1 2015, which reflected the anticipated impact from the January 2015 price adjustments.

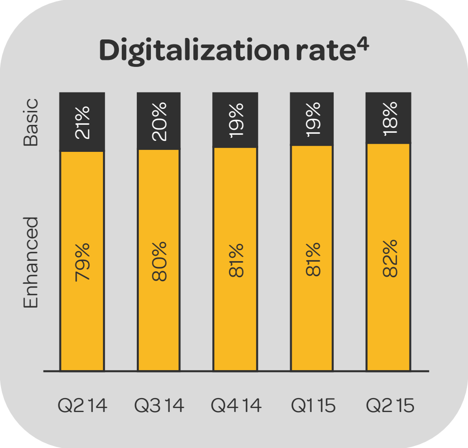
See Notes page for additional disclosure

Enhanced video

Nearly 1.7 million enhanced video subscribers at June 30, 2015, equivalent to around 82% of our total video subscriber base





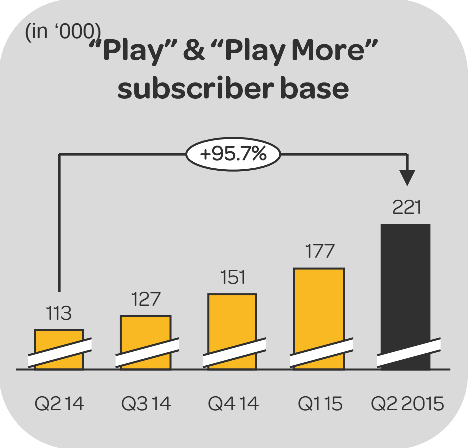


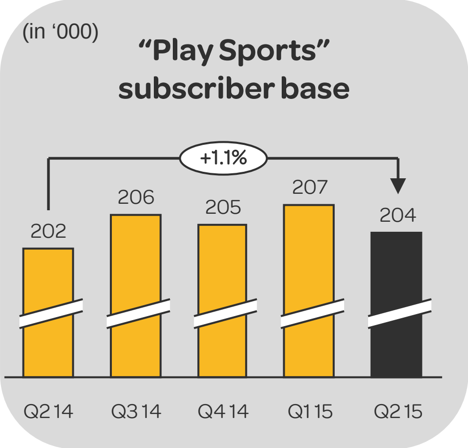
- **5,800 net enhanced video subscribers** added in Q2 2015;
- **1,693,900 enhanced video subscribers** at June 30, 2015, up 2% yoy, and representing around 82% of our total video subscriber base;
- Active user base of **"Yelo Play",** our OTT platform, reached **approximately 21% of our enhanced video subscriber base** at June 30, 2015.

See Notes page for additional disclosure

Unique positioning in premium entertainment

Subscription VOD packs showing continued meaningful uptake across our enhanced video subscriber base





Play

Play More

Play Sports

- Our **subscription VOD packages "Play" and "Play More" had 220,900 customers** at June 30, 2015, up a strong 25% compared to Q1 2015 and driven in part by temporary promotions;
- At June 30, 2015, **203,700 customers subscribed to our sports pay television channels**, temporarily impacted by the end of the 2014-2015 football season throughout both domestic and international leagues;
- **The 2015-2016 Jupiler Pro League season started at the end of July 2015** and we will continue to broadcast all league matches on a non-exclusive basis.

Launch of Play Sports

More sports, top entertainment and innovative extras, a must for all sports lovers

- **The best selection of sports**, including football (Jupiler Pro League, Premier League, Bundesliga, Eredivisie), ball sports (basket, volleyball, hockey), cyclo cross (UCI, Superprestige), motor sports (Formula 1 & E, motorcross) and a 24/7 golf channel;
- **Play Sports app** introduces a new dimension with 7-day catch-up functionality across a myriad of devices and ecosystems, live stats and match summaries;
- **Follow your favorite sports heroes** on and off the field with the introduction of new TV programs and a brand new state-of-the-art contemporary studio;
- **Price unchanged at €16.45 per month**[5] for triple-play subscribers.

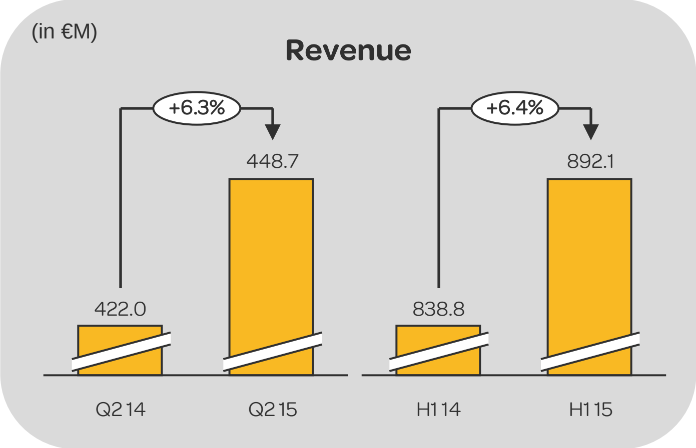
See Notes page for additional disclosure

Financial Highlights & FY 2015 Outlook

Birgit Conix, Chief Financial Officer

Revenue of €892.1 million in H1 2015, up 6% yoy

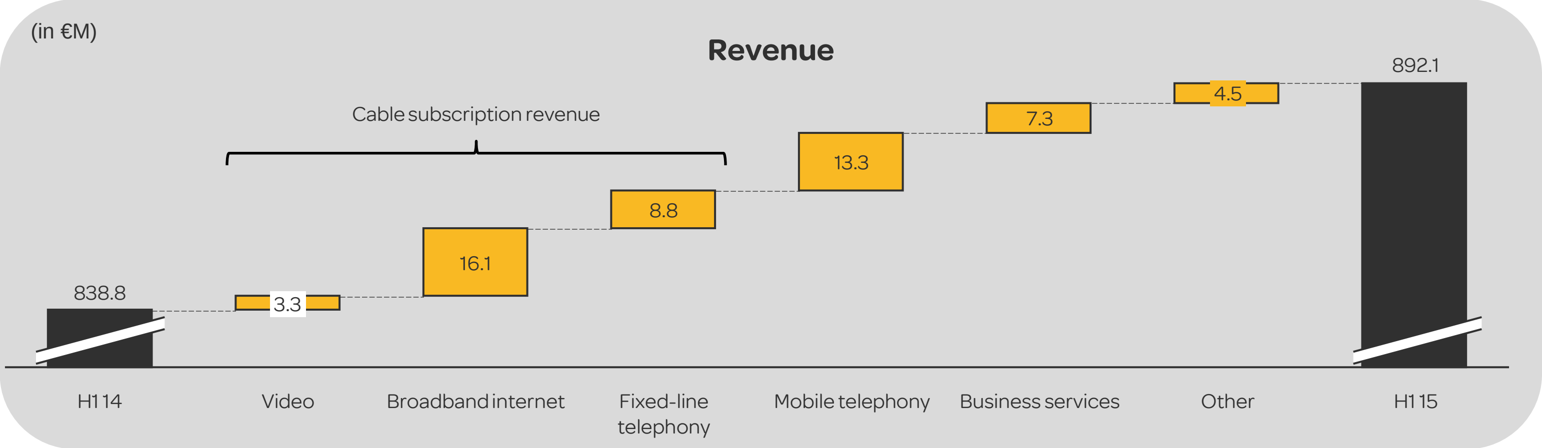
Solid revenue growth driven by higher cable subscription revenue and double-digit growth in mobile telephony and B2B



- **Revenue of €892.1 million in H1 2015, up 6% yoy,** driven by (i) solid multiple-play growth with the number of triple-play subscribers up 8% yoy, (ii) the benefit from the selective price increase on certain fixed services in January 2015, (iii) a €13.3 million higher contribution from our mobile activities, up 16% yoy, and (iv) a 14% increase in our business services revenue;
- **Revenue of €448.7 million in Q2 2015, up 6% yoy**, reflecting the same growth drivers as mentioned above;
- **Upgraded revenue outlook for the full year 2015**, targeting "5-6%" top line growth versus "4-5%" initially.

Revenue of €892.1 million in H1 2015, up 6% yoy

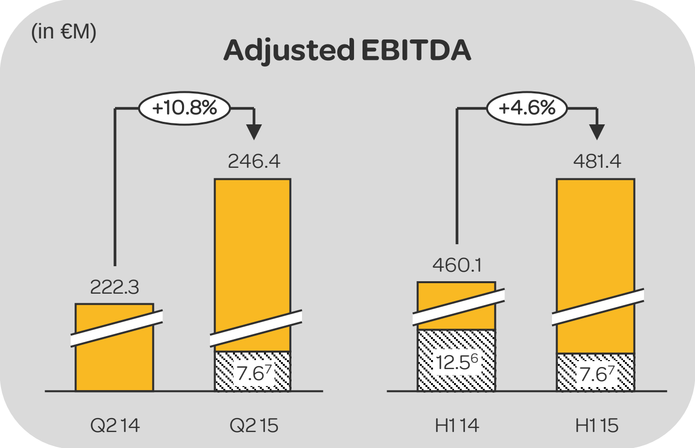
Solid revenue growth driven by higher cable subscription revenue and double-digit growth in mobile telephony and B2B

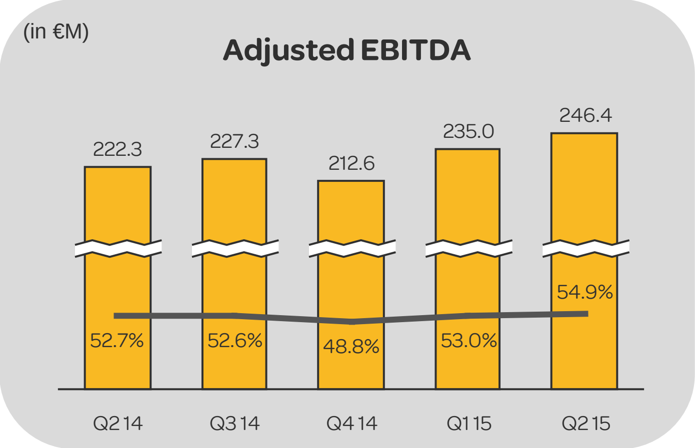


- **Broadband revenue growth of 6% yoy** was driven by (i) 4% growth in our subscriber base and (ii) the benefit from the price increase effective from the end of January 2015, in part offset by the increased proportion of bundle discounts;
- **Mobile telephony revenue up €13.3 million, or 16% yoy**, reflecting continued double-digit growth in the number of postpaid subscribers, partially offset by a decrease in usage-related revenue per user;
- **8% increase in fixed-line telephony revenue** driven by (i) a 7% increase in fixed-line telephony subscribers and (ii) the benefit from the aforementioned January 2015 price increase, partly offset by a growing proportion of bundle discounts.

Adjusted EBITDA of €481.4 million, up 5% yoy

Excluding one-off benefits of €12.5 million and €7.6 million for Q1 2014 and Q2 2015, respectively, our Adjusted EBITDA growth would have been slightly higher



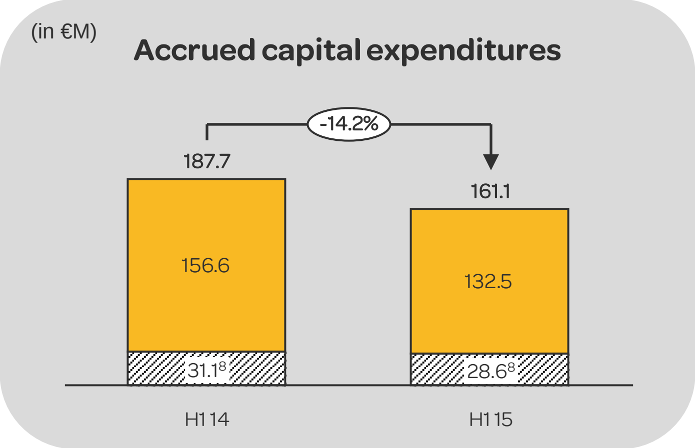


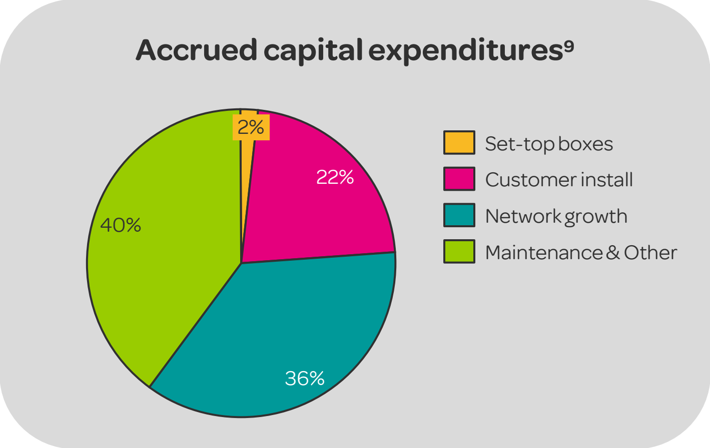
- **Adjusted EBITDA up 5% yoy to €481.4 million** with H1 2015 and H1 2014 including favorable impacts of €7.6 million and €12.5 million, respectively, related to the resolution of certain operational contingencies;
- **Excluding these impacts, Adjusted EBITDA growth** was driven by (i) accretive multiple-play growth, including the impact from the price adjustments, and (ii) our continued focus on controlling our overhead expenses, partly offset by higher costs related to content, interconnection and handset subsidies;
- **Q2 2015 Adjusted EBITDA of €246.6 million,** +11% yoy, including the aforementioned benefit;
- **Anticipate "4-5%" Adjusted EBITDA growth for the full year** versus "around 4%" initially.

See Notes page for additional disclosure

Accrued capital expenditures of €161.1 million

Representing around 15% of revenue excluding the recognition of the Belgian football broadcasting rights for the 2015-2016 season



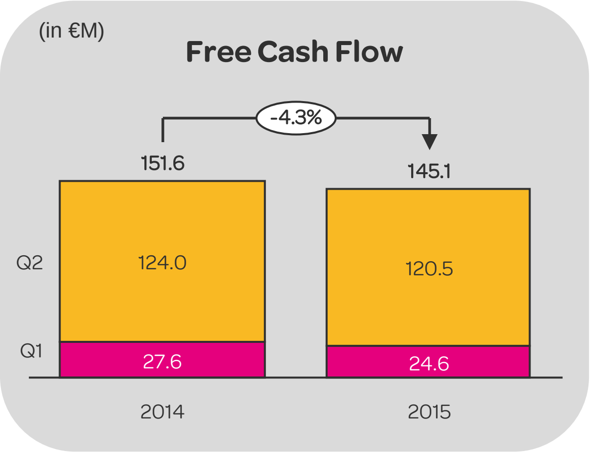


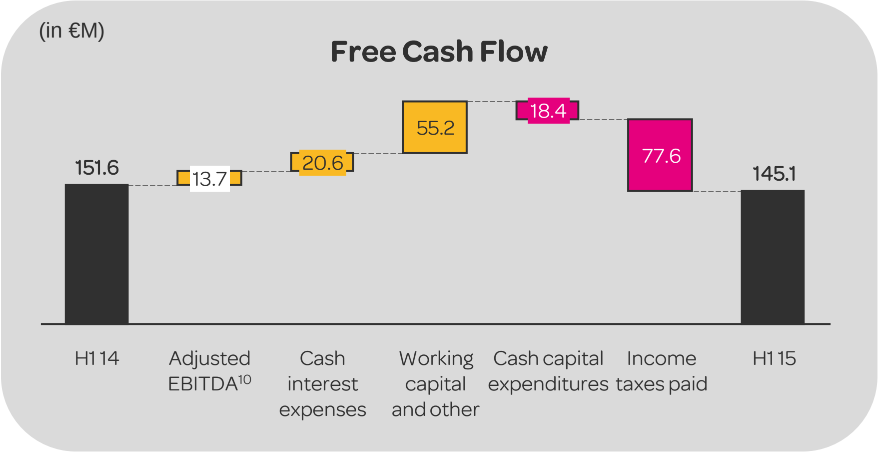
- **Accrued capital expenditures of €161.1 million** in H1 2015, down 14% yoy due to lower set-top box expenditures and lower capital expenditures for customer installations;
- Accrued capital expenditures for both H1 2015 and H1 2014 reflected the **recognition of the Belgian football broadcasting rights** for the 2015-2016 and 2014-2015 seasons, respectively;
- **Excluding the Belgian football broadcasting rights**, accrued capital expenditures were **around 15% of revenue** due to timing of planned expenditures and lower set-top box expenditures;
- **Accrued capital expenditures as a percentage of our revenue seen at "around 20%"** for the full year, reflecting higher top line growth outlook and phasing.

See Notes page for additional disclosure

Free Cash Flow of €145.1 million, down 4% yoy

Significantly higher cash taxes almost fully absorbed by solid Adjusted EBITDA growth, lower cash interest expenses and working capital improvements



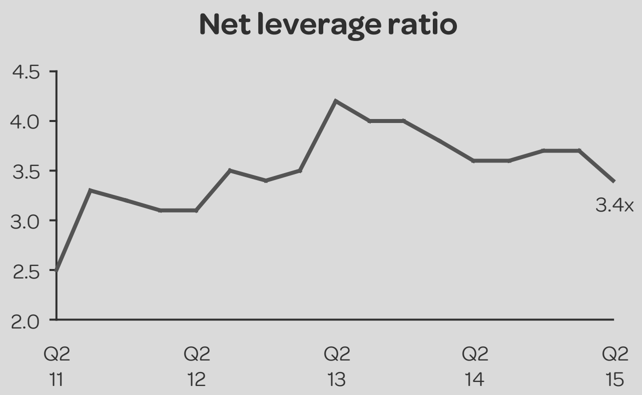


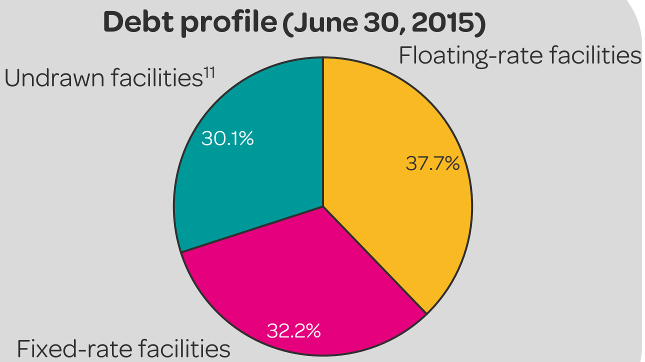
- In H1 2015, **we generated €145.1 million of Free Cash Flow** compared to €151.6 million in H1 2014;
- The **4% decrease** in our Free Cash Flow for H1 2015 was predominantly **driven by €77.6 million higher cash taxes in Q1 2015**;
- **This negative impact was, however, almost fully absorbed** by the combined effect of (i) solid Adjusted EBITDA growth, (ii) an improvement in our working capital and (iii) substantially lower cash interest expenses.

See Notes page for additional disclosure

Net leverage ratio of 3.4x at June 30, 2015

Sequential decrease driven by robust Consolidated Annualized EBITDA growth in the second quarter





- At June 30, 2015, our **net leverage ratio reached 3.4x** as compared to 3.7x at March 31, 2015;
- The sequential decrease in our net leverage ratio was primarily attributable to the **robust growth in our Consolidated Annualized EBITDA** in the second quarter, while Net Total Debt remained broadly stable quarter-on-quarter;
- Our net leverage ratio at the end of June 2015 excluded the additional debt facilities related to the acquisition of BASE Company.

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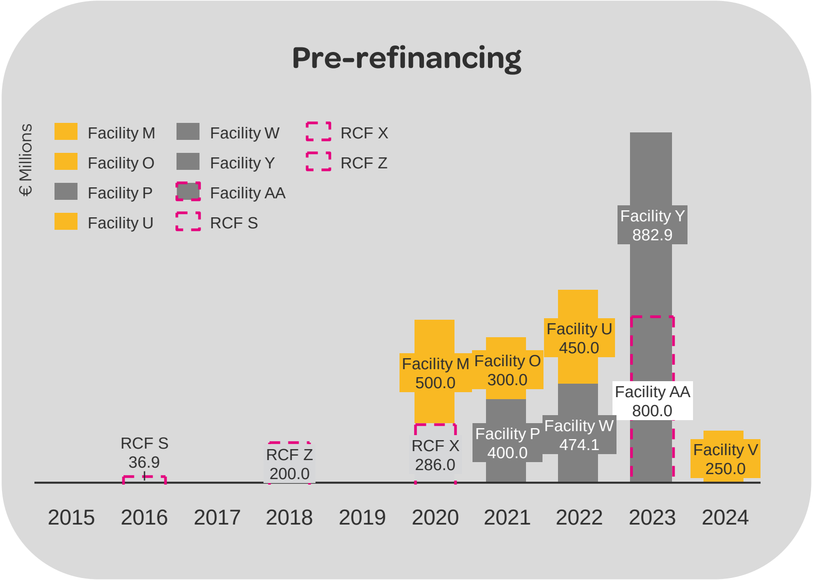
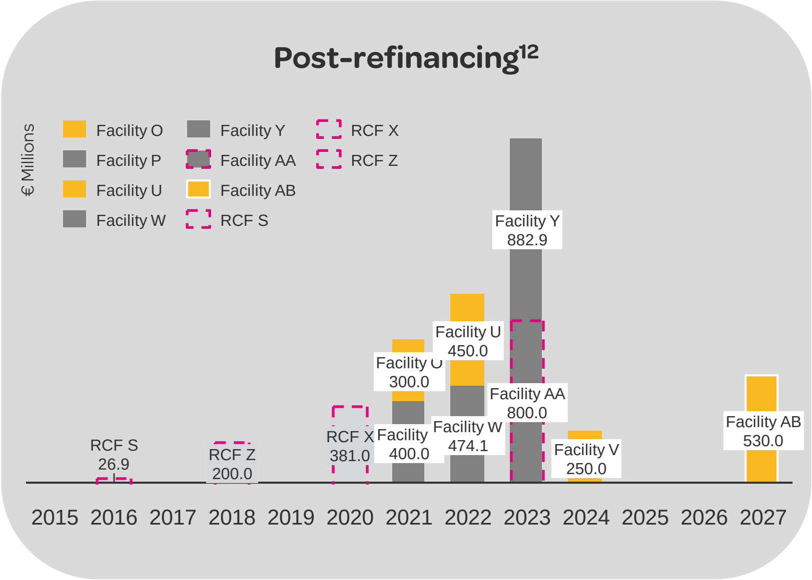
Debt profile

Increased average tenor to 8.3 years at attractive market conditions thanks to issuance of €530 million 4.875% Senior Secured Fixed Rate notes due 2027





Undrawn facilities
Floating rate debt
Fixed rate debt
Revolving Credit Facility

- New €530 million 4.875% Senior Secured Fixed Rate Notes due 2027
- Net proceeds of the Notes will be on lent to Telenet International Finance S.à r.l. under Telenet's existing Senior Credit Facility and used to prepay Facility M thereunder and in turn to redeem the €500 million Senior Secured Fixed Rate Notes due November 2020

See Notes page for additional disclosure

Full year 2015 outlook upgraded

Improved revenue and Adjusted EBITDA growth outlook, together with relatively lower capital intensity, leading to higher Free Cash Flow growth for the full year

	As presented on February 12, 2015	As presented on July 30, 2015
Revenue growth	**4 – 5%**	**5 – 6%**
Adjusted EBITDA growth	**Around 4%**	**4 – 5%**
Accrued capital expenditures (as % of revenue)	**Around 21%**[9]	**Around 20%**[9]
Free Cash Flow	**€240.0 – 250.0 million**[13]	**€250.0 – 260.0 million**[13]

Having achieved 6% top line growth in H1 2015, we expected growth in H2 to be driven by a generally higher contribution from our fixed connectivity business, a higher contribution from our premium content and mobile businesses and continued growth for our B2B activities.

Our FY 2015 outlook includes the €7.6 million favorable impact of Q2 2015, costs related to the acquisition and integration of BASE Company and higher costs related to our proactive customer visits.

Relative to H1 2015, when accrued capital expenditures reached 15% of revenue[10], we anticipate higher investments in H2 2015 driven by timing in planned network investments and accelerated customer visits.

Combination of solid Adjusted EBITDA growth, lower cash capital expenditures and an improvement in our working capital will drive Free Cash Flow growth, partly offset by significantly higher cash taxes paid in 2015.

See Notes page for additional disclosure

Thank you!

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Important reporting changes

Revenue by nature: In Q1 2015, we changed the way we present the disclosure of our revenue in order to further align with our controlling shareholder and to provide a greater level of transparency on the underlying evolution of (i) our traditional cable subscription revenue, (ii) the revenue generated by our mobile telephony customers, (iii) our B2B revenue and (iv) our other revenue, which includes amongst others the revenue generated from the sale of set-top boxes and handsets, interconnection revenue and carriage fees. We have also applied these changes retroactively to the prior year quarters.

RGU adjustment: In Q1 2015, we changed the way we calculate certain operational key performance indicators to further align with our controlling shareholder. From January 1, 2015, RGUs 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 (for instance a primary and a secondary home) that individual will count as two RGUs for that service. This definition adjustment also impacted certain other derived operational parameters, including amongst others multiple-play penetration levels, the number of services per unique customer and the underlying ARPU generated by such unique customers. During the quarter, we also modified certain video subscriber definitions to better align these definitions with the underlying services received by our customers and have replaced our “digital cable TV” and “analog cable TV” subscriber definitions with “enhanced video” and “basic video” respectively. We have also applied these changes retroactively to the prior year quarters.

Free Cash Flow: In Q1 2015, we changed our Free Cash Flow definition to further align with our controlling shareholder. From January 1, 2015, Free Cash Flow is defined as net cash provided by the Company’s continuing operations, plus cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and dispositions, less (i) purchases of property and equipment and purchases of intangibles of our continuing operations, (ii) principal payments on capital-related vendor financing obligations, (iii) principal payments on capital leases (exclusive of network-related leases that were assumed in acquisitions), and (iv) principal payments on post acquisition additions to network leases, each as reported in the Company’s consolidated statement of cash flows.

Reclassification of certain device-related payments: In Q4 2014, we changed the classification of certain device-related payments from purchases of property and equipment in the investing section of our consolidated cash flow statement to working capital changes and other non-cash items in the operating section of our consolidated cash flow statement. We have applied this classification retroactively to January 1, 2014. Accordingly, €26.7 million of device-related payments during the first six months of 2014 (Q2 2014: €8.3 million) were reclassified to working capital changes and other non-cash items in the operating section of our consolidated cash flow statement. The reclassification of these cash flows did not impact our net results or our Free Cash Flow.For additional information, we refer to our Investor & Analyst Toolkit, which can be downloaded from our Investor Relations website.

Definitions

a) EBITDA is defined as profit before net finance expense, income taxes, depreciation, amortization and impairment. Adjusted EBITDA is defined as EBITDA before stock-based compensation and restructuring charges, and before operating charges or credits related to successful or unsuccessful acquisitions or divestitures. Operating charges or credits related to acquisitions or divestitures include (i) gains and losses on the disposition of long-lived assets and (ii) due diligence, legal, advisory and other third-party costs directly related to the Company's efforts to acquire or divest controlling interests in businesses. Adjusted EBITDA is an additional measure used by management to demonstrate the Company's underlying performance and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.

b) Accrued capital expenditures are defined as additions to property, equipment and intangible assets, including additions from capital leases and other financing arrangements, as reported in the Company's consolidated statement of financial position on an accrued basis.

c) Free Cash Flow is defined as net cash provided by the operating activities of Telenet's continuing operations less (i) purchases of property and equipment and purchases of intangibles of its continuing operations, (ii) principal payments on capital-related vendor financing obligations, (iii) principal payments on capital leases (exclusive of network-related leases that were assumed in acquisitions), and (iv) principal payments on post acquisition additions to network leases, each as reported in the Company's consolidated statement of cash flows. Free Cash Flow is an additional measure used by management to demonstrate the Company's ability to service debt and fund new investment opportunities and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.

d) Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over the Combined 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 Revenue Generating Unites ("RGUs") on a unique premises basis. In other words, a subscriber with multiple outlets in one premise 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.

e) Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives our video service over the Combined 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 premise 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.

Definitions

f) Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over the Combined Network.

g) Fixed-line telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives fixed-line voice services over the Combined Network. Fixed-line telephony Subscribers exclude mobile telephony subscribers.

h) 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 (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from our mobile telephony subscriber counts after a 90-day inactivity period.

i) Customer Relationships are the number of customers who receive at least one of our video, internet or telephony services that we count as 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 Customer Relationship counts. 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 Customer Relationships. We exclude mobile-only customers from Customer Relationships.

j) Average monthly revenue ("ARPU") per RGU and ARPU per customer relationship are calculated as follows: average total monthly recurring revenue (including revenue earned from carriage fees and set-top box rentals and excluding interconnection revenue, installation fees, B2B revenue, mobile telephony revenue and set-top box sales) for the indicated period, divided by the average of the opening and closing RGU base or customer relationships, as applicable, for the period.

k) 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 census data that can change based on either revisions to the data or from new census results.

l) RGU is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Telephony Subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer 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 Fixed-line 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 fixed-line 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, free service to employees) generally are not counted as RGUs. We do not include subscriptions to mobile services in our externally reported RGU counts.

Definitions

m) 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 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.

n) Net leverage ratio is calculated as per the 2010 Amended Senior Credit Facility definition, using net total debt, excluding (a) subordinated shareholder loans, (b) capitalized elements of indebtedness under the Clientele and Annuity Fees, (c) any finance leases entered into on or prior to August 1, 2007, and (d) any indebtedness incurred under the network lease entered into with the pure intermunicipalities up to a maximum aggregate amount of €195.0 million, divided by last two quarters' Consolidated Annualized EBITDA.

Notes

1) Average monthly revenue (ARPU) per revenue generating unit (RGU) and ARPU per customer relationship are calculated as follows: average total monthly recurring revenue (including revenue earned from carriage fees and set-top box rentals and excluding interconnection revenue, installation fees, mobile telephony revenue and set-top box sales) for the indicated period, divided by the average of the opening and closing RGU base or customer relationships, as applicable, for the period.
2) In Q2 2015, 25,100 and 24,000 residential broadband internet and residential fixed-line telephony subscribers, respectively, were reclassed to business broadband internet and business fixed-line telephony subscribers.
3) Our net organic loss rate excludes migrations to our enhanced video service and represents customers churning to competitors' platforms, such as other digital television, OTT and satellite providers, or customers terminating their television service or having moved out of our service footprint.
4) Digitalization rate equals the number of enhanced video subscribers at the end of a given period over the total number of video subscribers at the end of a given period.
5) Including 21% VAT.
6) Total operating expenses in Q2 2015 included a €7.6 million favorable impact from the resolution of a contingency associated with universal service obligations.
7) Total operating expenses in Q1 2014 included a €12.5 million nonrecurring benefit related to the settlement of certain operational contingencies.
8) Accrued capital expenditures for both H1 2015 and H1 2015 included the recognition of the Belgian football broadcasting rights ("Jupiler Pro League") for the 2014-2015 (€31.1 million) and 2015-2016 (€28.6 million) seasons. Under EU IFRS, these non-exclusive broadcasting rights have been capitalized as intangible assets and will be amortized on a pro-rata basis as the season progresses..
9) Excluding the impact from the recognition of the Belgian football broadcasting rights.
10) Excluding the €7.6 million favorable impact from the resolution of a contingency associated with universal service obligations in Q2 2015.
11) Undrawn facilities as per June 30, 2015 included revolving facilities S, X and Z and Term Loan AA. All these undrawn debt facilities are floating-rate debt facilities.
12) Post-refinancing refers to issuance of €530 million 4.875% Senior Secured Fixed Rate notes due 2027 and the redemption of the €500 million 6,375% Senior Secured Fixed Rate Notes due 2020 and the upsizing of our Revolving Facilities by a net €85 million.
13) Assuming the tax payment on our 2014 tax return will not occur until early 2016 and excluding additional cash interest expenses incurred for the new debt facilities related to the acquisition of BASE Company NV.