HALF YEAR REPORT 2019

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Introduction

Introduction

Telenet Group Holding NV (hereafter referred to as the "Company" or "Telenet") is a company organized under the laws of Belgium. Other notations and definitions herein apply as presented in the Company's 2018 Annual Report, which was published on March 22, 2019 (the "Annual Report"), a copy of which is available on the Company'swebsite at http://investors.telenet.be.

Presentation of financial and other information

The condensed consolidated Interim Financial Statements of Telenet Group Holding NV as of and for the period ended June 30, 2019 and 2018 and the audited consolidated annual financial statements as of and for the year ended December 31, 2018 have in each case been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS"). The financial information included in this report is not intended to comply with SEC reporting requirements.

Forward-looking statements

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 acquisitions 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.

About Telenet

As a provider of entertainment and telecommunication services in Belgium, Telenet is always looking for the perfect experience in the digital world for its customers. Under the brand name Telenet, the company focuses on offering digital television, high-speed Internet and fixed and mobile telephony services to residential customers in Flanders and Brussels. Under the brand name BASE, it supplies mobile telephony in Belgium. The Telenet Business department serves the business market in Belgium and Luxembourg with connectivity, hosting and security solutions. More than 3,000 employees have one aim in mind: making living and working easier and more pleasant. Telenet Group is part of Telenet Group Holding NV and Telenet Group Holding NV is quoted on Euronext Brussel under ticker symbol TNET. For more information, visit www.telenet.be. Liberty Global - one of the world's leading converged video, broadband and communications companies, innovating and empowering people in six countries across Europe to make the most of the digital revolution – owns a direct stake of 57.3% in Telenet Group Holding NV (excluding any treasury shares held by the latter from time to time).

Definitions

For purposes of calculating **rebased** growth rates on a comparable basis for the six months ended June 30, 2019, we have adjusted our historical revenue and Adjusted EBITDA to include (i) the pre-acquisition revenue and Adjusted EBITDA of Nextel (fully consolidated since May 31, 2018), (ii) the pre-acquisition revenue and Adjusted EBITDA of De Vijver Media (fully consolidated since June 3, 2019) and (iii) the impact of IFRS 16 (applied as of January 1, 2019) in our rebased amounts for the six months ended June 30, 2018 to the same extent that the revenue and Adjusted EBITDA of such entities are included in our results for the six months ended June 30, 2019. We have reflected the revenue and Adjusted EBITDA of Nextel and De Vijver Media in our 2018 rebased amounts based on what we believe to be the most reliable information that is currently available to us (generally pre-acquisition financial statements), as adjusted for the estimated effects of (a) any significant differences between our accounting policies and those of the acquired entities, (b) any significant effects of acquisition accounting adjustments, and (c) other items we deem appropriate. We do not adjust pre-acquisition periods to eliminate nonrecurring items or to give retroactive effect to any changes in estimates that might be implemented during post-acquisition periods. As we did not own or operate the acquired businesses during the pre-acquisition periods, no assurance can be given that we have identified all adjustments necessary to present the revenue and Adjusted EBITDA of these entities on a basis that is comparable to the corresponding post-acquisition amounts that are included in our historical results or that the pre-acquisition financial statements we have relied upon do not contain undetected errors. In addition, the rebased growth percentages are not necessarily indicative of the revenue and Adjusted EBITDA that would have occurred if these transactions had occurred on the dates assumed for purposes of calculating our rebased amounts or the revenue and Adjusted EBITDA that will occur in the future. The rebased growth percentages have been presented as a basis for assessing growth rates on a comparable basis, and are not presented as a measure of our pro forma financial performance.

EBITDA is defined as profit before net finance expense, the share of the result of equity accounted investees, income taxes, depreciation, amortization and impairment. **Adjusted EBITDA** is defined as EBITDA before stock-based compensation, post measurement period adjustments related to business acquisitions 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, (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, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. 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’sperformance, but rather should be used in conjunction with the most directly comparable EU IFRS measure. A reconciliation of this measure to the most directly comparable EU IFRS measure is disclosed in the table on page 16.

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. Accrued capital expenditures exclude the recognition of football broadcasting rights and mobile spectrum licenses.

Operating Free Cash Flow (“OFCF”) is defined as Adjusted EBITDA minus accrued capital expenditures as reported in the Company’s consolidated financial statements.

Adjusted Free Cash Flow is defined as net cash provided by the Company’s operating activities, plus (i) cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and divestitures and (ii) expenses financed by an intermediary, less (i) purchases of property and equipment and purchases of intangibles as reported in the Company's consolidated statement of cash flows, (ii) principal payments on amounts financed by vendors and intermediaries, (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. Adjusted 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’sperformance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.

Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's 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 Telenet uses to provide its enhanced service offerings. Telenet counts 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 Telenet's video service at each home is counted as two RGUs.

Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's 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 are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives Telenet's 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 Telenet migrates customers from basic to enhanced video services, Telenet reports a decrease in its Basic Video Subscribers equal to the increase in Telenet's Enhanced Video Subscribers.

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

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.

Telenet's **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 Telenet's mobile telephony subscriber counts after a 90-day inactivity period.

Customer Relationships are the number of customers who receive at least one of Telenet's video, internet or telephony services that Telenet counts as RGUs, without regard to which or to how many services they subscribe. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives Telenet's services in two premises (e.g. a primary home and a vacation home), that individual generally will count as two Customer Relationships. Telenet excludes mobile-only customers from Customer Relationships.

Average Revenue Per Unit ("ARPU") refers to the average monthly subscription revenue per average customer relationship and is calculated by dividing the average monthly subscription revenue (excluding mobile services, Business-to-Business ("B2B") services, interconnect, channel carriage fees, mobile handset sales and installation fees) for the indicated period, by the average of the opening and closing balances for customer relationships for the period.

Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to the Combined Network without materially extending the distribution plant. Telenet's Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results.

RGU is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Fixed-line Telephony Subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to Telenet's 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 Telenet's 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. Telenet does not include subscriptions to mobile services in its externally reported RGU counts.

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 Telenet and is required to return Telenet's 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 Telenet's churn calculations. Customers who move within Telenet's cable footprint and upgrades and downgrades between services are also excluded from the disconnect figures used in the churn calculation.

Telenet's **ARPU per mobile subscriber** calculation that excludes interconnect revenue refers to the average monthly mobile subscription revenue per average mobile subscribers in service and is calculated by dividing the average monthly mobile subscription revenue (excluding activation fees, handset sales and late fees) for the indicated period, by the average of the opening and closing balances of mobile subscribers in service for the period. Telenet's ARPU per mobile subscriber calculation that includes interconnect revenue increases the numerator in the above-described calculation by the amount of mobile interconnect revenue during the period.

Net total leverage is defined as the sum of all of the Company's short-term and long-term liabilities minus cash and cash equivalents ("Net Total Debt"), as recorded in the Company's statement of financial position, divided by the last two quarters' Consolidated Annualized EBITDA.

Net covenant leverage is calculated as per the 2018 Amended Senior Credit Facility definition, using Net Total Debt, excluding (i) subordinated shareholder loans, (ii) capitalized elements of indebtedness under the Clientele and Annuity Fees, (iii) any finance leases entered into on or prior to August 1, 2007, (iv) any indebtedness incurred under the network lease entered into with the pure intermunicipalities and (v) any vendor financing-related liabilities, divided by last two quarters' Consolidated Annualized EBITDA including certain unrealized cost synergies related to the BASE and SFR Belux acquisitions.

Important reporting changes

Adoption of IFRS 16 Leases: As of January 1, 2019, the Company has adopted IFRS 16 Leases as mentioned in its 2018 Annual Report (see Section 5.2.20 - ***Forthcoming requirements***). In applying IFRS 16, the Company has recognized new assets and liabilities for leases classified as operating leases, being operating leases of (i) site rentals, (ii) real estate, (iii) cars and (iv) dark fiber. IFRS 16 also changed the nature of expenses related to those leases because the Company recognizes a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized. In addition, the Company no longer recognizes provisions for operating leases that are assessed to be onerous. Instead, the Company includes the payments due under such leases in the lease liability and records an impairment of the corresponding right-of-use asset. The application of IFRS 16 had a €20.0 million favorable impact on the Company's Adjusted EBITDA for the six months ended June 30, 2019 and when applied as of January 1, 2018, the application of IFRS 16 would have boosted the Company's Adjusted EBITDA for the year ended December 31, 2018 by €42.3 million.

Purchase price allocation for the Nextel acquisition: Our December 31, 2018 statement of financial position has been restated, reflecting the retrospective impact of the purchase price allocation ("PPA") for the Nextel acquisition, which was not yet available at year-end 2018. The fair value adjustment on the intangible assets (€25.7 million) mainly related to the acquired customer relationships (€16.5 million), trade names (€6.8 million) and technology (€2.4 million). The assessment of the sale-and-lease back and renting model resulted in the derecognition of deferred revenue (€2.7 million) and property and equipment (€7.1 million) which were replaced by a lease receivable (€8.9 million).

Together with the deferred tax impact of the above mentioned adjustments (€7.8 million), goodwill was reduced by €22.3 million. The recognition of the fair value of the intangible assets and the adjustment to the sale-and-lease back and accounting policy alignment of Nextel resulted in additional amortization expense (€2.1 million), a decrease in depreciation expense (€1.8 million), a reduction of the revenues (€1.0 million) and an increase of the cost of goods sold (€0.7 million) recognized for the period between the acquisition date (May 31, 2018) and December 31, 2018, for which the consolidated statement of profit or loss and other comprehensive income for the twelve months ended December 31, 2018 was restated.

Representation of mobile postpaid telephony subscribers: We have represented the June 30, 2018 and December 31, 2018 mobile postpaid subscriber base following the removal of inactive "pay as you go subscribers". These subscribers do not pay a monthly subscription fee and are only being billed on their effective usage. As a result of the inactive status of certain SIM cards, we reduced both our mobile postpaid subscriber base and total mobile subscribers by 108,200 and 99,800 respectively for the periods mentioned above. This adjustment did not impact our mobile telephony revenue.

Representation of mobile telephony small and medium-sized ("SME") customers: As of April 1, 2018, mobile telephony SME subscribers are considered to be business customers and are no longer included in our mobile telephony subscriber count.

Representation of cable RGUs: We have represented the June 30, 2018 RGUs for our video, enhanced video, broadband internet and fixed-line telephony services to correctly reflect the migrations of former SFR Belux subscribers to our Telenet-branded products and services. For comparable reasons, we have restated our Q2 2018 subscriber count.

1. Information on the Company

The following Management Discussion and Analysis is based on the condensed consolidated Interim Financial Statements of Telenet as of and for the six months ended June 30, 2019 and 2018 and the audited consolidated financial statements of Telenet as of and for the year ended December 31, 2018, prepared in accordance with EU IFRS. The Company has included selected financial information on Telenet as of and for the relevant periods. You should read the condensed consolidated interim financial statements attached hereto, including the notes thereto, together with the following discussion and analysis.

1.1 Overview

Telenet is the largest provider of video services in Belgium. Telenet's hybrid fiber-coaxial ("**HFC**") cable network spans the Flanders region, covers approximately 66% of Belgium by homes passed and includes the metropolitan centers of Antwerp and Ghent and approximately two-thirds of Brussels. Telenet Group Holding's shares are listed on the Euronext Brussels Stock Exchange under the ticker symbol TNET and it is part of the BEL20 stock market index.

Telenet offers basic and enhanced video, including high definition ("**HD**"), pay television and video-on-demand ("**VOD**") services, high-speed broadband internet and fixed-line and mobile telephony services to residential subscribers who reside in Telenet's network area. Telenet also combines its services into packages, or bundles, which offer subscribers the convenience of being able to purchase video, broadband internet and telephony services from a single provider at an attractive and discounted price. Under the "BASE" brand, Telenet also offers mobile telephony services to residential and business customers across Belgium. In addition, Telenet offers voice and data services, as well as value-added services including cloud, hosting and security solutions, to small and medium-sized companies ("**SMEs**") and large-sized businesses throughout Belgium and parts of Luxembourg. Through the June 3, 2019 acquisition of the local media company De Vijver Media NV, Telenet also owns three free-to-air commercial broadcasting channels ("VIER", "VIJF" and "ZES") as well as a renowned local content production company ("Woestijnvis").

At June 30, 2019, Telenet had approximately 2,091,600 customer relationships, which represented approximately 62% of the approximately 3,366,100 homes passed by its network. At June 30, 2019, approximately 1,902,200 customers subscribed to its video services, approximately 1,661,100 subscribed to its broadband internet services and approximately 1,234,800 subscribed to its fixed-line telephony services. Telenet also had approximately 2,748,300 active mobile subscribers, of which approximately 466,300 were prepaid subscribers at June 30, 2019. In addition, approximately 90% of its video subscribers had upgraded from basic video to enhanced video services.

For the six months ended June 30, 2019, Telenet's total revenue was €1,261.6 million, a 1% increase over the six months ended June 30, 2018 and its Adjusted EBITDA was €664.8 million, a 3% increase over the six months ended June 30, 2018.

The Combined Network (see section 1.7 Network) is fully bi-directional and EuroDocsis 3.0 enabled, and provides a spectrum bandwidth capacity of 600 MHz. In August 2014, Telenet announced a five-year €500.0 million network investment program as it plans to increase the capacity of the Combined Network to 1 GHz, enabling download speeds of at least 1 Gbps in the future, with the objective of allowing Flanders to offer some of the highest-capacity digital infrastructure in Europe. At June 30, 2019, approximately 96% of the nodes in the Combined Network had been upgraded. Besides the fixed network upgrade, Telenet has also fully modernized its mobile infrastructure. At June 30, 2019, substantially all of the Company's macro sites were upgraded and 466 new sites were deployed.

Telenet is increasingly focused on offering its subscribers broadband internet and telephony subscriptions and services together with its video services in the form of attractively priced multiple-play bundles. Telenet has derived, and believes it can continue to derive, substantial benefits from the trend towards bundled subscriptions, through which it is able to sell more products to individual subscribers, resulting in significantly higher ARPU per customer relationship and, in its experience, the reduction of customer churn. For the six months ended June 30, 2019, the ARPU per customer relationship reached €57.2, which was up 4% compared to the prior year period underpinned by (i) a higher proportion of multiple-play subscribers in Telenet's overall customer mix, (ii) a larger share of higher-tier broadband subscribers in Telenet's mix and (iii) the benefit from the July 2018 price adjustment, which was partially offset by a higher proportion of bundle discounts (including fixed-term promotions) and lower out-of-bundle usage-related revenue.

1.2 Video

Cable television is the principal medium for the provision of television services in Flanders, and Telenet is the largest provider of video services in Belgium. Almost all Flemish television households are passed by the Combined Network. The high penetration of Telenet's video business has resulted in a steady source of revenue and cash flow. At June 30, 2019, Telenet provided video services to approximately 1,902,200 subscribers, or 57% of homes passed by its network. All of Telenet's basic video subscribers have access to at least 21 basic analog television channels and an average of 26 analog radio channels. Telenet generally provides its basic cable television services under individual contracts with its subscribers, the majority of whom pay monthly. Telenet's basic video subscribers who have installed a set-top box or CI + module, and activated a smart card, have access to more than 80 digital channels, including 40 HD channels, and approximately 36 digital radio channels,

for no additional fee. Telenet offers its basic video services in digital for no additional fee in order to encourage its subscribers to migrate to its enhanced video services giving them access to a more enriched TV experience, including access to electronic program guides ("**EPGs**"), additional thematic content packs, exclusive movies and sports channels and a large VOD library of both local and international programs.

For the six months ended June 30, 2019, Telenet lost 37,700 net video subscribers. The net loss excludes migrations to Telenet's enhanced video service and represents customers churning to competitors' platforms, such as other digital television, OTT and satellite providers, or customers terminating their video service or having moved out of Telenet's service footprint.

1.3 Enhanced video

Telenet's interactive enhanced video service includes a combination of premium sports and film channels, a range of extended thematic channels, a selection of films and broadcast content available on an on demand basis and a variety of interactive features. Telenet's enhanced video offering is available to all subscribers passed by the Combined Network. At June 30, 2019, Telenet served approximately 1,718,500 enhanced video customers, representing a 3% decrease compared to June 30, 2018. Telenet's digitalization ratio, which measures the total base of enhanced video customers relative to Telenet's total video subscriber base, reached just over 90% at June 30, 2019 compared to approximately 89% at June 30, 2018. All of Telenet's enhanced video subscribers can access the "Yelo Play" app, through which they can enjoy a unique content experience on multiple connected devices in the home and out-of-home through Telenet's WiFi Homespots and hotspots.

At June 30, 2019, Telenet'ssubscription VOD packages "Play" and "Play More" had 427,100 customers, representing a 7% increase compared to June 30, 2018. The solid growth was driven by Telenet's continued investments in promising local content, both through productions with Telenet's fully-owned commercial channels "VIER", "VIJF" and "ZES" as well as certain proprietary content. Early June 2019, Telenet acquired the remaining 50% stake in the local media company De Vijver Media NV, strengthening its positioning in the local media ecosystem.

Telenet also provides the broadest sports offering within its footprint through "Play Sports", which combines domestic and foreign football, including the UK Premier League amongst others, with other major sport events including golf, ATP tennis, Formula One racing, volleyball, basketball and hockey. At the end of June 2019, Telenet served 227,300 "Play Sports" customers, which remained stable compared to the prior year period.

1.4 Broadband internet

Telenet is the leading provider of residential broadband internet services in Flanders. Today, Telenet offers consumers and businesses data download speeds of up to 400 and 750 Mbps, respectively, and upload speeds of 20 and 75 Mbps, respectively. Through Telenet's €500.0 million five-year "Grote Netwerf" investment program, which started in early 2015 and was substantially completed mid-2019, Telenet aims to boost the capacity of its network from 600 MHz to 1 GHz, enabling data download speeds of at least 1 Gbps in the future. As customers expect to enjoy seamless superfast connectivity whether at home, at work or on the move, WiFi remains one of the cornerstones of Telenet's connectivity strategy. Telenet's brand-wide "Go With The Good Flow" campaign, which Telenet launched during the summer of 2018, has been very successful with 452,000 WiFi boosters distributed at the end of June 2019. This already represents almost a third of Telenet's total broadband internet subscriber base in one year time.

At June 30, 2019, Telenet has deployed around 1.5 million WiFi Homespots and operated nearly 2,000 WiFi hotspots in public areas. Through partnerships with its majority shareholder Liberty Global and certain of its affiliates, as well as Walloon cable operator Nethys, broadband internet customers from both cable companies can freely use the WiFi Homespots on either company's network in Wallonia and in certain other European countries where service is offered through other Liberty Global and certain affiliate networks.

At June 30, 2019, Telenet served 1,661,100 broadband internet subscribers, representing a modest 1% decrease from June 30, 2018 and equivalent to approximately 49% of the homes passed by its HFC network. For the six months ended June, 2019, Telenet gained 3,300 net broadband subscribers,. Annualized churn reached 10.4% for the six months ended June 30, 2019, which was an increase of 150 basis points compared to the six months ended June 30, 2018, reflecting the impact of the SFR Belux customer migration in Brussels which was substantially completed at the end of the first quarter of 2019.

1.5 Telephony

1.5.1 Fixed-line telephony

Telenet offers its residential subscribers local, national and international long distance fixed-line telephony services and a variety of value-added features. In Flanders, Telenet believes it is currently the largest competitor of Proximus, the Belgian incumbent due in part to Telenet's emphasis on customer service and innovative flat-fee rate plans. Substantially all of Telenet's fixed-line telephony subscribers use voice-over- internet protocol ("**VoIP**") technology, which utilizes the open standards EuroDocsis protocol, and through which Telenet is able to provide both internet and fixed-line telephony services.

Telenet served approximately 1,234,800 fixed-line telephony subscribers at June 30, 2019 (-5% year-on-year), equivalent to 37% of the homes passed by its network. As a result of the intensely competitive market environment and an overall declining market trend, annualized churn rate increased 180 basis points from 11.5% to 12.6% for the six

months ended June 30, 2019, compared to the six months ended June 30, 2018.

1.5.2 Mobile telephony

Telenet's active mobile subscriber base, which excludes subscribers under its commercial wholesale partnerships and its SME customers, totaled 2,748,300 SIMs at June 30, 2019, including 2,282,00 postpaid subscribers. The remaining 466,300 mobile subscribers were prepaid subscribers under the BASE brand. In early 2019, Telenet revamped its mobile standalone offers, increasing data specs for both new and existing customers and introducing unlimited mobile data plans under the Telenet and BASE brand. For the six months ended June 30, 2019, net postpaid subscriber growth accelerated to 87,500 SIMs, driven by (i) the aforementioned product enhancements, (ii) attractive fixed-term promotions, (iii) the accelerated growth of Telenet's FMC subscriber base and (iv) an improved churn trend in Telenet's BASE standalone mobile business.

1.5.3 Interconnection

Interconnection is the means by which users of one telephony network are able to communicate with users of another telephony network. For a subscriber located on one telephony network to complete a telephone call to an end user served by another telephony network, the subscriber's network service provider must connect to the network serving the end user. Typically, the network serving the end user charges the subscriber's service provider a fee to terminate the communication on its network, which is based on a call set-up charge and on the length of the telephone call.

Telenet's principal interconnection agreements are with Proximus and the main telecommunication operators in Belgium. Proximus provided fixed-line telephony services to an estimated 50-60% of the residential and an estimated 70-80% of the business fixed-line market in Belgium according to the most recent Annual Report (2018) from the Belgian Institute for Postal and Telecommunication services ("**BIPT**").

In the premium service mobile business, Telenet connects to content aggregators, and as such provide mobile telephony subscribers access to value-added services. For the purpose of serving its mobile telephony subscribers roaming abroad, Telenet has over 600 bilateral roaming agreements. For this purpose, Telenet has closed a roaming agreement with an international provider, acting as a roaming hub provider.

Interconnection revenue and expenses have a significant impact on Telenet's financial results. As a result, Telenet is focused heavily on managing this cost. For the six months ended June 30, 2019, Telenet incurred interconnection expenses of €91.4 million (€102.7 million for the six months ended June 30, 2018). For the six months ended June 30, 2019, Telenet received interconnection revenue of €97.8 million (€103.9 million the six months ended June 30, 2018). Telenet reports the interconnection revenue generated by its fixed-line and mobile telephony subscribers under 'Other' revenue, while the incurred interconnection fees are included in 'Direct costs'.

Telenet has been declared an operator with Significant Market Power ("**SMP**") on the market for call termination on an individual fixed public telephone network. Since April 1, 2012, reciprocal termination rates have been imposed, which results in Telenet charging the interconnection rate of Proximus. Following a court annulment of a final decision on wholesale tariffs issued by the BIPT in 2016, the BIPT issued a new decision in November 2018 that proposes a wholesale tariff of €0.116 cents per minute as from January 1, 2019.

1.6 Business services

Under the "Telenet Business" brand, Telenet offers a range of voice, data and internet products and services that are tailored to the size and needs of each customer. Telenet Business also offers its business customers an extensive range of reliable value-added services, including hosting, managed security and cloud services. Telenet provides services to business customers throughout Belgium and parts of Luxembourg. Telenet's business customers include SMEs, larger corporations, public, healthcare and educational institutions, and carrier customers that include international voice, data and internet service providers. The Company expanded its offering through the acquisition of local ICT integrator Nextel on May 31, 2018. This acquisition has put Telenet Business in a stronger position to create more competition in the business market and offers all-in-one solutions to medium-sized and large companies. Telenet Business generated revenue of €102.7 million for the six months ended June 30, 2019, up 19% compared to the six months ended June 30, 2018. Telenet's B2B revenue growth was primarily driven by the inorganic contribution of Nextel, which the Company consolidates as of May 31, 2018. On a rebased basis, Telenet's revenue for the six months ended June 30, 2019 decreased 2% compared to the six months ended June 30, 2018. The decline was mainly caused by seasonal trends in Telenet's security and ICT integrator businesses.

1.7 Network

In 1996, Telenet acquired the exclusive right to provide point-to-point services, including broadband internet and fixed-line telephony services, and the right to use a portion of the capacity of the broadband communications network owned by the pure intermunicipalities (the "**PICs**"), the Partner Network. Currently, under the PICs Agreement through Telenet BVBA and Telenet Vlaanderen NV, Telenet has full rights to use substantially all of the Partner Network under a long-term lease (***erfpacht/emphythéose***) entered into 2008 for an initial period of 38 years, for which Telenet is required to pay recurring fees in addition to the fees paid under certain pre-existing agreements with the PICs.

Telenet refers to the Combined Network when describing the combination of its own network and the Partner Network. Through the Combined Network, Telenet provides video in analog, digital and HD formats, broadband internet and fixed-line telephony services to both residential and business customers who reside in its service area. Telenet's Combined Network consists of a fiber backbone with local loop connections constructed of coaxial cable with a minimum capacity of 600 MHz. The Combined Network uses EuroDocsis 3.0 technology, which enables Telenet to currently offer downstream speeds of up to 750 Mbps for certain of its business customers. Telenet's Combined Network assets include approximately 12,000 kilometers of fiber backbone, of which Telenet owns 7,300 kilometers, utilizes approximately 2,600 kilometers pursuant to long-term leases and has access to 2,100 kilometers through its agreements with the PICs. The fiber backbone connects to approximately 68,000 kilometers of coaxial local loops, of which 50,000 kilometers is in the Telenet Network and the balance is in the Partner Network. Telenet owns the primary and secondary fiber backbone on the Combined Network and the fiber and coaxial cable on the Telenet Network. The PICs own the additional fiber and the coaxial cable included in the HFC access loops on the Partner Network.

In addition to its HFC network, Telenet offers services to business customers across Belgium and in parts of Luxembourg through a combination of electronic equipment that it owns and fiber that is predominantly leased. Telenet has also installed equipment necessary to provide voice, data and internet services using Digital Subscriber Line ("**DSL**") technology. DSL technology enables Telenet to serve business customers that are not close to the Combined Network in a more cost effective manner.

Telenet's fiber backbone is running All-IP and carries all of its communications traffic. Telenet also uses fully converged multi protocol label switching ("**MPLS**") to route its IP traffic, which enables it to more efficiently tag data to better manage traffic on the Combined Network. This means, for example, that voice packets can be given priority over data packets to avoid interruption to voice communications.

Customers connect to the Combined Network through a coaxial connection from one of Telenet's nodes. Amplifiers are used on the coaxial lines to strengthen both downstream and return path signals on the local loop. Network quality usually deteriorates as customer penetration rates on any particular node increases. When required, the scalability of Telenet's network enables it to address this problem, within limits, through node splits. Telenet uses node splits, among other measures, to manage potential congestion in certain parts of the Combined Network.

Telenet's network operating center in Mechelen, Belgium, monitors performance levels on the Combined Network on a continuous basis. Telenet has a separate disaster recovery site for back office systems, and its network has been designed to include redundant features to minimize the risk of network outages and disasters with the fiber optic rings designed to reroute traffic in the opposite direction around the ring in the event that a section of the ring is cut. Telenet has insured its buildings, head end stations, nodes and related network equipment against fire, floods, earthquakes and other natural disasters, but is not insured against war, terrorism (except to a limited extent under its general property insurance) and cyber risks. Telenet carries insurance on its fiber optic network up to a capped amount, but does not carry property damage insurance for its coaxial network.

In August 2014, Telenet announced a five-year €500.0 million network investment program as it plans to increase the capacity of the Combined Network to 1 GHz, enabling download speeds of at least 1 Gbps in the future, with the objective of allowing Flanders to offer some of the highest-capacity digital infrastructure in Europe. At June 30, 2019, approximately 96% of the nodes in the Combined Network had been upgraded.

For the ongoing mobile network modernization, Telenet upgraded substantially all of its 2,800 macro sites and deployed 466 new sites. The Company also successfully launched new Voice-over-WiFi -and Voice-over-LTE services, improving indoor coverage and delivering HD sound quality.

1.8 Strategy

Telenet's strategy is to be the best-in-class and preferred provider of enhanced video, broadband internet and telephony services while improving its revenue, profitability and cash flow. Telenet aims to accomplish this by continuing to improve the quality of its network and offer cutting-edge technologies and innovative services to its customers.

Over the past three years, Telenet has invested around €2.0 billion cumulatively in its fixed and mobile networks, its products and its customers in order to further solidify its converged network leadership in the Belgian market. Telenet has also successfully started to unlock the potential in business solutions, while continuing to lead on converged connected entertainment so customers can get the most out of their digital lifestyle.

The cornerstones of Telenet's strategy for the next three years represent an extension of the previous strategic plan. Having upgraded around 96% of nodes in its HFC network and having fully completed the modernization of the acquired mobile network, Telenet will soon be ready to provide data download speeds of at least 1 Gbps, complemented with a leading mobile network across Belgium. Against the backdrop of continued growth in both fixed and mobile data traffic, Telenet is confident it can sustain a lower capital intensity over the next three years, while continuing to innovate within the Belgian telecoms landscape.

Telenet has further strengthened the foundations to grow in the business market through the acquisition of SFR Belux and the local ICT

integrator Nextel. These acquisitions are driving future growth, expanding to adjacent value-added ICT services and addressing the increasing customer need for one-stop-shop solutions.

In the residential market, Telenet aims to leverage its strong brands and amazing customer experience. Telenet has built a unique positioning in converged connected entertainment and the Company aims to create further customer value across its customer base. As part of the three-year plan, Telenet is boosting penetration in the acquired SFR Belux footprint, while leveraging data and digital to create highly personalized customer touchpoints.

Finally, Telenet aims to further improve the customer experience by simplifying how customers interact with Telenet in an increasingly digital way. Together with a radical simplification of Telenet's IT landscape and a simplification of the operating model, these initiatives are expected to result in significant cost savings of up to 15% in IT and residential customer operations by 2021. These cost reductions will be partially reinvested to accelerate growth in 2020 and 2021.

2. Discussion of the consolidated financial statements

2.1 Revenue by service

For the six months ended June 30, 2019, Telenet generated revenue of €1,261.6 million, which was up 1% versus €1,250.5 million in the prior year period. Telenet's revenue for the six months ended June 30, 2019 included a full six-month contribution from the local ICT integrator Nextel, which Telenet acquired on May 31, 2018, as opposed to a one-month contribution in the prior year period, adding an incremental €23.5 million to Telenet's revenue as compared to the six months ended June 30, 2018. In addition, Telenet's revenue for the six months ended June 30, 2019 also included a one-month contribution from the local media company De Vijver Media NV, of which Telenet acquired the remaining 50% stake on June 3, 2019 and which has been fully consolidated as of then, contributing €7.9 million to Telenet's revenue for the six months ended June 30, 2019.

Excluding the aforementioned inorganic effects, Telenet's rebased revenue for the six months ended June 30, 2019 modestly declined by 1% as higher cable subscription revenue, including a higher proportion of subscription revenue generated by business customers on Telenet's "FLUO" and "WIGO Business" bundles, was more than offset by (i) lower other revenue, reflecting the loss of the MEDIALAAN MVNO contract, which has started to adversely impact Telenet's wholesale revenue since early April, (ii) lower mobile telephony revenue, reflecting lower usage-related revenue amidst the continued success of Telenet's flat-fee "WIGO" quad-play bundles and improved mobile line-up, including higher mobile data allowances and (iii) lower non-coax B2B revenue given seasonality in Telenet's security and ICT integrator businesses.

For further information, we refer to note 5.18 to the interim financial statements of the Company.

2.1.1 Video

Telenet's video revenue represents the monthly fee paid by its video subscribers for the channels they receive in the basic tier and the revenue generated by its enhanced video subscribers which primarily includes (i) recurring set-top box rental fees, (ii) fees for supplemental premium content offerings, including Telenet's subscription VOD packages “Play”, “Play More” and “Play Sports” and (iii) transactional and broadcasting-on-demand services. For the six months ended June 30, 2019, video revenue amounted to €287.9 million, representing a 1% decline compared to the six months ended June 30, 2018, both on a reported and rebased basis. The modest year-on-year decline was mainly driven by the continued gradual decline in the total video subscriber base and slightly lower revenue from transactional VOD services, which was only partially offset by the benefit from the July 2018 price adjustment and a higher share of premium entertainment customers.

2.1.2 Broadband internet

The revenue generated by residential and small business broadband internet RGUs totaled €323.1 million for the six months ended June 30, 2019, representing a 4% increase compared to the six months ended June 30, 2018, both on a reported and rebased basis. This was driven by (i) continued traction for Telenet's "WIGO" propositions, leading to a larger share of high-tier broadband internet subscribers in its mix, (ii) a robust performance in the small business segment and (iii) the favorable impact from the aforementioned price adjustment, partially offset by customer base impact related to competitive pressure.

2.1.3 Fixed-line telephony

Fixed-line telephony revenue includes recurring subscription-based revenue from Telenet's fixed-line telephony subscribers and variable usage-related revenue, but excludes the interconnection revenue generated by these customers which is reported under other revenue. For the six months ended June 30, 2019, Telenet's fixed-line telephony revenue decreased 6% to €109.8 million compared to €117.2 million for the six months ended June 30, 2018. The favorable impact from the aforementioned price adjustment was more than offset by (i) a continued gradual decline in Telenet's residential fixed-line telephony RGU base amidst a challenging market backdrop and an overall declining market trend and (ii) lower usage-related revenue due to a continued shift to unlimited calling.

2.1.4 Mobile telephony

Mobile telephony revenue represents the subscription-based revenue generated by Telenet's direct mobile telephony subscribers and out-of-bundle revenue, but excludes (i) the interconnection revenue generated by these customers, (ii) the revenue earned from handset sales and (iii) revenue recognized under Telenet's "Choose Your Device" programs which are all recorded in other revenue. For the six months ended June 30, 2019, Telenet generated mobile telephony revenue of €217.3 million, representing a 4% decrease compared to the six months ended June 30, 2018 on both a reported and rebased basis. Continued solid net postpaid subscriber growth was more than offset by (i) lower out-

of-bundle revenue generated by Telenet's mobile subscribers in excess of their monthly bundle on the back of its improved "WIGO" quad-play bundles and the shift to unlimited standalone mobile offers on both Telenet and BASE brands, (ii) higher bundle-related discounts following the success of quad-play "WIGO" propositions and (iii) a continued decline in the number of prepaid subscribers.

2.1.5 Business services

The revenue reported under business services relates to (i) the revenue generated on non-coax products, including fiber and leased DSL lines, (ii) mobile telephony revenue generated by Telenet's SME customers, (iii) carrier business and (iv) value-added services such as network hosting and managed data security. Telenet's business services revenue also includes the revenue generated by the local ICT integrator Nextel, which Telenet acquired on May 31, 2018. Revenue generated by business customers on all coax-related products, such as Telenet's flagship bundle "WIGO Business", is allocated to cable subscription revenue and is not captured within Telenet Business, its business services division.

Telenet Business generated revenue of €102.7 million for the six months ended June 30, 2019, up 19% as compared to the six months ended June 30, 2018 and mainly impacted by the aforementioned contribution from Nextel since the May 31, 2018 acquisition date. On a rebased basis, B2B revenue for the six months ended June 30, 2019 showed a 2% decline compared to the six months ended June 30, 2018. The decline was mainly caused by seasonal trends in Telenet's security and ICT integrator businesses.

2.1.6 Other

Other revenue primarily includes (i) interconnection revenue from both Telenet's fixed-line and mobile telephony customers, (ii) wholesale revenue generated through both commercial and regulated wholesale businesses, (iii) mobile handset sales, including the revenue earned under Telenet's "Choose Your Device" programs, (iv) product activation and installation fees, (v) set-top box sales revenue and (vi) the contribution from De Vijver Media NV, which Telenet fully consolidated as of June 3, 2019. Other revenue reached €220.8 million for the six months ended June 30, 2019, broadly stable year-on-year on a reported basis as lower interconnection revenue and lower wholesale revenue following the loss of the MEDIALAAN MVNO contract were offset by higher CPE sales and the one-month revenue contribution from De Vijver Media as mentioned above. On a rebased basis, other revenue declined 2% year-on-year, reflecting lower interconnection revenue following a regulatory decrease of fixed termination rates and lower wholesale revenue following the loss of the MEDIALAAN MVNO contract.

2.2 Total expenses

For the six months ended June 30, 2019, Telenet incurred total expenses of €937.0 million, representing a decrease of 2% compared to the six months ended June 30, 2018 when the Company incurred total expenses of €960.3 million. The negative inorganic impact from both the Nextel and De Vijver Media acquisitions on Telenet's cost base for the six months ended June 30, 2019 was more than offset by lower depreciation and amortization expenses, as the vast majority of Telenet's fixed and mobile infrastructure improvement programs have now been completed resulting in lower other indirect expenses. Total expenses represented approximately 74% of Telenet's revenue for the six months ended June 30, 2019 (for the six months ended June 30, 2018: approximately 77%). Cost of services provided as a percentage of revenue represented approximately 54% for the six months ended June 30, 2019 (for the six months ended June 30, 2018: approximately 57%), while selling, general and administrative expenses represented approximately 21% of Telenet total revenue for the six months ended June 30, 2019 (for the six months ended June 30, 2018: approximately 19%).

Telenet's operating expenses, which include (i) network operating expenses, (ii) direct costs, (iii) staff-related expenses, (iv) sales and marketing expenses, (v) outsourced labor and professional services and (v) other indirect expenses, modestly decreased by 1% year-on-year on a reported basis for the six months ended June 30, 2019. On a rebased basis, when adjusting Telenet's prior year period expenses for the inorganic acquisition impacts and IFRS 16, Telenet was able to reduce operating expenses for the six months ended June 30, 2019 by 1% compared to the six months ended June 30, 2018. This was predominantly driven by (i) a 6% reduction in staff-related expenses, which reflected the transfer of Telenet's network field services to Unit-T as of Q3 2018, partly offset by higher costs related to outsourced labor and professional services and higher network related expenses, (ii) a 2% decline in direct costs as higher programming costs at De Vijver Media and higher costs related to the sale of handsets were more than offset by significantly lower interconnection costs and (iii) a 5% decline in other indirect expenses, reflecting continued focus on operating leverage and tight cost control.

2.3 Expenses by nature

2.3.1 Network operating expenses

Telenet's network operating expenses reached €101.9 million for the six months ended June 30, 2019, compared to €97.0 million for the six months ended June 30, 2018. On a rebased basis, network operating expenses increased 6% year-on-year. In Q3 2018, Telenet completed the transfer of its network field services to Unit-T, in which it has taken a 30% shareholding. Through this joint venture, Telenet is able to share in the benefits of the growing market of field services in areas such as new digital technologies and the Internet-of-Things ("IoT"). This transaction results in higher network operating expenses and higher costs related to outsourced labor and professional fees, while at the same time favorably impacting staff-related expenses as Telenet field engineers and their related costs have been transferred to this new company.

2.3.2 Direct costs (programming and copyrights, interconnect and other)

Telenet's direct costs include all direct expenses such as (i) costs related to interconnection, including MVNO-related costs, (ii) programming and copyrights and (iii) handset sales and subsidies. For the six months ended June 30, 2019, direct costs were €255.3 million, broadly stable compared to the six months ended June 30, 2018 on a reported basis despite the aforementioned inorganic impacts. On a rebased basis, direct costs showed a 2% year-on-year decrease as higher programming costs at De Vijver Media and higher costs related to the sale of handsets were more than offset by significantly lower interconnection costs.

2.3.3 Staff-related expenses

Staff-related expenses for the six months ended June 30, 2019 increased 2% compared to the six months ended June 30, 2018 to €128.4 million as a result of the aforementioned inorganic impacts and the negative cost impact of the wage indexation since January this year. On a rebased basis, staff-related expenses decreased 6% for the six months ended June 30, 2019 relative to the six months ended June 30, 2018 and reflected the aforementioned transfer of Telenet's network field services to Unit-T.

2.3.4 Sales and marketing expenses

Relative to the six months ended June 30, 2018 , sales and marketing expenses for the six months ended June 30, 2019 remained broadly stable both on a reported and a rebased basis at €44.4 million.

2.3.5 Outsourced labor and professional services

Costs related to outsourced labor and professional services were €17.4 million for the six months ended June 30, 2019, representing a 19% increase year-on-year and reflected the aforementioned transfer of Telenet's network field services to Unit-T. On a rebased basis, costs related to outsourced labor and professional services increased an equivalent 18% compared to the six months ended June 30, 2018.

2.3.6 Other indirect expenses

Other indirect expenses reached €49.4 million for the six months ended June 30, 2019, representing a robust 30% decrease compared to the six months ended June 30, 2018, which is mainly attributable to the aforementioned application of IFRS 16. On a rebased basis, other indirect expenses decreased 5% year-on-year, reflecting continued focus on operating leverage and tight cost control

2.3.7 Depreciation and amortization, incl. gains on disposal of property and equipment and other intangible assets

Depreciation and amortization, including impairment of long-lived assets, loss (gain) on disposal of subsidiaries and restructuring charges, reached €332.7 million for the six months ended June 30, 2019 compared to €350.9 million for the six months ended June 30, 2018. Relative to the six months ended June 30, 2018, despite the impact of the application of IFRS 16, Telenet incurred lower depreciation and amortization expenses as the vast majority of both fixed and mobile infrastructure improvement programs has now been completed.

2.4 Net finance expenses

For the six months ended June 30, 2019, net finance expense totaled €230.7 million compared to €149.0 million for the six months ended June 30, 2018. Finance income for the six months ended June 30, 2019 amounted to €0.5 million as compared to €56.1 million for the six months ended June 30, 2018, which included a €55.9 million non-cash gain on Telenet's derivatives. Net interest expense, foreign exchange loss and other finance expense decreased 16% from €180.5 million for the six months ended June 30, 2018 to €152.5 million for the six months ended June 30, 2019 due to a significantly smaller non-cash foreign exchange loss on Telenet's outstanding USD-denominated debt as compared to the six months ended June 30, 2018, which more than offset a 19% year-on-year increase in accrued interest expenses following a higher debt balance in connection with the October 2018 extraordinary dividend payment.

For further information, we refer to note 5.20 to the interim financial statements of the Company.

2.5 Income taxes

Telenet recorded income tax expense of €36.6 million for the six months ended June 30, 2019 compared to €32.2 million for the six months ended June 30, 2018.

For further information, we refer to note 5.15 to the interim financial statements of the Company.

2.6 Net result

Telenet realized a net profit of €56.0 million for the six months ended June 30, 2019 compared to a net profit of €108.4 million for the six months ended June 30, 2018. The 48% decrease in net profit was primarily driven by higher net finance expenses in the period, offsetting a robust 12% year-on-year increase in operating profit. For the six months ended June 30, 2019, Telenet achieved a net profit margin of 4.4% compared to a net profit margin of 8.7% for the six months ended June 30, 2018.

2.7 Adjusted EBITDA

For the six months ended June 30, 2019, Telenet realized Adjusted EBITDA of €664.8 million, up 3% compared to the six months ended June 30, 2018 when it achieved Adjusted EBITDA of €645.1 million.

Adjusted EBITDA for the six months ended June 30, 2019 reflected the application of IFRS 16 as of January 2019, favorably impacting Adjusted EBITDA in the period by €20.0 million versus the six months ended June 30, 2018. In addition, Adjusted EBITDA for the six months ended June 30, 2019 reflected the aforementioned inorganic impact of both the Nextel and De Vijver Media acquisitions with the latter contributing €1.9 million to Telenet's Adjusted EBITDA for the six months ended June 30, 2019. Adjusted EBITDA margin improved 110 basis points to 52.7% for the six months ended June 30, 2019 compared to 51.6% for the six months ended June 30, 2018 on a reported basis.

On a rebased basis, Telenet's Adjusted EBITDA for the six months ended June 30, 2019 declined a modest 1% compared to the six months ended June 30, 2018, reflecting the loss of the MEDIALAAN MVNO contract and certain regulatory headwinds. On a rebased basis, Telenet succeeded in keeping underlying Adjusted EBITDA margin stable for the six months ended June 30, 2019, driven by continued tight cost control.

(€ in millions)	For the six months ended June 30,	
	2019	2018 -restated (*)
Profit for the period	**56.0**	**108.4**
Income tax expense	36.6	32.2
Share of the result of equity accounted investees	1.4	0.6
Loss (gain) on disposal of assets to joint venture	(0.1)	—
Net finance expense	230.7	149.0
Depreciation, amortization, impairment and loss (gain) on disposal of subsidiaries	331.6	345.5
EBITDA	**656.2**	**635.7**
Share based compensation	6.9	1.5
Operating charges related to acquisitions or divestitures	0.6	2.5
Restructuring charges	1.1	5.4
Adjusted EBITDA	**664.8**	**645.1**
Adjusted EBITDA margin	52.7%	51.6%
Net profit margin	4.4%	8.7%

(*) We refer to note 5.1.6 Reporting changes.

2.8 Capital expenditures

Accrued capital expenditures for the six months ended June 30, 2019 reached €307.8 million, representing a 2% increase versus the six months ended June 30, 2018, and included the recognition of the UK Premier League broadcasting rights for a period of three seasons. Under EU IFRS, these football broadcasting rights have been capitalized as an intangible asset and will be amortized as the seasons progress. Including the recognition of the aforementioned football broadcasting rights, accrued capital expenditures represented approximately 24% of revenue for the six months ended June 30, 2019, which was unchanged from the six months ended June 30, 2018.

Excluding the recognition of the football broadcasting rights for the six months ended June 30, 2019, Telenet's accrued capital expenditures decreased 12% year-on-year to approximately 21% of revenue, driven by substantially lower network-related investments given the strong progress Telenet has made to date in boosting the capabilities of both fixed and mobile infrastructures. At June 30, 2019, Telenet had modernized substantially all of its macro sites, had deployed 466 new sites and had upgraded around 96% of HFC nodes within its footprint. As such, Telenet succeeded in substantially completing the mobile network modernization and expects to be able to complete its "Grote Netwerf" project mid-2019.

Capital expenditures related to customer premises equipment, which includes spending on set-top boxes, modems and WiFi powerlines, amongst others, represented €59.0 million for the six months ended June 30, 2019. The 18% increase compared to the six months ended June 30, 2018 was mainly driven by successful in-home connectivity campaigns focused on improving the indoor wireless experience for Telenet customers and which includes the rental of WiFi powerline boosters. At the same time, Telenet has started the roll-out of next-generation cloud-based set-top boxes, which further puts it in the forefront of innovation and provides a top-notch entertainment experience to its customers. For the six months ended June 30, 2019, capital expenditures related to customer premises equipment represented approximately 22% of total accrued capital expenditures (excluding the recognition of the football broadcasting rights).

Accrued capital expenditures for network growth and upgrades amounted to €54.3 million for the six months ended June 30, 2019, marking a 49% decrease compared to the six months ended June 30, 2018 and predominantly reflecting the aforementioned progress in terms of network improvements. For the six months ended June 30, 2019, network-related capital expenditures represented approximately 20% of total accrued capital expenditures (excluding the recognition of the football broadcasting rights).

Capital expenditures for product and services, which reflects investments in product development and the upgrade of IT platforms and systems, amongst others, totaled €58.2 million for the six months ended June 30, 2019. This represents a modest 1% year-on-year increase, reflecting the progress made on the IT upgrade program. Capital expenditures for product and services represented approximately 22% of total accrued capital expenditures (excluding the recognition of the football broadcasting rights) for the six months ended June 30, 2019.

The remainder of accrued capital expenditures included refurbishments and replacements of network equipment, sports and programming acquisition costs, and certain recurring investments in IT platforms and systems. These reached €136.3 million for the six months ended June 30, 2019, including the aforementioned recognition of the UK Premier League broadcasting rights and the inorganic impact from De Vijver Media acquisition.

The above implies that approximately 64% of accrued capital expenditures (excluding the recognition of the football broadcasting rights) for the six months ended June 30, 2019 were scalable and subscriber growth related. Telenet will continue to closely monitor its capital expenditures in order to foster potential incremental returns.

Reconciliation between accrued capital expenditures and cash capital expenditures:

(€ in millions)	For the six months ended June 30,	
	2019	**2018 - restated (*)**
Total property and equipment additions	**307.8**	**301.7**
Assets acquired under capital-related vendor financing arrangements	(107.8)	(145.8)
Assets acquired under finance leases	(38.0)	(12.7)
Changes in current liabilities related to capital expenditures	28.9	61.7
Total cash capital expenditures, net	**190.9**	**204.9**

(*) We refer to 5.1.6 Reporting changes.

2.9 Operating Free Cash Flow

For the six months ended June 30, 2019, the sum of Telenet's Adjusted EBITDA and accrued capital expenditures, excluding the recognition of football broadcasting rights, yielded an Operating Free Cash Flow of €398.3 million. Compared to the six months ended June 30, 2018, Operating Free Cash Flow improved 16% and was mainly driven by a 12% reduction in accrued capital expenditures (excluding the recognition of football broadcasting rights) and the aforementioned increase in Adjusted EBITDA.

Reconciliation between adjusted EBITDA and Operating Free Cash Flow.

(€ in millions)	For the six months ended June 30,	
	2019	**2018 - restated (*)**
Adjusted EBITDA	**664.8**	**645.1**
Accrued capital expenditures	(307.8)	(301.7)
Recognition of football broadcasting rights	41.3	—
Accrued capital expenditures excluding recognition of football broadcasting rights and mobile spectrum licenses	**(266.5)**	**(301.7)**
Operating Free Cash Flow	**398.3**	**343.4**

(*) We refer to 5.1.6 Reporting changes.

2.10 Cash flow and liquidity

2.10.1 Net cash from operating activities

For the six months ended June 30, 2019, Telenet's operations yielded €499.2 million of net cash compared to the €519.1 million generated during the six months ended June 30, 2018. The net cash from operating activities for the six months ended June 30, 2019 included the inorganic impact from the Nextel and De Vijver Media acquisitions and the application of IFRS 16, which is offset through the net cash used in financing activities. Net operating cash flow decreased 4% year-on-year and included (i) €53.4 million higher cash taxes paid relative to last year, (ii) €38.3 million higher cash interest expenses and cash derivatives due to phasing compared to the six months ended June 30, 2018 and (iii) the impact of the IFRS 16 application.

2.10.2 Net cash used in investing activities

Telenet used €206.6 million of net cash in investing activities for the six months ended June 30, 2019 as compared to €265.8 million for the six months ended June 30, 2018. The net cash used in investing activities for the six months ended June 30, 2019 reflected the acquisition of the remaining 50% stake in the local media company De Vijver Media in June 2019, whereas the net cash used in investing activities for the six months ended June 30, 2018 reflected the full acquisition of the local ICT integrator Nextel in May 2018. In Q3 2016, Telenet implemented its vendor financing program through which it is able to extend payment terms for certain suppliers to 360 days at an attractive all-in cost. During the six months ended June 30, 2019, Telenet acquired €107.8 million of assets through capital-related vendor financing arrangements, favorably impacting net cash used in investing activities for the equivalent amount. This represented a 26% year-on-year decline for the six months ended June 30, 2019. Please refer to Section 2.8 - ***Capital expenditures*** for a reconciliation between accrued capital expenditures and cash capital expenditures and for detailed information about the underlying accrued capital expenditures.

2.10.3 Net cash from financing activities

For the six months ended June 30, 2019, the net cash used in financing activities was €241.3 million compared to €165.9 million of net cash used in financing activities for the six months ended June 30, 2018. The net cash used in financing activities for the six months ended June 30, 2019 reflected a net €168.0 million decrease in Telenet's loans and borrowings due to the scheduled repayments of short-term vendor financing commitments. For the six months ended June 30, 2019, Telenet also spent €101.1 million on share repurchases as part of its €300.0 million Share Repurchase Program 2018bis, which has been fully completed at the end of June 2019. Under this program, Telenet managed to repurchase approximately 6.8 million own shares, of which approximately 1.9 million have been canceled after the April 2019 Extraordinary Shareholders' Meeting. The remainder of the net cash used in financing activities primarily consisted of finance lease repayments and other financial payments.

2.10.4 Adjusted Free Cash Flow

For the six months ended June 30, 2019, Telenet generated Adjusted Free Cash Flow of €206.7 million. This represented a 23% decrease versus the €268.3 million generated over the six months ended June 30, 2018 which included a significantly higher contribution from Telenet's vendor financing program versus the six months ended June 30, 2019 (€66.8 million). Excluding this impact in both periods, Adjusted Free Cash Flow was actually up 3% year-on-year despite substantially higher cash taxes paid and higher cash interest expenses versus the six months ended June 30, 2018.

(€ in millions)	**For the six months ended June 30,**	
	2019	**2018 - restated (*)**
Net cash provided from operating activities	499.2	519.1
Cash payments for direct acquisition and divestiture costs	0.3	1.9
Expenses financed by an intermediary	116.2	68.8
Acquisition of property and equipment	(134.7)	(132.2)
Acquisition of intangibles	(56.2)	(72.7)
Principal payments on amounts financed by vendors and intermediaries	(180.1)	(103.9)
Principal payments on leases (excluding network-related leases assumed in acquisitions)	(25.4)	(2.3)
Principal payments on post acquisition additions to network leases	(12.6)	(10.4)
Adjusted Free Cash Flow	**206.7**	**268.3**

(*) We refer to 5.1.6 Reporting changes

2.11 Debt profile, cash balance and net leverage ratio

2.11.1 Debt profile

At June 30, 2019, Telenet carried a total debt balance (including accrued interest) of €5,871.4 million, of which €1,957.4 million principal amount is related to the Senior Secured Fixed Rate Notes with maturities ranging from July 2027 through March 2028 and €2,761.7 million principal amount is owed under Telenet's 2018 Amended Senior Credit Facility with maturities ranging from August 2026 through December 2027. Total debt balance at June 30, 2019 also included a principal amount of €399.2 million related to Telenet's vendor financing program, substantially all of which is maturing within less than twelve months, and €23.8 million for the outstanding portion of the 2G and 3G mobile spectrum licenses. The remainder primarily represents capital lease obligations associated with the Interkabel Acquisition and operating lease liabilities following the adoption of IFRS 16.

In May 2019, Telenet issued a new short-dated revolving credit facility ("RCF AP") for an aggregate amount of €60.0 million. This facility matures on December 31, 2021, carries a margin of 2.25% over EURIBOR (floored at 0%) and can be used for general corporate purposes of the group. At June 30, 2019, this facility was fully undrawn.

On June 3, 2019, Telenet acquired the remaining 50% stake in the local media company De Vijver Media NV. Immediately after the closing of this transaction, Telenet repaid De Vijver Media's €62.0 million third-party debt and terminated the existing interest rate swaps on its floating-rate debt, resulting in a cash payment of €1.1 million. All transactions were settled through available cash on Telenet's balance sheet.

Excluding short-term liabilities related to Telenet's vendor financing program, it faces no debt maturities prior to August 2026 with a weighted average maturity of 8.0 years at June 30, 2019. In addition, Telenet also had full access to €505.0 million of undrawn commitments under its revolving credit facilities at June 30, 2019 with certain availabilities up to June 2023.

2.11.2 Debt overview and payment schedules

For an overview of the Company’s debt instruments and payment schedule at June 30, 2019, we refer to note 5.13 to the interim financial statements of the Company.

2.11.3 Cash balance and availability of funds

At June 30, 2019, Telenet held €139.5 million of cash and cash equivalents compared to €88.2 million at December 31, 2018. To minimize the concentration of counterparty risk, cash equivalents and AAA-rated money market funds are placed with highly rated European and US financial institutions. Relative to December 31, 2018, Telenet's cash balance at June 30, 2019 increased substantially with €51.3 million driven by robust growth in Adjusted Free Cash Flow in Q2, which is generally the strongest quarter in Telenet's business. This was partially offset by the aforementioned acquisition of the remaining 50% stake in De Vijver Media and the associated voluntary debt repayment. In addition, Telenet also executed the remainder of its €300.0 million Share Repurchase Program 2018bis, having spent €101.1 million in the first half of 2019. Over the full program, Telenet repurchased nearly 6.8 million shares and held just over 5.8 million treasury shares at June 30, 2019, which reflects the cancellation of nearly 1.9 million treasury shares at the end of April 2019 following the approval of the Extraordinary General Shareholders' Meeting. In addition to the available cash balance, Telenet also had access to €505.0 million of available commitments under its 2018 Amended Senior Credit Facility and other revolving credit facilities at June 30, 2019, subject to compliance with the covenants mentioned below.

For further information, we refer to note 5.11 to the interim financial statements of the Company.

2.11.4 Net leverage ratio

At the occasion of the December 2018 Capital Markets Day, Telenet reconfirmed its leverage framework, maintained at 3.5x to 4.5x Net Total Debt to Consolidated Annualized EBITDA ("net total leverage"). In absence of any material acquisitions and/or significant changes in Telenet's business or regulatory environment, it intends to stay around the 4.0x mid-point through an attractive and sustainable level of shareholder disbursements. At June 30, 2019, net total leverage ratio reached 4.3x.

Telenet's net covenant leverage, as calculated under the 2018 Amended Senior Credit Facility and which includes certain unrealized M&A-related cost synergies and excludes both lease-related liabilities and vendor financing-related short-term liabilities, remained broadly stable at 3.5x at June 30, 2019. Telenet's current net covenant leverage ratio is significantly below the springing maintenance covenant of 6.0x and the incurrence test of 4.5x net senior leverage.

3. Risk factors

3.1 General information

Certain statements in this Half Year report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. To the extent that statements in this Half Year Report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under section 1. '***Information on the Company***' may contain forward-looking statements, including statements regarding Telenet's business, product, foreign currency and finance strategies in 2019, subscriber growth and retention rates, competitive, regulatory and economic factors, the timing and impacts of proposed transactions, the maturity of our markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in Telenet's revenue, costs or growth rates, our liquidity, credit risks, foreign currency risks, target leverage levels, our future projected contractual commitments and cash flows and other information and statements that are not historical fact. Where, in any forward-looking statement, the Company expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In evaluating these statements, you should consider the risks and uncertainties discussed under Note 5.3. ***Risk Management*** of the Company's 2018 Annual Report, as well as the following list of some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends;
- the competitive environment across the industries in which Telenet operates, including competitor responses to Telenet's products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of Telenet's existing service offerings, including Telenet's cable television, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that the Company may offer in the future;
- Telenet's ability to manage rapid technological changes;
- Telenet's ability to maintain or increase the number of subscriptions to its cable television, broadband internet, fixed-line telephony and mobile service offerings and its average revenue per household;
- Telenet's ability to provide satisfactory customer service, including support for new and evolving products and services;
- Telenet's ability to maintain or increase rates to its subscribers or to pass through increased costs to its subscribers;
- the impact of Telenet's future financial performance, or market conditions generally, on the availability, terms and deployment of capital;
- changes in, or failure or inability to comply with, government regulations in Belgium and adverse outcomes from regulatory proceedings;
- government intervention that requires opening Telenet's broadband distribution networks to competitors;
- Telenet's ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;
- Telenet's ability to successfully acquire new businesses and, if acquired, to integrate, realize anticipated efficiencies from, and implement its business plan with respect to the businesses Telenet has acquired or that the Company expects to acquire;
- changes in laws or treaties relating to taxation, or the interpretation thereof, in Belgium;
- changes in laws and government regulations that may impact the availability and cost of capital and the derivative instruments that hedge certain of Telenet's financial risks;
- the ability of suppliers and vendors to timely deliver quality products, equipment, software, services and access;
- the availability of attractive programming for Telenet's video services and the costs associated with such programming, including retransmission and copyright fees payable to public and private broadcasters;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- Telenet's ability to adequately forecast and plan future network requirements;

- the availability of capital for the acquisition and/or development of telecommunications networks and services;
- problems Telenet may discover post-closing with the operations, including the internal controls and financial reporting process, of businesses Telenet acquires;
- the leakage of sensitive customer data;
- the outcome of any pending or threatened litigation;
- the loss of key employees and the availability of qualified personnel;
- changes in the nature of key strategic relationships with partners and joint ventures;
- events that are outside of Telenet's control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events;
- Telenet's substantial leverage could limit Telenet's ability to obtain additional financing and have other adverse effects; and
- Telenet is subject to increasing operating costs and inflation risks, which may adversely affect Telenet's results of operations.

Additional risks and uncertainties not currently known to the Company or that the Company now deems immaterial may also harm it.

3.2 Legal proceedings

Telenet is involved in a number of legal proceedings that have arisen in the ordinary course of its business. Telenet discusses in its 2018 Annual Report certain pending lawsuits in which the Company is involved, which may have, or have had in the recent past, significant effects on its financial position or profitability. In note 5.23, Telenet discusses certain of these lawsuits and contingent liabilities and provides updates on certain regulatory matters. There have not been any major lawsuits other than those reported in Telenet’s 2018 Annual Report or explained in note 5.23 that are expected to have a material adverse impact on the Company’s business or consolidated financial position. Telenet notes, however, that the outcome of legal proceedings can be extremely difficult to predict with certainty, and Telenet offers no assurances in this regard.

4. Fair view statement by the management of the Company

We, the undersigned, John Porter, Chief Executive Officer of Telenet Group Holding NV, and Erik Van den Enden, Chief Financial Officer of Telenet Group Holding NV, declare that to our knowledge:

- The set of condensed consolidated interim financial statements drawn up in accordance with the prevailing accounting standards on Interim Financial Statements (IAS 34 as adopted by the European Union), gives a true and fair view of the assets, liabilities, financial position and profit and loss of the issuer and the companies included within its consolidation;

- The interim management's discussion and analysis provides a fair overview of the important events and major transactions of the issuer which occurred during the first six months of the financial year, and their impact on the set of condensed consolidated interim financial statements, and a description of the main risks and uncertainties which the issuer is exposed to.

John Porter

CEO

Erik Van den Enden

CFO

TELENET GROUP HOLDING NV CONDENSED INTERIM FINANCIAL STATEMENTS

1. Condensed consolidated interim statement of financial position

(in millions of euro)	Note	June 30, 2019	December 31, 2018, restated (*)
Assets			
Non-current assets:			
Property and equipment	5.4	2,381.6	2,230.8
Goodwill	5.5	1,874.7	1,807.8
Other intangible assets	5.6	841.5	753.5
Deferred tax assets	5.15	280.6	247.1
Investments in and loans to equity accounted investees	5.7.1	15.6	67.3
Other investments	5.7.2	5.9	5.0
Derivative financial instruments	5.14	25.3	6.0
Trade receivables	5.8.1	0.1	0.9
Other non-current assets	5.9.1	14.9	17.3
Total non-current assets		**5,440.2**	**5,135.7**
Current assets:			
Inventories	5.10	29.1	28.0
Trade receivables	5.8.2	219.8	201.9
Other current assets	5.9.2	147.2	142.7
Cash and cash equivalents	5.11	139.5	88.2
Derivative financial instruments	5.14	62.5	62.8
Total current assets		**598.1**	**523.6**
Total assets		**6,038.3**	**5,659.3**

(€ in millions)	Note	June 30, 2019	December 31, 2018, restated (*)
Equity and liabilities			
Equity:			
Share capital	5.12	12.8	12.8
Share premium and other reserves	5.12	764.0	799.9
Retained losses	5.12	(2,401.8)	(2,446.0)
Remeasurements	5.12	(16.5)	(16.5)
Total equity attributable to owners of the Company		**(1,641.5)**	**(1,649.8)**
Non-controlling interests	5.12	23.1	22.9
Total equity		**(1,618.4)**	**(1,626.9)**
Non-current liabilities:			
Loans and borrowings	5.13	5,286.7	5,161.0
Derivative financial instruments	5.14	319.9	211.3
Deferred revenue	5.18	2.4	2.9
Deferred tax liabilities	5.15	168.3	163.4
Other non-current liabilities	5.16	90.5	74.4
Total non-current liabilities		**5,867.8**	**5,613.0**
Current liabilities:			
Loans and borrowings	5.13	584.7	504.1
Trade payables		245.9	184.7
Accrued expenses and other current liabilities	5.17	575.8	535.3
Deferred revenue	5.18	120.5	101.3
Derivative financial instruments	5.14	72.0	64.3
Current tax liability	5.15	190.0	283.5
Total current liabilities		**1,788.9**	**1,673.2**
Total liabilities		**7,656.7**	**7,286.2**
Total equity and liabilities		**6,038.3**	**5,659.3**

(*) we refer to Note 5.22.2 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation and accounting policy alignment of the Nextel acquisition.

The Company has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. See note 5.25.

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

2. Condensed consolidated interim statement of profit or loss and other comprehensive income

(€ in millions, except per share data)		For the six months ended June 30,	
	Note	**2019**	**2018 as restated (*)**
Profit for the period			
Revenue	5.18	1,261.6	1,250.5
Cost of services provided	5.19	(677.1)	(718.8)
Gross profit		**584.5**	**531.7**
Selling, general and administrative expenses	5.19	(259.9)	(241.5)
Operating profit		**324.6**	**290.2**
Finance income		0.5	56.1
Net interest income and foreign exchange gain	5.20	0.5	0.2
Net gain on derivative financial instruments	5.20	—	55.9
Finance expense		(231.2)	(205.1)
Net interest expense, foreign exchange loss and other finance expense	5.20	(152.5)	(180.5)
Net loss on derivative financial instruments	5.14 & 5.20	(78.7)	—
Loss on extinguishment of debt	5.20	—	(24.6)
Net finance expenses	5.20	**(230.7)**	**(149.0)**
Share in the loss of equity accounted investees	5.7	(1.4)	(0.6)
Gain on disposal of assets related to a joint venture		0.1	—
Profit before income tax		**92.6**	**140.6**
Income tax expense	5.15	(36.6)	(32.2)
Profit for the period		**56.0**	**108.4**

(€ in millions, except per share data)		For the six months ended June 30,	
	Note	2019	2018, restated [*]

Other comprehensive income (loss) for the period, net of income tax

Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability/(asset)		—	(6.8)
Deferred tax		—	2.0
Other comprehensive loss for the period, net of income tax		**—**	**(4.8)**
Total comprehensive income for the period		**56.0**	**103.6**
Profit (loss) attributable to:		**56.0**	**108.4**
Owners of the Company		55.9	109.1
Non-controlling interests		0.1	(0.7)
Total comprehensive income (loss) for the period, attributable to:		**56.0**	**103.6**
Owners of the Company		55.9	104.3
Non-controlling interests		0.1	(0.7)
Earnings per share			
Basic earnings per share in €	5.21	0.5	1.0
Diluted earnings per share in €	5.21	0.5	1.0

(*) we refer to Note 5.22.2 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation and accounting policy alignment of the Nextel acquisition.

The Company has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. See note 5.25.

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

3. Condensed consolidated interim statement of changes in shareholders' equity

Attributable to equity holders of the Company	Note	Share capital	Share premium	Share-based payment reserve	Legal reserve	Reserve for own shares	Other reserves	Retained losses	Remeasurements	Total	Non-controlling interest	Total equity
(€ in millions, except share data)												
December 31, 2018 as reported		**12.8**	**80.7**	**104.6**	**64.8**	**(312.5)**	**862.3**	**(2,444.6)**	**(16.5)**	**(1,648.4)**	**22.9**	**(1,625.5)**
Nextel PPA adjustment[1]		—	—	—	—	—	—	(1.5)	—	(1.5)	—	(1.5)
January 1, 2019 after impact of finalization PPA Nextel		**12.8**	**80.7**	**104.6**	**64.8**	**(312.5)**	**862.3**	**(2,446.1)**	**(16.5)**	**(1,649.9)**	**22.9**	**(1,627.0)**
Impact of change in accounting policies [1]		—	—	—	—	—	—	0.1	—	0.1	—	0.1
January 1, 2019 restated		**12.8**	**80.7**	**104.6**	**64.8**	**(312.5)**	**862.3**	**(2,446.0)**	**(16.5)**	**(1,649.8)**	**22.9**	**(1,626.9)**
Total comprehensive income for the period												
Profit (loss) for the period		—	—	—	—	—	—	56.0	—	56.0	0.1	56.1
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**—**	**—**	**56.0**	**—**	**56.0**	**0.1**	**56.1**
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the Company												
Reallocation of prior year's profit to other reserves	5.12	—	—	—	—	—	0.1	(0.1)	—	—	—	—
Recognititon of share-based compensation	5.12	—	—	9.5	—	—	—	—	—	9.5	—	9.5
Own shares acquired	5.12	—	—	—	—	(101.1)	—	—	—	(101.1)	—	(101.1)
Own shares sold	5.12	—	—	—	—	55.6	—	(11.7)	—	43.9	—	43.9
Liquidation own shares	5.12	—	—	—	—	86.7	(86.7)	—	—	—	—	—
Total contribution by and distributions to owners of the Company		**—**	**—**	**9.5**	**—**	**41.2**	**(86.6)**	**(11.8)**	**—**	**(47.7)**	**—**	**(47.7)**
Changes in ownership interests in subsidiaries												
Capital contributions by NCI		—	—	—	—	—	—	—	—	—	0.1	0.1
Total transactions with owners of the Company		**—**	**—**	**9.5**	**—**	**41.2**	**(86.6)**	**(11.8)**	**—**	**(47.7)**	**0.1**	**(47.6)**
June 30, 2019		**12.8**	**80.7**	**114.1**	**64.8**	**(271.3)**	**775.7**	**(2,401.8)**	**(16.5)**	**(1,641.5)**	**23.1**	**(1,618.4)**

[1] We refer to Note 5.22.2 and 5.1.6 regarding the impact of the finalization of the purchase price allocation and the accounting policy alignment of the Nextel acquisition.

Attributable to equity holders of the Company	Note	Share capital	Share premium	Share-based payment reserve	Legal reserve	Reserve for own shares	Other reserves	Retained losses	Remeasurements	Total	Non-controlling interest	Total equity
(€ in millions, except share data)												
December 31, 2017 as reported		**12.8**	**80.7**	**87.8**	**99.3**	**(108.7)**	**827.9**	**(2,099.7)**	**(13.5)**	**(1,113.3)**	**21.9**	**(1,091.5)**
January 1, 2018 after impact of finalization PPA SFR Belux		**12.8**	**80.7**	**87.8**	**99.3**	**(108.7)**	**827.9**	**(2,101.9)**	**(13.5)**	**(1,115.6)**	**21.9**	**(1,093.8)**
Impact of change in accounting policies		—	—	—	—	—	—	8.6	—	8.6	—	8.6
January 1, 2018 restated		**12.8**	**80.7**	**87.8**	**99.3**	**(108.7)**	**827.9**	**(2,093.3)**	**(13.5)**	**(1,107.0)**	**21.9**	**(1,085.1)**
Total comprehensive income for the period												
Profit (loss) for the period		—	—	—	—	—	—	109.5	—	109.5	(0.7)	108.9
Other comprehensive loss [1]		—	—	—	—	—	—	—	(4.8)	(4.8)	—	(4.8)
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**—**	**—**	**109.5**	**(4.8)**	**104.8**	**(0.7)**	**104.1**
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the Company												
Reallocation of prior year's profit to legal reserve	5.12	—	—	—	(0.2)	—	—	0.2	—	—	—	—
Recognition of share-based compensation	5.12	—	—	2.3	—	—	—	—	—	2.3	—	2.3
Own shares acquired	5.12	—	—	—	—	(36.9)	—	—	—	(36.9)	—	(36.9)
Proceeds received upon exercise of stock options	5.12	—	—	—	—	6.2	—	(2.0)	—	4.2	—	4.2
Dividend declared		—	—	—	—	—	—	—	—	—	—	—
Other		—	—	—	(0.2)	—	0.2	0.1	—	0.1	—	0.1
Total contribution by and distributions to owners of the Company		**—**	**—**	**2.3**	**(0.4)**	**(30.7)**	**0.2**	**(1.7)**	**—**	**(30.3)**	**—**	**(30.3)**
Changes in ownership interests in subsidiaries												
Capital contributions by NCI		—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners of the Company		**—**	**—**	**2.3**	**(0.4)**	**(30.7)**	**0.2**	**(1.7)**	**—**	**(30.3)**	**—**	**(30.3)**
June 30, 2018		**12.8**	**80.7**	**90.1**	**98.9**	**(139.4)**	**828.1**	**(1,985.5)**	**(18.3)**	**(1,032.5)**	**21.2**	**(1,011.3)**

[1] Remeasurements of defined benefit liability/(asset), net of taxes

The Company has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. See note 5.25.

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

4. Condensed consolidated interim statement of cash flows

(€ in millions)		For the six months ended June 30,	
	Note	**2019**	**2018 as restated (*)**

Cash flows provided by operating activities:

	Note	2019	2018 as restated (*)
Profit for the period		56.0	108.4
Adjustments for:			
Depreciation, amortization, impairment and restructuring	5.19	332.7	350.9
Gain (loss) on disposal of property and equipment and other intangible assets	5.19	(1.1)	(1.0)
Income tax expense	5.15	36.6	32.2
Increase/(decrease) in allowance for bad debt	5.8	1.3	(1.1)
Gain on disposal of assets to a joint venture		(0.1)	—
Net interest income and foreign exchange gain	5.20	(0.5)	(0.2)
Net interest expense, foreign exchange loss and other finance expense	5.20	150.4	180.5
Accretion expense IFRS 16	5.25	2.1	—
Net loss (gain) on derivative financial instruments	5.14 & 5.20	78.7	(55.9)
Loss on extinguishment of debt	5.20	—	24.6
Other loss	5.7	1.4	0.6
Share based payments	5.12	6.9	2.1
Change in:			
Trade receivables		3.8	(22.4)
Other assets		16.7	(8.8)
Deferred revenue		13.2	4.0
Trade payables		22.2	26.9
Other liabilities		18.3	(30.6)
Accrued expenses and other current liabilities		20.0	76.6
Interest paid		(101.2)	(82.0)
Interest received		0.1	19.2
Income taxes paid	5.15	(158.3)	(104.9)
Net cash provided by operating activities		**499.2**	**519.1**

(in millions of euro)		For the six months ended June 30,	
	Note	**2019**	**2018 as restated (*)**

Cash flows used in investing activities:

	Note	2019	2018 as restated (*)
Acquisition of property and equipment	5.4	(134.7)	(132.2)
Acquisition of intangibles	5.6	(56.2)	(72.7)
Acquisitions of and loans to equity accounted investees		(0.9)	—
Acquisitions of subsidiaries and affiliates, net of cash acquired	5.22.1	(16.0)	(61.5)
Proceeds from sale of property and equipment and other intangibles		1.2	1.2
Proceeds from the sale of broadcasting rights for resale purposes		—	(0.6)
Net cash used in investing activities		**(206.6)**	**(265.8)**

Cash flows used in financing activities:

	Note	2019	2018 as restated (*)
Repayments of loans and borrowings	5.13	(366.2)	(409.8)
Proceeds from loans and borrowings	5.13	211.2	315.3
Repayments of loans to related parties	5.24	(13.0)	—
Payments of finance lease liabilities		(16.1)	(23.7)
Payments for debt issuance costs	5.13	—	(25.4)
Repurchase of own shares	5.12	(101.1)	(28.0)
Proceeds received upon exercise of warrants & stock options	5.12	43.8	4.2
Proceeds from capital transactions with equity participants		0.1	1.5
Net cash used in financing activities		**(241.3)**	**(165.9)**
Net increase in cash and cash equivalents		**51.3**	**87.4**
Cash and cash equivalents:			
at January 1	5.11	88.2	39.1
at June 30	5.11	139.5	126.5

(*) we refer to Note 5.22.2 and 5.1.6 for detailed information regarding the impact of the finalization of the purchase price allocation and accounting policy alignment of the Nextel acquisition.

The Company has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the date of initial application. See note 5.25.

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

5. Notes to the condensed consolidated interim financial statements for the six months ended June 30, 2019

5.1 Reporting entity and basis of preparation

5.1.1 Reporting entity

The accompanying condensed consolidated interim financial statements (the "Interim Financial Statements") present the operations of Telenet Group Holding NV, its subsidiaries and other consolidated companies (hereafter collectively referred to as the "**Company**" or "**Telenet**"). Through its broadband network, the Company offers basic and enhanced video services, including pay television services, broadband internet and fixed-line telephony services to residential subscribers in Flanders and certain communes in Brussels as well as broadband internet, data and voice services in the business market throughout Belgium and parts of Luxembourg. The Company also offers mobile telephony services through its own mobile network.

On May 31, 2018, the Company acquired **TelelinQ NV** and its subsidiaries (hereinafter referred to as "**Nextel**") which acts as a Belgian integrator and provides additional expertise to design, build and manage all-in-one solutions for businesses.

On June 3, 2019, the Company acquired the remaining 50% of **De Vijver Media**, its previously held equity investment, a Belgian media company active in the free-to-air broadcasting (through its TV channels "Vier", "Vijf" and "Zes") and content production (through its production company "Woestijnvis").

Telenet Group Holding NV and its principal operating subsidiaries are limited liability companies organized under Belgian law. Subsidiaries and structured financing entities ("**SEs**") have been incorporated in Luxembourg and the Netherlands in order to structure the Company's financing operations.

5.1.2 Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU ("**EU IFRS**"). They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended December 31, 2018. Results for the six months ended June 30, 2019 are not necessarily indicative of future results.

The Interim Financial Statements have been prepared on the historical cost basis, except for certain financial instruments and the net assets acquired as a result of the acquisition of Nextel on May 31, 2018 and De Vijver Media on June 3, 2019, which are measured at fair value. The methods used to measure fair values are discussed in Note 5.3.2. The Interim Financial Statements were approved for issue by the board of directors on September 26, 2019.

5.1.3 Functional and presentation currency

The Interim Financial Statements are presented in euro ("**€**"), which is the Company's functional currency, rounded to the nearest million except when indicated otherwise.

5.1.4 Use of estimates and judgments

The preparation of financial statements in accordance with EU IFRS requires the use of certain critical accounting estimates and management judgment in the process of applying the Company's accounting policies that affects the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Interim Financial Statements are disclosed in the following notes:

- note 5.3.2: Financial instruments: fair values
- note 5.4: Property and equipment
- note 5.5: Goodwill
- note 5.6: Other intangible assets
- Note 5.7.1: Investments in and loans to equity accounted investees
- Note 5.8: Trade receivables: doubtful debtors
- note 5.14: Derivative financial instruments
- note 5.15: Deferred taxes

- note 5.16: Other non-current liabilities - Asset retirement obligation
- note 5.17: Accrued expenses and other current liabilities - Liabilities for tax on sites
- note 5.22: Acquisition of subsidiary - Purchase price allocation
- note 5.25: Impact of adopting IFRS 16 Leases

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2018. In addition to those significant judgments, Telenet's management made additional significant judgments related to its accounting for the acquisition of De Vijver Media and Nextel in its condensed consolidated interim financial statements for the six months ended June 30, 2019 and June 30, 2018.

A number of the Company's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Company uses market observable data to the extent available.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the fair value techniques, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For further information about the assumptions made in measuring fair values we refer to note 5.3.2 Financial Instruments.

5.1.5 Segment reporting

Operating segments are the individual operations of a company that the chief operating decision maker ("CODM") reviews regularly in allocating resources to these segments and in assessing segment performance. Telenet's segment reporting is presented based on how Telenet's internal financial information is organized and reported to the CEO, who is Telenet's CODM, the Senior Leadership Team and the board of directors.

The CEO, the Senior Leadership Team and the board of directors of Telenet manage the Company's telecommunication business, inclusive of the recent acquisitions of Nextel and De Vijver Media, as a single operation, driven by the Company's fixed and mobile converged connected entertainment strategy for both the residential and business markets which is demonstrated in the Company's all-in offers called WIGO and YUGO. They assess the Company's performance and make resource allocation decisions based on an overall Profit and Loss Statement. The Profit and Loss Statement is analyzed at least on a monthly basis with only revenue and direct costs allocated to separate product and service lines. The primary measure of profit within the Profit and Loss Statement used by the CODM to assess performance is Adjusted EBITDA, and the Profit and Loss Statement does not present Adjusted EBITDA for separate product and service lines. Notwithstanding that revenue and direct costs are allocated to the separate product and service lines, as a differentiated Profit and Loss Statement is not used by the CODM to manage Telenet's operations, assess performance or make resource allocation decisions, Telenet has determined that its operations constitute one single segment.

5.1.6 Reporting changes

IFRS 16 Leases: As of January 1, 2019, the Company has adopted IFRS 16 Leases as mentioned in its 2018 Annual Report (see Section 5.2.20 - *Forthcoming requirements*). In applying IFRS 16, the Company has recognized new assets and liabilities for leases classified as operating leases, being operating leases of (i) site rentals, (ii) real estate, (iii) cars and (iv) dark fiber. IFRS 16 also changed the nature of expenses related to those leases because the Company recognizes a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized. In addition, the Company no longer recognizes provisions for operating leases that are assessed to be onerous. Instead, the Company includes the payments due under such leases in the lease liability and records an impairment of the corresponding right-of-use asset.

Purchase price allocation for the Nextel acquisition: The Company's December 31, 2018 statement of financial position has been restated, reflecting the retrospective impact of the purchase price allocation ("PPA") and accounting policies alignment for the Nextel acquisition, which was not yet available at year-end 2018. The fair value adjustment on intangible assets (€25.7 million) mainly related to the acquired customer relationships (€16.5 million), tradenames (€6.8 million) and technology (€2.4 million). The assessment of the sale-and-lease back and renting model resulted in the derecognition of deferred revenue (€2.7 million) and property and equipment (€7.1 million) which were replaced by a lease receivable (€8.9 million). Together with the deferred tax impact of the above mentioned adjustments (€7.8 million), goodwill was reduced by €22.3 million. The recognition of the fair value of the intangible assets and the adjustment to the sale-and-lease back and accounting policy alignment of Nextel resulted in additional amortization expense (€2.1 million), a decrease in depreciation expense (€1.8 million), a reduction of the revenues (€1.0 million) and an increase of the cost of goods sold (€0.7 million) recognized for the period between the acquisition date (May 31, 2018) and December 31, 2018, for which the consolidated statement of profit or loss and other comprehensive income for the twelve months ended December 31, 2018 was restated (see Note 5.22.2).

5.2 Significant accounting policies

The accounting policies applied by the Company in these Interim Financial Statements are the same as those applied in the Company's consolidated financial statements as of and for the year ended December 31, 2018, except for the following amendments and interpretations which became effective for the Group during the six months ended June 30, 2019:

Annual improvements to IFRSs 2015-2017 Cycle, issued on December 12, 2017, covers the following minor amendments:

- IFRS 3 *Business Combinations*: the amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11 *Joint Arrangements*: the amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 *Income Taxes*: the amendments clarify that a company accounts for all income tax consequences of dividend payments consistently with the transactions that generated the distributable profits - i.e. in profit or loss, OCI or equity.
- IAS 23 *Borrowing Costs*: the amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

These amendments are effective for annual reporting periods beginning on or after January 1, 2019. These amendments have no material impact on the Group's consolidated financial statements.

IFRS 16 Leases makes a distinction between a service contract and a lease based on whether the contract conveys the right to control the use of an identified asset and introduces a single, on-balance sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. The Company determined IFRS 16 applicable to the following categories of lease contracts: (i) site rentals, (ii) real estate, (iii) cars and (iv) dark fiber. Application of IFRS 16 involve a certain degree of judgement, more specifically with respect to the assessment of the applicable lease term and the assessment if any options to extend the lease term are to be considered 'reasonable certain' to be exercised or not. Specifically for the site rentals Telenet has determined that upon adoption the extension options are not to be 'reasonably certain' to be exercised and are not taken into account in the determination of the lease term.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

i. Leases in which the Group is a lessee

The Company has recognized new assets and liabilities for those leases classified as operating leases under previous accounting principles generally accepted under IFRS, being:

- Operating leases of site rentals
- Operating leases of real estate
- Operating leases of cars
- Operating leases of dark fiber

The nature of expenses related to those leases changed because the Company recognizes a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

In addition, the Company no longer recognize provisions for operating leases that it assesses to be onerous as described. Instead, the Company includes the payments due under the lease in its lease liability.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The application of IFRS 16 had no significant impact for the Company's finance leases which were previously reported in conformity with IAS 17 Leases.

The adoption of IFRS 16 does not impact the Company's ability to comply with the revised maximum leverage threshold loan covenant.

With respect to certain specific transactions, the Company (acting as 'seller-lessee') transfers an asset to another entity ('buyer-lessor') which is subsequently leased back by the Company. In correspondence with IFRS 15, the Company determined that it does not satisfy a performance obligation as the control of the underlying asset to the buyer-lessor is not transferred. As a result, these transactions are accounted for as a financing transaction.

ii. Leases in which the Group is a lessor

For other leases in with the Group is a lessor, the Company determined that there was no significant impact.

iii. Transition

The Company applied the modified retrospective approach and thus recorded a cumulative effect adjustment to the opening balance of

retained earnings as per January 1, 2019, with no restatement of comparative information.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate at January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company applied the following practical expedients:

- Grandfathering the definition of a lease on transition. This means that IFRS 16 was applied to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4 ;

- No right-of-use assets or lease liabilities were recognized for leases with a term of 12 months or less ;

- In transition, the Company applied the practical expedients that permit the Company not to reassess whether expired or existing contracts contain a lease under the new standard. In addition, the Company did not use hindsight during transition.

The Company did not apply the practical expedient that permits a lessee to account for lease and non-lease components in a contract as a single lease component and, accordingly, the Company continued to account for these components separately. The Company did not exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Telenet relies on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. The right-of-use asset at the date of initial application is adjusted by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application.

The financial impact of IFRS 16 on the opening balance sheet can be summarized as follows:

	January 1, 2019
	(in millions of euro)
Right-of-use assets	163.8
Other current assets	(0,7)
Lease liabilities	(163.1)

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognized €163.8 million of right-of-used assets, -€0.7 million of other current assets and €163.1 million lease liabilities as at January 1, 2019. Also in relation to those leases, the Company recognized depreciation and accretion costs, instead of operating lease expense. During the six months ended June 30, 2019, the Company recognized €22.5 million of depreciation charges and €2.1 million of accretion costs in respect of these leases.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) issued on October 12, 2017, clarifies how companies should account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective for annual periods beginning on or after January 1, 2019. These amendments have been endorsed by the EU in February 2019 and have no material impact on the Group'sconsolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments issued on June 7, 2017, clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognize and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. An entity is required to assume that a tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. Detection risk is not considered in the recognition and measurement of uncertain tax treatments. The entity should measure the impact of the uncertainty using the method that best predicts the resolution of the uncertainty; either the most likely amount method or the expected value method. The interpretation is effective for annual periods beginning on or after January 1, 2019. This interpretation has been endorsed by the EU. The amendments have no material impact on the Group's consolidated financial statements.

IFRS 9 Prepayment Features with Negative Compensation Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments were to be applied retrospectively and were effective from January 1, 2019, with earlier adoption permitted. These amendments have not yet been endorsed by the EU and have no impact on the consolidated financial statements of the Company.

IAS 19: Plan Amendment, Curtailment or Settlement The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net

defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect on the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding the amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

New standards and interpretations not yet effective

Amendment to IFRS 3 Business Combinations, issued on October 22, 2018, provides more guidance on the definition of a business. The amendment includes an election to use a concentration test. This is a simplified assessment that will result in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If one does not apply the concentration test, or the test is failed, then the assessment focuses on the existence of substantive process.

The amendment applies to businesses acquired in annual periods beginning on or after January 1, 2020 with earlier application permitted. The amendment has not yet been endorsed by the EU.

Amendments to IAS 1 and IAS 8: Definition of Material was issued on October 31, 2018 clarifying the definition of 'Material' and aligning the definition of 'material' across the standards. The new definition states that "information is considered material, if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primarily users of general purpose financial statements make on the basis of those financial statements, which provide information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments are effective prospectively for annual periods beginning on or after January 1, 2020 with earlier application permitted. The amendment has not yet been endorsed by the EU.

Amendments to References to the Conceptual Framework in IFRS Standards (Amendments to CF) was issued by the IASB on March 29, 2018. The Conceptual Framework sets out the fundamental concepts of financial reporting that guides the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, providing useful information for investors and others. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction; and it helps stakeholders to understand the Standards better. Key changes include:

- Increasing the prominence of stewardship in the objective of financial reporting, which is to provide information that is useful in making resource allocation decisions.
- Reinstating prudence, defined as the exercise of caution when making judgements under conditions of uncertainty, as a component of neutrality.
- Defining a reporting entity, which might be a legal entity or a portion of a legal entity.
- Revising the definition of an asset as a present economic resource controlled by the entity as a result of past events.
- Revising the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events.
- Removing the probability threshold for recognition, and adding guidance on derecognition.
- Adding guidance on the information provided by different measurement bases, and explaining factors to consider when selecting a measurement basis.
- Stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or faithful representation of the financial statements would be enhanced.

The amendments are effective for annual periods beginning on or after January 1, 2020, whereas the Board will start using the revised Conceptual Framework immediately. These amendments have not yet been endorsed by the EU.

5.3 Financial instruments

5.3.1 Financial risk management

During the six months ended June 30, 2019, the Company did not change its financial risk management objectives or policies and, as a result, they are still consistent with the disclosures in the consolidated financial statements as of and for the year ended December 31, 2018.

5.3.2 Financial instruments: fair values

Carrying amount versus fair value

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated interim statement of financial position and their levels in the fair value hierarchy are summarized in the table below. The fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation techniques. Further, for the current year the fair value disclosures of lease liabilities are not required.

June 30, 2019	Note	**Carrying amount**	**Fair value**			
(€ in millions)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Money market funds	5.11	57.0	57.0	57.0	—	—
Derivative financial assets	5.14	87.8	87.8	—	87.8	—
Total financial assets carried at fair value		**144.8**	**144.8**	**57**	**87.8**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.14	(391.9)	(391.9)	—	(391.9)	—
Total financial liabilities carried at fair value		**(391.9)**	**(391.9)**	**—**	**(391.9)**	**—**
Financial liabilities carried at amortized cost						
Loans and borrowings (excluding deferred financing fees and financial lease liabilities)	5.13					
- 2018 Amended Senior Credit Facility		2,764.0	2,763.5	—	2,763.5	—
- Nextel Credit Facility		2.4	2.1	—	2.1	—
- Senior Secured Fixed Rate Notes		2,000.2	2,033.5	2,033.5	—	—
- Overdraft facility		0.1	0.1	—	0.1	—
- Nextel Renting		4.1	4.1	—	4.1	—
- SFR network right of use		4.0	1.7	—	1.7	—
- Vendor financing		403.5	403.5	—	403.5	—
- Clientele fee > 20 years		129.0	125.2	—	125.2	—
- Mobile Spectrum 2G & 3G		23.8	22.8	—	22.8	—
Total financial liabilities carried at amortized cost		**5,331.1**	**5,356.5**	**2,033.5**	**3,323.0**	**—**

December 31, 2018	Note	**Carrying amount**	**Fair value**			
(€ in millions)				Level 1	Level 2	Level 3
Financial assets						
Financial assets carried at fair value						
Money market funds	5.11	53.2	53.2	53.2	—	—
Derivative financial assets	5.14	68.8	68.8	—	68.8	—
Total financial assets carried at fair value		**122.0**	**122.0**	**53.2**	**68.8**	**—**
Financial liabilities						
Financial liabilities carried at fair value						
Derivative financial liabilities	5.14	275.6	275.6	—	275.6	—
Total financial liabilities carried at fair value		**275.6**	**275.6**	**—**	**275.6**	**—**
Financial liabilities carried at amortized cost						
Loans, borrowings and finance lease liabilities (excluding deferred financing fees)	5.13					
- 2018 Amended Senior Credit Facility		2,748.1	2,646.1	—	2,646.1	—
- Senior Secured Fixed Rate Notes		1,992.1	1,893.9	1,893.9	—	—
- Nextel Credit facility		3.0	2.9	—	2.9	—
- Global Handset Finco Ltd Loan		12.7	12.7	—	12.7	—
- SFR network right of use		4.1	4.1	—	4.1	—
- Vendor financing		359.0	359.0	—	359.0	
- Lease obligations		416.1	373.9	—	373.9	—
- Clientele fee > 20 years		124.7	119.3	—	119.3	—
- Mobile Spectrum 2G & 3G		23.8	21.8	—	21.8	—
Total financial liabilities carried at amortized cost		**5,683.6**	**5,433.7**	**1,893.9**	**3,539.8**	**—**

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Unobservable inputs	Inter-relationship between unobservable inputs and fair value measurements
Interest rate derivatives	Discounted cash flows : the fair value of the cross currency and interest rate derivatives is calculated by the Company based on swap curves flat, taking into account the credit risk of both the Company and the respective counterparties to the instruments. The Company also compares the calculated fair values to the respective instruments' fair value as provided by the counterparty.	The credit risk of both the Company and the respective counterparties to the instruments.	The estimated fair value would increase (decrease) if : - the credit risk of the company were lower (higher) - the credit risk of the countercompany were higher (lower).
Foreign exchange forwards and embedded derivatives	Discounted cash flows : the fair value of forward exchange contracts is calculated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate. This calculation is compared to the listed market price, if available.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Loans and borrowings : - 2018 Amended Senior Credit Facility - Senior Secured Notes - Overdraft facilities	Market comparison technique : The fair values are based on broker quotes. The brokers providing the quotes are among the most active in the trading of the Senior Credit Facility, and regularly provide quotes to the market. No adjustments to this pricing are needed.	Not applicable.	Not applicable.
Loans and borrowings: - Clientele fee > 20 years - 2G and 3G Mobile spectrum - Vendor Financing - SFR network right of use - Nextel Renting - Nextel Credit facility	Discounted cash flows.	Discount rate.	The estimated fair value would increase (decrease) if : - the discount rate were lower (higher).

During the six months ended June 30, 2019, no financial assets or liabilities measured at fair value have been transferred between the levels of the fair value hierarchy.

5.4 Property and equipment

(€ in millions)	Land, buildings, and leasehold improvements	Network	Construction in progress	Furniture, equipment, and vehicles	Right of use assets	Total
Cost						
At December 31, 2018, as reported	**176.5**	**3,456.1**	**178.0**	**89.9**	**—**	**3,900.5**
Acquisition of Nextel - PPA (see Note 5.22.2)	(7.8)	—	—	—	—	(7.8)
At January 1, 2019, as restated	**168.7**	**3,456.1**	**178.0**	**89.9**	**—**	**3,892.7**
IFRS 16 (see Note 5.25)	—	—	—	—	163.8	163.8
Additions	2.5	160.7	14.6	5.9	3.4	187.1
Acquisition of De Vijver Media (see Note 5.22.1)	2.9	1.3	—	0.2	3.5	7.9
Transfers	—	49.9	(49.9)	—	—	—
Disposals	—	(4.4)	—	(0.8)	(4.1)	(9.3)
Write off of fully depreciated assets	—	(0.3)	—	(1.0)	—	(1.3)
At June 30, 2019	**174.1**	**3,663.3**	**142.7**	**94.2**	**166.6**	**4,240.9**
Accumulated Depreciation						
At December 31, 2018, as reported	**83.4**	**1,543.6**	**—**	**36.1**	**—**	**1,663.1**
Acquisition of Nextel - amortization charge PPA (see Note 5.22.2)	(1.2)	—	—	—	—	(1.2)
At January 1, 2019, as restated	**82.2**	**1,543.6**	**—**	**36.1**	**—**	**1,661.9**
Depreciation charge for the year	5.6	176.6	—	4.1	22.5	208.8
Disposals	(0.5)	(5.5)	—	(0.3)	(4.1)	(10.4)
Impairment / write off	—	0.3	—	—	—	0.3
Write off of fully depreciated assets	—	(0.3)	—	(1.0)	—	(1.3)
At June 30, 2019	**87.3**	**1,714.7**	**—**	**38.9**	**18.4**	**1,859.3**
Carrying Amount						
At June 30, 2019	86.8	1,948.6	142.7	55.3	148.2	2,381.6
At January 1, 2019, as restated	86.5	1,912.5	178.0	53.8	—	2,230.8

As a result of the De Vijver Media acquisition, property and equipment increased by €7.9 million mainly consisting of its right of use assets. With respect to the status of the preliminary purchase price allocation, we refer to Note 5.22.1.

Accrued capital expenditures for property and equipment reached €187.1 million for the six months ended June 30, 2019, representing the following additions:

- accrued capital expenditures for both the broadband and the mobile network growth and upgrades for an amount of €160.4 million;
- capital expenditures for customer installations for an amount of €8.0 million;
- set-top box related capital expenditures for an amount of €15.3 million.

For the six months ended June 30, 2019, the Company removed €1.3 million of gross cost and accumulated depreciation related to fully depreciated assets which are no longer used by the Company.

5.5 Goodwill

The total amount of goodwill as of June 30, 2019 amounted to €1,874.7 million (December 31, 2018 : €1,807.8 million as restated). The increase of €66.9 million was attributable to the acquisition of De Vijver Media (€67.2 million) and policy alignment linked to the acquisition of Nextel (€-0.3 million).

(€ in millions)	
December 31, 2018 as reported	1,830.1
Purchase Price Allocation - Nextel	(22.3)
December 31, 2018 as restated	1,807.8
Acquisition of subsidiaries - De vijver Media	67.2
Accounting policy alignment- Nextel	(0.3)
June 30, 2019	1,874.7

For detailed information regarding the acquisition of De Vijver Media and the purchase price allocation for Nextel, we refer to Note 5.22.1, respectively Note 5.22.2.

5.6 Other intangible assets

(€ in millions)	Network user rights	Trade name	Software	Customer relationships	Broadcasting rights	Other	Total
Cost							
At December 31, 2018, as reported	294.6	155.9	722.2	186.8	184.4	19.5	1,563.4
Acquisition of Nextel - PPA (see Note 5.22.2)	—	6.7	2.5	16.5	—	—	25.7
At January 1, 2019, as restated	294.6	162.6	724.7	203.3	184.4	19.5	1,589.1
Acquisition De Vijver Media (see Note 5.22.1)	—	27.3	1.0	12.2	50.4	—	90.9
Additions	—	—	61.4	—	59.5	—	120.9
Disposals	—	—	—	—	(56.4)	—	(56.4)
At June 30, 2019	294.6	189.9	787.1	215.5	237.9	19.5	1,744.5
Accumulated amortization							
At December 31, 2018, as reported	150.0	126.0	377.2	74.3	103.5	2.4	833.4
Acquisition of Nextel - PPA (see Note 5.22.2)	—	0.8	0.3	1.1	—	—	2.2
At January 1, 2019, as restated	150.0	126.8	377.5	75.4	103.5	2.4	835.6
Amortization charge for the year	12.6	1.9	57.6	12.5	39.0	0.2	123.8
Disposals	—	—	—	—	(56.4)	—	(56.4)
At June 30, 2019	162.6	128.7	435.1	87.9	86.1	2.6	903.0
Carrying amount							
At January 1, 2019, as restated	144.6	35.8	347.2	127.9	80.9	17.1	753.5
At June 30, 2019	132.0	61.2	352.0	127.6	151.8	16.9	841.5

The Company's intangible assets other than goodwill each have finite lives and are comprised primarily of network user rights (mainly mobile spectrum), trade name, software development and acquisition costs, customer relationships, broadcasting rights, out of market component of future leases and contracts with suppliers.

Software additions for the six months ended June 30, 2019, were €61.4 million, and mainly related to:

- Investments in IT Mobile Business (€8.9 million);
- a new OTC application (€21.0 million);
- Residential marketing (€6.3 million);
- Infrastructure and support (€9.5 million);
- Internal IT projects (€5.4 million); and
- Residential sales and care (€5.3 million).

The customer relationship addition amounting to €12.2 million is relating to the acquisition of the De Vijver Media (see Note 5.22.1).

Acquisitions of broadcasting rights were €59.5 million, primarily linked to the addition of UK Soccer Premier League, season 2019-2022. Disposals of broadcasting rights mainly relates to UK Soccer Premier League, season 2016-2019.

5.7 Investments in and loans to equity accounted investees and other investments

5.7.1 Investments in and loans to equity accounted investees

The following table shows the components of the Company's investments in equity accounted investees:

(€ in millions)	De Vijver Media NV	Other	Total
Investments in Associates			
At January 1, 2019	**51.1**	**14.4**	**65.5**
Acquisition De Vijver Media	—	0.5	0.5
Reclass to fully consolidated subsidiary	(51.1)	—	(51.1)
At June 30, 2019	**—**	**14.9**	**14.9**
Share in the result of Associates			
At January 1, 2019	**1.1**	**(0.6)**	**0.5**
Share in the result	(1.3)	—	(1.3)
Reclass to fully consolidated subsidiary	0.2	—	0.2
At June 30, 2019	**—**	**(0.6)**	**(0.6)**
Loans granted to Associates			
At January 1, 2019	**—**	**1.3**	**1.3**
At June 30, 2019	**—**	**1.3**	**1.3**
Carrying Amount			
At January 1, 2019	52.2	15.1	67.3
At June 30, 2019	—	15.6	15.6

The additions amounting to €0.5 million are related to the stake of De Vijver Media in its associates.

De Vijver Media

On March 7, 2018, Telenet entered into an agreement with the two other shareholders of De Vijver Media NV to sell their respective stakes of 30% and 20% to Telenet, which will become the sole shareholder. Upon approval by the competent competition authorities, the Company acquired the remaining 50% of the shares on June 3, 2019. As a result and as from that moment, De Vijver Media, which formerly qualified as as a joint venture and was accounted for using the equity method, became a fully consolidated entity (see Note 5.22.1).

Unit-T

On April 26, 2018 Telenet BVBA and Solutions 30 Group, a leading provider in Europe of solutions for new technologies, signed an agreement to form a new joint venture ("Unit-T") which provide field services (including installation, repair and maintenance) to Telenet and potentially other Telecommunication companies in the market. The new JV was formed on July 1, 2018 by consolidating Telenet's field service business and Janssens Field Services ("JFS") which is a business held by the JV-partner Solutions 30. JFS provides services and logistics in

Telecom, Security, Utilities and ICT markets and has been one of Telenet's field service providers.

As compensation for its contribution upon the incorporation, Telenet received an equity stake of 30% in the JV (vs. 70% for Solutions 30's contribution) which was valued by an external expert at €10.5 million and resulted in a gain on disposal for a similar amount (as the net book value of the assets/liabilities transferred were zero).

Recneps NV

On March 30, 2017, Telenet Group Holding NV took a 10% stake in the share capital of Recneps NV, an existing company previously incorporated by 1105 NV ("**Eleven Five**"). Telenet contributed €0.3 million in cash and in return received 10% of the shares of the company. In October 2017, the Company contributed another €0.3 million in cash, thus increasing its stake in Recneps NV to 19%. On October 18, 2018, the Company participated in the capital increase and contributed another €1.3 million in cash, increasing its participation to 31.17%.

5.7.2 Other investments

Belgian Mobile ID

In June 2016, Telenet Group took a participation of €1.8 million in Belgian Mobile ID NV (f.k.a. Belgian Mobile Wallet NV). Belgian Mobile Wallet NV launched a Belgian standard for payments via smartphones in spring 2014 allowing consumers to use their smartphones in the future to pay for goods and services, exchange coupons, or use their customer cards. The Company's stake in the share capital was increased during 2017 with €1.5 million as part of a capital increase. During 2018, the Company contributed another €0.9 million to the capital increase bringing its participation to €4.2 million (or a 15% stake).

Imec.istart Fund

On March 15, 2017, Telenet Group Holding NV took an 8% stake in the share capital of Imec.istart Fund for €0.2 million. This Fund was incorporated to invest in pre-seed and seed stage opportunities in privately held technology companies which are selected for the imec.istart program and which have a potential for significant value creation in fast growing market segments in or outside of the territory of the European Union.

5.8 Trade receivables

5.8.1 Non-current

(€ in millions)	June 30, 2019	December 31, 2018
Trade receivables	0.1	0.9
Trade receivables, net	**0.1**	**0.9**

Non-current trade receivables are comprised of long-term receivables from handset financing contracts with third party customers.

5.8.2 Current

(€ in millions)	June 30, 2019	December 31, 2018
Trade receivables	227.7	210.8
Less: allowance for bad debt	(7.9)	(8.9)
Trade receivables, net	**219.8**	**201.9**

The current trade receivables amounting to €219.8 million as of June 30, 2019 also include the trade receivables acquired in connection with the De Vijver Media acquisition which amounted to €27.2 million as of June 30, 2019 and thus was the main driver of the overall increase in outstanding balance.

When a trade receivable is uncollectible, it is written off against the provision for impairment of trade receivables. Trade receivables impairment losses have been included in cost of services provided in the condensed consolidated statement of profit or loss and other comprehensive income. Allowances for bad debt decreased €1.0 million.

The Company does not hold any receivables in foreign currencies.

5.9 Other assets

5.9.1 Non-current

(€ in millions)	Note	June 30, 2019	December 31, 2018, as restated (*)
Outstanding guarantees to third parties for own liabilities (cash paid)		1.3	3.9
Deferred financing fees		2.6	3.0
Contract assets		1.7	1.4
Receivables from sale of sports broadcasting rights		—	0.5
Funding of post retirement obligation		1.9	1.3
Non current prepaid expense		4.3	3.5
Non current lease receivables	5.22.2	3.1	3.7
Other non-current assets		**14.9**	**17.3**

(*) We refer to note 5.1.6 Reporting changes.

Deferred financing fees related to undrawn Revolving Credit Facilities are presented other non-current assets.

5.9.2 Current

(€ in millions)	Note	June 30, 2019	December 31, 2018 as restated (*)
Recoverable withholding taxes		0.4	0.4
Prepaid content		10.2	6.3
Prepayments		40.0	29.8
Unbilled revenue		60.1	70.6
Receivables from sale of sports broadcasting rights		1.5	1.2
Indemnification receivable from acquisitions		18.5	18.3
Contract assets		6.0	7.2
Settlement receivables		0.2	0.5
Current lease receivables	5.22.2	4.9	4.5
Other		5.4	3.9
Other current assets		**147.2**	**142.7**

(*) We refer to note 5.1.6 Reporting changes.

The increase in prepayments is mainly due to (i) BIPT Spectrum fees which are typically paid in the first six months of the year for the year ahead, and (ii) increased prepaid programming (€3.9 million).

Unbilled revenue generally represents revenue for which the Company has already provided a service or product in accordance with the customer agreement but for which the customer has not yet been invoiced and and thus relate to unconditional rights to receivables and are not to be considered contract assets.

Indemnification receivables from acquisitions amounted to €18.5 million and comprised the receivable on KPN related to pylon taxes (€13.3 million) and a receivable versus the former shareholders of SFR Belux (€5.2 million).

The contract assets amounting to €6.0 million relate to the revenue to which Telenet expects to be entitled and is mainly related to multiple element arrangements.

5.10 Inventories

As of June 30, 2019, inventories amounted to €29.1 million (December 2018: €28.0 million) consisting of mobile handsets, tablets, wireless modems, powerline adaptors and other DTV materials.

Mobile handsets and accessories inventory increased by €2.0 million to €24.6 million as of June 30, 2019.

The telephony and internet related customer premise equipment represented a total value of €8.3 million, which is in line with the balance per year end 2018.

The net book value of inventories also includes inventory impairments to reduce the carrying values to the net realizable value. These inventory impairments amounted to €3.8 million as of June 30, 2019 compared to €2.7 million as of December 31, 2018.

5.11 Cash and cash equivalents

(€ in millions)	**June 30, 2019**	**December 31, 2018**
Cash at bank and on hand	82.5	35.0
Money market funds	57.0	53.2
Total cash and cash equivalents	**139.5**	**88.2**

At June 30, 2019, Telenet held €139.5 million of cash and cash equivalents compared to €88.2 million at December 31, 2018. To minimize the concentration of counterparty risk, Telenet's cash equivalents and AAA-rated money market funds are placed with highly rated European and US financial institutions. The company had a positive operating cashflow of €499.2 million, this was partially offset by the acquisition of the remaining 50% stake in De Vijver Media and the associated voluntary debt repayment. In addition, the Company also executed the remainder of its €300.0 million Share Repurchase Program 2018bis, having spent €101.1 million in the first half of 2019.

Telenet also paid €158.3 million of taxes during the six months ended June 30, 2019.

5.12 Shareholders' equity

5.12.1 Shareholders’ equity

As of June 30, 2019, share capital amounted to €12.8 million (December 31, 2018: €12.8 million).

On April 24, 2019, the Extraordinary General Shareholders' Meeting approved the cancellation of 1,881,040 own shares acquired by the Company under the Share Repurchase Program 2018bis. Following the partial share cancellation, the total number of outstanding shares decreased from 117,716,323 to 115,835,283.

The condensed consolidated interim financial statements as of June 30, 2019 showed a negative consolidated equity amounting to €1,618.4 million, mainly as a result of the Company's historical shareholder disbursements policy, including various capital reductions.

The Company considers its most optimal equity structure on a consolidated level, based on a certain net leverage range, even in case of a negative equity on a consolidated level and taking into account that the amount of current liabilities exceeded the amount of current assets.

The board of directors has considered the Company's net equity position and has prepared the consolidated financial statements applying the accounting policies consistently on a going concern basis taking into account amongst others:

- the forecasted earnings for the next year;
- a projected strong and steady positive cash flow for the next year;
- maturities of financial obligations as disclosed in note 5.13.

Own shares

Share Repurchase Program

On June, 25 2018, the Company announced the initiation of a €300 million share repurchase program (the “Share Repurchase Program 2018bis”), which replaced the Share Repurchase Program 2018, which commenced on February 13, 2018.

Under the Share Repurchase Program 2018bis, Telenet could repurchase from time to time up to 7.5 million shares for a maximum consideration of €300 million until June 28, 2019. This program was funded with the Company's existing cash balances as well as available untapped liquidity under its revolving credit facilities.

Under this program, 2,332,478 shares were repurchased in 2019 for a total amount of €101.1 million. With this repurchase, the Company completed the aforementioned share buyback program.

Own shares

As of June 30, 2019, the Company held 5,853,089 own shares. Stock options exercised during the six months ended June 30, 2019 resulted in the delivery of 1,120,279 own shares by the Company to the stock option holders. The cash received at the occasion of the exercise of the options amounted to €43.8 million. As the cost of the own shares delivered amounted to €55.5 million, the Company realized a loss of €11.7 million. The details of the exercises are summarized in the following table:

Class of Stock options	Number of stock options exercised	Exercise date (date delivery shares)	Weighted Average Share price at exercise date (closing price)
ESOP 2014	95,899	1st quarter of 2019	40.18
CEO SOP 2014 bis	101,406	1st quarter of 2019	34.95
ESOP 2014	362,299	2nd quarter of 2019	40.18
CEO SOP 2014	108,446	2nd quarter of 2019	34.51
ESOP 2015	101,319	2nd quarter of 2019	45.15
CEO SOP 2015	100,000	2nd quarter of 2019	44.88
SSOP 2015 bis	21,126	2nd quarter of 2019	43.34
ESOP 2016	82,023	2nd quarter of 2019	40.36
ESOP 2016 bis	54,001	2nd quarter of 2019	41.68
ESOP 2018	93,760	2nd quarter of 2019	37.91
	1,120,279		

5.12.2 Employee share based compensation

Stock Option Plan 2019

On February 11, 2019, the board of directors approved a new general stock option plan for the CEO, the Senior Leadership Team and a selected number of employees (the "**Employee Stock Option Plan 2019**" or "**ESOP 2019**"). Each of these stock options entitles the holder thereof to purchase from the Company one existing share of the Company.

On May 6, 2019 the board of directors authorized a grant under this plan to certain beneficiaries. On June 24, 2019, a total of 713,286 of the 808,724 offered stock options were accepted.

The vesting of these stock options occurs quarterly over a period of 4 years, with a vesting of 10% of the total stock options granted during each of the first 4 quarters and a vesting of 5% of the total stock options granted during each of the 12 following quarters.

The details regarding the stock option plan granted by the Company are summarized in the table below:

	Grant Date (for accounting purposes)	Fair Value at grant date (in euro)	Share Price (in euro)	Exercise Price (in euro)	Expected Volatility	Expected Option Life	Expected Dividends	Risk-free interest rate
ESOP 2019	June 24, 2019	5.50 - 5.95	48.80	46.54	24.44%-25.93%	4.3 yrs	4.3%	(0.66%) - (0.53)%

Performance shares

On February 11, 2019 The Remuneration & Nomination Committee and the Board of Directors decided that the performance criteria for the 2016 Telenet Performance Shares was achieved, and as a consequence, the earned 2016 Telenet Performance Shares vested at 199% on April 15, 2019. This particular performance share plan was paid out in shares on a net basis.

As this was the second year in a row that a similar performance share plan has been settled in shares, it was decided upon that the historical track record of equity settlements of these particular equity awards did trigger a modification of the liability classification of all performance shares outstanding. As a result, all similar performance share plans have been considered to be equity settled share base payment plans and as a consequence, the Company represented the related share based compensation expense recognized as equity and no longer in liability. As the performance shares have been fair valued until the modification date, no incremental compensation cost needed to be recognized for the 2016 and 2018 Performance Share Plans.

On May 6, 2019 the Company granted its CEO, Senior Leadership Team and a selected number of employees a total of 113,291 performance shares (the "**2019 Telenet Performance Shares**"). On June 24, 2019, a total of 111,466 of the 113,291 offered performance shares were accepted. The performance target applicable to the 2019 Telenet Performance Shares is the achievement of an Operating Free Cash Flow (OFCF) CAGR (under US GAAP), when comparing the Operating Free Cash Flow during the period started as of January 1, 2019 and ending on December 31, 2021 to the Operating Free Cash Flow for the period started on January 1, 2018 and ended on December 31, 2018. A performance range of 50% to 122% of the target Operating Free Cash Flow would generally result in award recipients earning 50% to 150% of their 2019 Telenet Performance Shares, subject to reduction or forfeiture based on individual service requirements. The earned 2019 Telenet Performance Shares will vest on May 6, 2022. Any compensation costs attributable to the 2019 Telenet Performance Shares are recognized over the requisite service period of the awards and are included in compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

Restricted shares

On May 6, 2019 the Company granted certain key management personnel a total of 106,786 restricted shares (the "**2019 Telenet Restricted Shares**"). On June 24, 2019, a total of 94,556 of the 106,786 offered restricted shares were accepted. The vesting of these restricted shares occurs annually over a period of 2 years, with a vesting of 40% of the restricted shares granted on May 6, 2020 and a vesting of 60% on May 6, 2021, subject to reduction or forfeiture based on individual service requirements. However, upon vesting, the Telenet shares remain blocked for trading for a period of 2 years, i.e. respectively until May 6, 2021 and May 6, 2022. Any compensation costs attributable

to the 2019 Telenet Restricted Shares are recognized over the requisite service period of the awards and are included in compensation expense in Telenet's consolidated statement of profit or loss and other comprehensive income.

In the six months ended June 30, 2019, Telenet recognized €6.9 million of compensation expense for the Telenet share based compensation plans, including €3.7 million related to the equity settled stock option awards, €3.0 million related to the performance share awards and €0.2 million related to the restricted share awards. Total compensation expense for the six months ended June 30, 2018 amounted to €1.5 million.

5.13 Loans and borrowings

The balances of loans and borrowings specified below include accrued interest as of June 30, 2019 and December 31, 2018.

(€ in millions)	**June 30, 2019**	**December 31, 2018, as restated (*)**
2018 Amended Senior Credit Facility:		
Revolving Credit Facility AG	0.5	0.5
Term Loan AN	1,822.4	1,807.7
Term Loan AO	941.1	939.9
Senior Secured Fixed Rate Notes:		
€530 million Senior Secured Notes due 2027	488.6	487.7
USD1000 million Senior Secured Notes due 2028	902.2	894.9
€600 million Senior Secured Notes due 2028	609.4	609.5
Nextel Credit Facility	2.4	3.0
Nextel debt Renting	4.1	5.1
Overdraft Facility	0.1	—
Global Handset Finco Ltd Loan	—	12.7
SFR network right of use	4.0	4.1
Vendor financing	403.5	359.0
Lease obligations	558.4	410.9
3G Mobile Spectrum	23.8	23.8
Clientele fee > 20 years	129.0	124.7
	5,889.4	**5,683.5**
Less: deferred financing fees	(18.1)	(18.5)
Total non-current and current loans and borrowings	**5,871.3**	**5,665.0**
Less: current portion	(584.7)	(504.1)
Total non-current loans and borrowings	**5,286.7**	**5,160.9**

We refer to 5.1.6 Reporting changes.

At June 30, 2019, Telenet carried a total debt balance (including accrued interest) of €5,871.4 million, of which €1,957.4 million principal amount is related to the Senior Secured Fixed Rate Notes with maturities ranging from July 2027 through March 2028 and €2,761.7 million principal amount is owed under its 2018 Amended Senior Credit Facility with maturities ranging from August 2026 through December 2027. The Company's total debt balance at June 30, 2019 also included a principal amount of €403.5 million related to Telenet's vendor financing program, substantially all of which is maturing within less than twelve months, and €23.8 million for the outstanding portion of the 2G and 3G mobile spectrum licenses. The remainder primarily represents lease obligations associated with the Interkabel Acquisition and lease liabilities following the adoption of IFRS 16.

In May 2019, Telenet issued a new short-term revolving credit facility ("RCF AP") for an aggregate amount of €60.0 million. This facility matures on December 31, 2021, carries a margin of 2.25% over EURIBOR (floored at 0%) and can be used for general corporate purposes of the group. At June 30, 2019, this facility was fully undrawn.

On June 3, 2019, the Company acquired the remaining 50% stake in the local media company De Vijver Media NV. Immediately after the closing of this transaction, Telenet repaid De Vijver Media's €62.0 million third-party debt and terminated the existing interest rate swaps on its floating-rate debt, resulting in a cash payment of €1.1 million. All transactions were settled through available cash on the balance sheet. The Company did not incur any meaningful costs related to this transaction. For more information, we refer to note 5.22.1.

Excluding (i) accrued interests, (ii) lease obligations and (iii) short-term liabilities related to Telenet's vendor financing program, the Company faces no debt maturities prior to August 2026 with a weighted average maturity of 8.0 years at June 30, 2019. In addition, Telenet also had full access to €505.0 million of undrawn commitments under the revolving credit facilities at June 30, 2019 with certain availabilities up to June 2023.

The table below provides an overview of the aggregate future principal payments of the total borrowings under all of the Company's loans and

borrowings other than the leases and other types of financing as of June 30, 2019.

(€ in millions)	Total Facility as per	Drawn amount	Undrawn amount	Maturity Date	Interest rate	Interest payments due
June 30, 2019						
2018 Amended Senior Credit Facility:						
Term Loan AO	935.0	935.0	—	December 15, 2027	Floating | 6-month Euribor (0% floor) + 2.50%	Semi-annually (Jan. and Jul.)
Term Loan AN (USD 2.075 billion)	1,826.7	1,826.7	—	August 15, 2026	Floating | USD Libor 6-month (0% floor) + 2.25%	Semi-annually (Jan. and Jul.)
Revolving Credit Facility (Facility AG)	400.0	—	400.0	June 30, 2023	Floating | 1-month Euribor (0% floor) + 2.75%	Monthly
Revolving Credit Facility (Facility AP)	60.0	—	60.0	December 31, 2021	Floating | 1-month Euribor (0% floor) + 2.25%	Monthly
Revolving Credit Facility						
Revolving Credit Facility	20.0	—	20.0	September 30, 2021	Floating | 1-month Euribor (0% floor) + 2.00%	Monthly
BNP Bank Overdraft						
BNP Bank Overdraft	25.0	—	25.0	December 31, 2019	Floating | 1-month Euribor (0% floor) + 1.60%	Not applicable
Senior Secured Fixed Rate Notes						
USD 1.0 billion Senior Secured Notes due 2028 (Term Loan AJ)	880.4	880.4	—	March 1, 2028	Fixed | 5.50%	Semi-annually (Jan. and Jul.)
€600 million Senior Secured Notes due 2028 (Term Loan AK)	600.0	600.0	—	March 1, 2028	Fixed | 3.50%	Semi-annually (Jan. and Jul.)
€530 million Senior Secured Notes due 2027 (Term Loan AB)	477.0	477.0	—	July 15, 2027	Fixed | 4.875%	Semi-annually (Jan. and Jul.)
Total notional amount	**5,224.1**	**4,719.1**	**505.0**			

5.14 Derivative financial instruments

The Company has entered into various derivative financial instruments to manage interest rate and foreign currency exposure. The following tables provide details of the fair value of the Company's financial and derivative instrument assets (liabilities), net:

(€ in millions)	**June 30, 2019**	**December 31, 2018**
Current assets	62.5	62.8
Non-current assets	25.3	6.0
Current liabilities	(72.0)	(64.3)
Non-current liabilities	(319.9)	(211.3)
	(304.1)	**(206.8)**
Interest rate derivatives	(168.6)	(133.7)
Cross Currency Interest Rate Swaps	(137.2)	(75.1)
Foreign exchange forwards	1.7	2.1
Embedded derivatives	—	(0.1)
	(304.1)	**(206.8)**

Realized and unrealized gains (losses) on derivative financial instruments are comprised of the following amounts:

(€ in millions)	**June 30, 2019**	**June 30, 2018**
Change in fair value		
Cross currency interest rate swaps	(62.1)	60.4
Interest rate derivatives	(35.2)	(28.3)
Foreign exchange forwards	(0.4)	4.6
Total change in fair value	**(97.7)**	**36.7**
Realized result on derivatives		
Cross currency interest rate swaps	25.9	(0.2)
Interest rate derivatives	(7.5)	22.1
Foreign exchange forwards	0.6	(2.7)
Total realized result on derivatives	**19.0**	**19.2**
Net gain (loss) on derivative financial instruments	**(78.7)**	**55.9**

The loss for the six months ended June 30, 2019 of €97.9 million is mainly the result of a downward shift in the euro swap curve, which had a negative impact on the mark-to-market valuation of the Company's cross currency interest rate swaps and interest rate derivatives.

For cross currency interest rate swaps and interest rate derivatives, the change in fair value does not include the change in interest accrual.

5.15 Income taxes

(€ in millions)	For the six months ended June 30,	
	2019	2018, as restated
Current tax expense	(65.8)	(85.0)
Deferred tax income	29.2	52.8
Income tax expense	**(36.6)**	**(32.2)**

The Company recognized €65.8 million of current tax expense for the six months ended June 30, 2019, which combined with the payment of €158.3 million of income taxes for the six months ended June 30, 2019, brought the current tax liability to €190.0 million as of June 30, 2019 (December 31, 2018: €283.5 million).

Telenet Group Holding NV and its subsidiaries had available combined cumulative tax loss carry forwards of €1,409.1 million as of June 30, 2019 (December 31, 2018: €1,326.0 million). Under current Belgian and Luxembourg tax laws, these loss carry forwards have indefinite lives and may be used to offset future taxable income of Telenet Group Holding NV and its subsidiaries.

Deferred tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

The Company did not recognize deferred tax assets of €135.1 million as per June 30, 2019 (December 31, 2018: €123.9 million), related to tax losses carried forward, because it is not considered more likely than not that these net deferred tax assets will be utilized in the foreseeable future.

5.16 Other non-current liabilities

(€ in millions)	June 30, 2019	December 31, 2018
Employee benefit obligations	18.5	18.8
Other personnel related obligations	0.2	0.2
Long service awards	7.4	6.6
Interkabel out of market opex	16.9	16.5
Asset retirement obligations	10.7	10.7
Liabilities regarding sports broadcasting rights	23.8	5.5
Restructuring liability Norkring	7.4	8.3
Liabilities regarding pylon taxes	—	1.4
Acquisition related liabilities	4.7	4.7
Other	0.9	1.7
Total Other non-current liabilities	**90.5**	**74.4**

The non-current and current liabilities regarding sports broadcasting rights amounted to €23.8 million and €54.7 million, respectively (see note 5.17) at June 30, 2019 (as per December 31, 2018 €5.5 million and €46.4 million, respectively). The increase in the other non-current and current liabilities per June 30, 2019 is primarily driven by the higher outstanding balance for broadcasting rights of Premier League UK Soccer as of June 30, 2019 (see Note 5.6).

The operational expenses charged to Telenet by Interkabel for the maintenance of its network are higher than the Company's benchmark expenses for similar operations and therefore reflects an unfavorable out of market element. In the Interkabel acquisition, this out of market element was recorded at fair value. The underlying liability at June 30, 2019 amounted to €16.9 million.

The asset retirement obligation consists of liabilities regarding the costs of dismantling sites and restoring them into their original state. This liability amounted to €10.7 million as per June 30, 2019.

The acquisition related liabilities are related to the Nextel acquisition. (See Note 5.22.2).

5.17 Accrued expenses and other current liabilities

(€ in millions)	June 30, 2019	December 31, 2018
Customer deposits	20.1	21.3
Compensation and employee benefits	74.4	68.2
VAT and withholding taxes	54.1	17.7
Dividend payable to shareholders	1.2	1.2
Accrued programming fees	52.5	48.8
Accrued capital expenditure	38.8	62.6
Accrued other liabilities:		
Goods received and services performed	20.1	47.9
Professional fees	16.5	15.9
Warehouse items	25.5	11.6
Interconnect	17.8	19.6
Advertising, marketing and public relations	4.1	3.9
Infrastructure	26.7	18.1
Facilities	6.2	7.7
Other	38.2	29.9
Credit notes to issue	14.4	22.9
Accrued stock compensation	—	8.9
Non-income tax contingencies (IFRS 3)	5.2	5.2
Liabilities regarding pylon taxes	44.3	38.1
Accounts receivable with credit balance	23.4	18.8
Restructuring liability Norkring	2.3	2.3
Restructuring liability SFR	2.8	5.6
Restructuring liability other	1.4	0.9
Liabilities regarding sports broadcasting rights	54.7	46.4
Accrued commissions	20.2	4.2
Other current liabilities	10.9	7.6
Total Accrued expenses and other current liabilities	**575.8**	**535.3**

Compared to December 31, 2018, total accrued expenses and other current liabilities increased by €40.5 million to €575.8 million as of June 30, 2019, which is primarily due to the acquisition of De Vijver Media, which contributed €22.5 million of accrued expenses and other current liabilities as of June 30, 2019.

Outstanding VAT and withholding taxes payables increased by €36.4 million as of June 30, 2019, compared to December 31, 2018, mainly as a result of the prepayments made in November 2018 for VAT related to the December period, thus resulting in a lower outstanding VAT payable at year end. Accrued commissions increased from €4.2 million as of December 31, 2018, to €20.2 million as of June 30, 2019, which is primarily driven by De Vijver Media, making up €17.3 million in the closing balance per end of June 2019. In addition, as of June 30, 2019, compared to December 31, 2018, accrued liabilities for invoices to receive regarding Infrastructure and warehouse items received increased by €8.6 million and €13.9 million, respectively.

These increases were offset by i) lower outstanding liabilities for goods received and services performed of €27.8 million, and ii) a €23.8 million decrease in accrued capital expenditures as per June 30, 2019 versus December 31, 2018.

The non-income tax contingencies are related to an assessed risk for withholding tax at SFR Belux (€5.2 million) for the five years prior to the acquisition. For the same amount, a receivable versus the former shareholder has been recognized. (see Note 5.9.2).

5.18 Revenue

The Company’s revenue is comprised of the following:

(€ in millions)	For the six months ended June 30,	
	2019	**2018, as restated (*)**
Subscription revenue		
Video	287.9	289.9
Broadband internet	323.1	309.8
Fixed-line telephony	109.8	117.2
Cable Subscription revenue	**720.8**	**716.9**
Mobile telephony	217.3	226.8
Total Subscription revenue	**938.1**	**943.7**
Business services	102.7	86.3
Other	220.8	220.5
Total Revenue	**1,261.6**	**1,250.5**

(*) We refer to note 5.1.6 Reporting changes.

For the six months ended June 30, 2019, Telenet generated revenue of €1,261.6 million, which was up 1% versus €1,250.5 million in the prior year period. Telenet's revenue for the six months ended June 30, 2019 included a full six-month contribution from the local ICT integrator Nextel, which Telenet acquired on May 31, 2018, as opposed to a one-month contribution in the prior year period, adding an incremental €23.5 million to Telenet's revenue as compared to the six months ended June 30, 2018. In addition, Telenet's revenue for the six months ended June 30, 2019 also included a one-month contribution from the local media company De Vijver Media NV, of which Telenet acquired the remaining 50% stake on June 3, 2019 and which has been fully consolidated as of then, contributing €7.9 million to Telenet's revenue for the six months ended June 30, 2019. Excluding the aforementioned inorganic effects, Telenet's 2019 revenue for the six months ended June 30, 2019 modestly declined by 1% as higher cable subscription revenue, including a higher proportion of subscription revenue generated by business customers on the Company's "FLUO" and "WIGO Business" bundles, was more than offset by (i) lower other revenue, reflecting the loss of the MEDIALAAN MVNO contract, which has started to adversely impact the Company's wholesale revenue since early April, (ii) lower mobile telephony revenue, reflecting lower usage-related revenue amidst the continued success of Telenet's flat-fee "WIGO" quad-play bundles and improved mobile line-up, including higher mobile data allowances and (iii) lower non-coax B2B revenue given seasonality in Telenet's security and ICT integrator businesses.

Other revenue primarily includes (i) interconnection revenue from both Telenet's fixed-line and mobile telephony customers, (ii) wholesale revenue generated through both commercial and regulated wholesale businesses, (iii) mobile handset sales, including the revenue earned under Telenet's "Choose Your Device" programs, (iv) product activation and installation fees, (v) set-top box sales revenue and (vi) the contribution from De Vijver Media NV, which Telenet fully consolidated as of June 3, 2019.

The Company also had deferred revenue as follows:

(€ in millions)	June 30, 2019	31 December 2018, as restated
Subscription revenue		
Video	19.8	20.9
Broadband internet	23.0	20.3
Fixed-line telephony	14.5	13.3
Cable Subscription revenue	**57.3**	**54.5**
Mobile telephony	26.3	23.3
Total Subscription revenue	**83.6**	**77.8**
Business services	26.2	15.6
Other	5.3	2.6
Total Deferred Subscription Revenue	**115.1**	**96.0**
Other contract liabilities	**7.8**	**8.1**
Total Deferred Revenue	**122.9**	**104.1**

5.19 Expenses by nature

(€ in millions)	For the six months ended June 30,	
	2019	2018, as restated
Network operating expenses	101.9	97.0
Direct costs (programming, copyrights, interconnect and other)	255.3	253.6
Staff-related expenses	128.4	126.1
Sales and marketing expenses	44.4	44.0
Outsourced labor and Professional services	17.4	14.6
Other indirect expenses	49.4	70.1
Operating expenses	**596.8**	**605.4**
Restructuring expenses	1.1	5.4
Operating charges related to acquisitions or divestitures	0.6	2.5
Share-based payments granted to directors and employees	6.9	1.5
Depreciation	208.8	216.2
Amortization	84.5	94.1
Amortization of broadcasting rights	39.0	34.9
Impairment of long-lived assets - Property and equipment	0.3	1.3
Gain on disposal of property and equipment	(1.0)	(1.0)
Non-cash and other items	**340.2**	**354.9**
Total costs and expenses	**937.0**	**960.3**

For the six months ended June 30, 2019, Telenet incurred total expenses of €937.0 million, representing a decrease of 2% compared to the six months ended June 30, 2018 when it incurred total expenses of €960.3 million. The negative inorganic impact from both the Nextel and De Vijver Media acquisitions on Telenet's cost base for the six months ended June 30, 2019 was more than offset by lower depreciation and amortization expenses as the vast majority of Telenet's fixed and mobile infrastructure improvement programs have now been completed resulting in lower other indirect expenses. Total expenses represented approximately 74% of Telenet's revenue for the six months ended June 30, 2019 (for the six months ended June 30, 2018: approximately 77%). Cost of services provided as a percentage of revenue represented approximately 54% for the six months ended June 30, 2019 (for the six months ended June 30, 2018: approximately 57%), while selling,

general and administrative expenses represented approximately 21% of Telenet total revenue for the six months ended June 30, 2019 (for the six months ended June 30, 2018: approximately 19%).

Telenet's operating expenses, which include (i) network operating expenses, (ii) direct costs, (iii) staff-related expenses, (iv) sales and marketing expenses, (v) outsourced labor and professional services and (v) other indirect expenses, modestly decreased by 1% year-on-year on a reported basis for the six months ended June 30, 2019.

5.20 Finance income / expense

		For the six months ended June 30,	
(€ in millions)	Note	**2019**	**2018**
Recognized in the statement of profit or loss and comprehensive income			
Finance income			
Net interest income and foreign exchange gain			
Interest income on bank deposits and commercial paper		0.5	0.1
Interest income on receivables		—	0.1
		0.5	**0.2**
Net gain on derivative financial instruments			
Change in fair value	5.14	—	55.9
		—	**55.9**
Finance expense			
Net interest expense, foreign exchange loss and other finance expense			
Interest expense on financial liabilities measured at amortized cost, and other finance expense		(132.8)	(111.9)
Amortization of financing cost		(1.4)	(1.9)
Net foreign exchange loss		(18.3)	(66.7)
		(152.5)	**(180.5)**
Net loss on derivative financial instruments			
Change in fair value	5.14	(78.7)	—
		(78.7)	**—**
Loss on extinguishment of debt		**—**	**(24.6)**
Net finance expenses		**(230.7)**	**(149.0)**

For the six months ended June 30, 2019, net finance expense totaled €230.7 million compared to €149.0 million for the six months ended June 30, 2018. Finance income for the six months ended June 30, 2019 amounted to €0.5 million as compared to €56.1 million for the six months ended June 30, 2018, which included a €55.9 million non-cash gain on Telenet's derivatives. Net interest expense, foreign exchange loss and other finance expense decreased 16% from €180.5 million for the six months ended June 30, 2018 to €152.5 million for the six months ended June 30, 2019 due to a significantly smaller non-cash foreign exchange loss on Telenet's outstanding USD-denominated debt, which more than offset a 19% year-on-year increase in accrued interest expenses following a higher debt balance in connection with the October 2018 extraordinary dividend payment.

5.21 Earnings per share

5.21.1 Basic

The earnings and weighted average number of shares used in calculating basic earnings per share are:

(€ in millions, except share and per share data)	For the six months ended June 30,	
	2019	**2018, as restated**
Net profit attributable to the equity holders of the Company	55.9	109.1
Weighted average number of ordinary shares	110,014,822	115,247,512
Weighted average number of shares used in the calculation of basic earnings per share	**110,014,822**	**115,247,512**
Basic earnings per share in €	**0.51**	**0.95**

5.21.2 Diluted

Diluted earnings per share is calculated by using the treasury stock method by adjusting the weighted average number of shares used in the calculation of basic earnings per share to assume full conversion of all dilutive potential ordinary shares.

For the six months ended June 30, 2019, the Company had the following outstanding options :

- ESOP 2014 stock options
- ESOP 2015 stock options
- CEO SOP 2014 stock options
- CEO SOP 2015 stock options
- ESOP 2016 stock options
- ESOP 2016bis stock options
- ESOP 2017 stock options
- ESOP 2017bis stock options
- ESOP 2018 stock options
- ESOP 2018bis stock options
- ESOP 2019 stock options

The earnings used in the calculation of diluted earnings per share measures are the same as those for the basic earnings per share measures, as outlined above.

	For the six months ended June 30,	
	2019	**2018, as restated**
Weighted average number of shares used in the calculation of basic earnings per share	110,014,822	115,247,512
Adjustment for:		
ESOP 2014 stock options	34,403	—
ESOP 2016 stock options	43,102	—
ESOP 2016bis stock options	4,480	—
ESOP 2018 stock options	39,142	—
CEO SOP 2014 stock options	42,619	—
CEO SOP 2014bis stock options	8,231	—
Weighted average number of shares used in the calculation of diluted earnings per share	**110,186,799**	**115,247,512**
Diluted earnings per share in €	**0.51**	**0.95**

5.22 Acquisition of subsidiaries

5.22.1 De Vijver Media

In February 2015, the Company acquired 50% of the capital of De Vijver Media NV ("DVM"), a Belgian media company active in free-to-air broadcasting (through its TV channels "VIER" and "VIJF") and content production (through its production company "Woestijnvis") for a cash purchase price of €52.5 million.

The initial 50% investment in De Vijver Media qualified as a joint venture and was accounted for using the equity method, which as of June 3, 2019 had a carrying amount of €50.9 million. On June 3, 2019, the Company acquired the remaining 50% held by Waterman & Waterman and Corelio NV. As part of accounting for the business combination, the Company remeasured its previously held interest in the equity investment at fair value and took this amount into account in the determination of goodwill. This fair value valuation did not lead to any result recognized in profit or loss or other comprehensive income.

The acquisition was immediately followed with a voluntary repayment of De Vijver Media's outstanding debt, amounting to €62.0 million. and the termination of the existing interest rate swaps on its floating-rate debt, resulting in a cash payment of €1.1 million. The Company did not incur any meaningful costs related to this transaction.

For the six months ended June 30, 2019 and 2018, the Company incurred acquisition-related costs of respectively €0.1 million and €0.5 million of legal fees and due diligence costs. These have been included in 'Selling, general and administrative expenses'.

The Company accounted for the De Vijver Media acquisition using the acquisition method of accounting, whereby the total purchase price was allocated to the acquired identifiable net assets of DVM based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. Due to the restricted access to financial and operational data prior to closing of the acquisition on June 3, 2019, the Company was not able to perform a detailed allocation of the total purchase price as of June 30, 2019. The preliminary opening balance sheet is therefore subject to adjustment based on our assessment of the fair values of the acquired identifiable assets and liabilities. The items with the highest likelihood of changing upon the valuation process include intangible assets associated with tradenames, customer relationships, order backlog, deferred taxes and goodwill.

A summary of the purchase price and the provisional identifiable assets acquired and liabilities assumed for the De Vijver Media acquisition at the acquisition date is presented in the following table:

(€ in millions)	IFRS opening balance sheet	Fair value adjustments	Fair value of identifiable net assets
Assets			
Non-current assets:			
Property and equipment	7.9	—	7.9
Goodwill	67.2	(67.2)	—
Other intangible assets	90.5	—	90.5
Deferred tax assets	10.2	—	10.2
Investments in and loans to equity accounted investees	0.5	—	0.5
Derivative financial instruments	1.5	—	1.5
Other assets	3.0	—	3.0
Total non-current assets	**180.8**	**(67.2)**	**113.6**
Current assets:			
Inventories	—	—	—
Trade receivables	24.4	—	24.4
Other current assets	11.5	—	11.5
Cash and cash equivalents	36.5	—	36.5
Total current assets	**72.4**	**—**	**72.4**
Total assets acquired	**253.2**	**(67.2)**	**186.0**
Liabilities			
Non-current liabilities:			
Loans and borrowings	(64.1)	—	(64.1)
Deferred tax liabilities	(11.5)	—	(11.5)
Other liabilities	(2.4)	—	(2.4)
Total non-current liabilities	**(78.0)**	**—**	**(78.0)**
Current liabilities:			
Loans and borrowings	(1.4)	—	(1.4)
Trade payables	(39.9)	—	(39.9)
Accrued expenses and other current liabilities	(23.9)	—	(23.9)
Deferred revenue	(4.3)	—	(4.3)
Derivative financial instruments	(1.1)	—	(1.1)
Current tax liability	(1.2)	—	(1.2)
Total current liabilities	**(71.8)**	**—**	**(71.8)**
Total liabilities assumed	**(149.8)**	**0.0**	**(149.8)**
Fair value of identifiable net assets acquired			**36.2**
Fair value of the previously held equity investment (initial 50% stake)			50.9
Consideration paid the remaining 50% stake			52.5
Total consideration transferred 100% stake			**103.4**
Provisional goodwill arising from the acquisition			**67.2**

The accounting of the acquisition will be revised based on the ongoing purchase price allocation which will be completed within one year of the date of acquisition.

In the period from June 3, 2019 till June 30, 2019, De Vijver Media contributed revenue of €7.9 million and a loss of €1.6 million to the Company's results. If the acquisition had occurred on January 1, 2019, management estimates that consolidated revenue would have been €1,314.2 million, and consolidated operating result for the period would have been €314.2 million.

In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2019.

5.22.2 Nextel

On May 31, 2018, pursuant to a definitive agreement and following regulatory approval, Telenet acquired 100% of the shares of TelelinQ NV with subsidiaries Nextel NV, Nextel Telecom Solutions NV and TelelinQ D&F NV for a cash purchase price of €77.2 million (the "Nextel" acquisition). Total consideration net of cash acquired amounts to €68.2 million. Taken into account the deferred payments, the Company transferred a total cash amount of €62.5 million. Nextel is a Belgian integrator working for large companies, SMEs, healthcare institutions, non-profit organizations and public authorities. Nextel has offices in Wommelgem and Zaventem, and employs 340 people. The acquisition of Nextel strengthens Telenet's capabilities to offer integrated services and all-in-one solutions to medium-sized and large companies.

In 2018, the Company incurred acquisition-related costs of €0.2 million on legal fees and due diligence costs. These have been included in 'Selling, general and administrative expenses'.

The Company accounted for the Nextel acquisition using the acquisition method of accounting, whereby the total purchase price is allocated to the acquired identifiable net assets of Nextel based on assessments of their respective fair values, and the excess of the purchase price over the fair values of these identifiable net assets was allocated to goodwill. As of December 31, 2018, the Company was still in the process of executing a detailed allocation of the total purchase price and reported a preliminary opening balance sheet, subject to adjustment based on the assessment of the fair values of the acquired identifiable assets and liabilities. As of June 30, 2019, the purchase price allocation was finalized. The fair value adjustment on the intangible assets (€25.7 million) mainly related to the acquired customer relationships (€16.5 million), trade names (€6.8 million) and technology (€2.4 million). The assessment of the sale-and-lease back and renting model resulted in the derecognition of deferred revenue (€2.7 million) and property and equipment (€7.1 million) which were replaced by a lease receivable (€8.9 million). Together with the deferred tax impact of the above mentioned adjustments (€7.8 million), goodwill was reduced by €22.3 million.

The recognition of the fair value of the intangible assets and the adjustment to the sale-and-lease back and renting model of Nextel resulted in additional amortization expense (€2.1 million), a decrease in depreciation expense (€1.8 million), a reduction to revenue (€1.0 million) and an increase of the cost of goods sold (€0.7 million) recognized for the period between the acquisition date (May 31, 2018) and December 31, 2018, for which the comparative financial information has been restated.

A summary of the purchase price and the identifiable assets acquired and liabilities assumed for the Nextel acquisition at the acquisition date is presented in the following table:

(€ in millions)	Initial IFRS opening balance sheet	Opening balance sheet adjustments	Final IFRS opening balance sheet	Fair value adjustments	Fair value of identifiable net assets
Assets					
Non-current assets:					
Property and equipment	12.8	(7.1)	5.7	—	5.7
Goodwill	71.0	(71.0)	—	—	—
Other intangible assets	—	0.1	0.1	25.7	25.8
Other assets	—	4.8	4.8	—	4.8
Total non-current assets	**83.8**	**(73.2)**	**10.6**	**25.7**	**36.3**
Current assets:					
Inventories	4.4	—	4.4	—	4.4
Trade receivables	7.2	(0.1)	7.1	—	7.1
Other current assets	2.5	3.5	6.0	—	6.0
Cash and cash equivalents	9.1	—	9.1	—	9.1
Total current assets	**23.2**	**3.4**	**26.6**	**0.0**	**26.6**
Total assets acquired	**107.0**	**(69.8)**	**37.2**	**25.7**	**62.9**
Liabilities					
Non-current liabilities:					
Loans and borrowings	(9.0)	—	(9.0)	—	(9.0)
Deferred tax liabilities	1.0	0.2	1.2	(7.6)	(6.4)
Other liabilities	(3.4)	—	(3.4)	—	(3.4)
Total non-current liabilities	**(11.4)**	**0.2**	**(11.2)**	**(7.6)**	**(18.8)**
Current liabilities:					
Loans and borrowings	(4.3)	—	(4.3)	—	(4.3)
Trade payables	(2.6)	—	(2.6)	—	(2.6)
Accrued expenses and other current liabilities	(5.9)	0.5	(5.4)	—	(5.4)
Deferred revenue	(5.5)	2.7	(2.8)	—	(2.8)
Total current liabilities	**(18.3)**	**3.2**	**(15.1)**	**0.0**	**(15.1)**
Total liabilities assumed	**(29.7)**	**3.4**	**(26.3)**	**(7.6)**	**(33.9)**
Fair value of identifiable net assets acquired					**29.0**
Total consideration transferred					**77.2**
Final goodwill arising from the acquisition					**48.2**

5.23 Commitments and contingencies

5.23.1 Pending litigations

Interkabel Acquisition

On November 26, 2007, Telenet and the PICs announced a non-binding agreement-in-principle to transfer the analog and digital television activities of the PICs, including all existing subscribers to Telenet. Subsequently, Telenet and the PICs entered into a binding agreement (the "2008 PICs Agreement"), which closed effective October 1, 2008. Beginning in December 2007, Proximus NV/SA ("Proximus"), the incumbent telecommunications operator in Belgium, instituted several proceedings seeking to block implementation of these agreements.

Proximus lodged summary proceedings with the President of the Court of First Instance of Antwerp to obtain a provisional injunction preventing the PICs from effecting the agreement-in-principle and initiated a civil procedure on the merits claiming the annulment of the agreement-in-principle. In March 2008, the President of the Court of First Instance of Antwerp ruled in favor of Proximus in the summary proceedings, which ruling was overturned by the Court of Appeal of Antwerp in June 2008. Proximus brought this appeal judgment before the Belgian Supreme Court (Hof van Cassatie / Cour de Cassation), which confirmed the appeal judgment in September 2010. On April 6, 2009, the Court of First Instance of Antwerp ruled in favor of the PICs and Telenet in the civil procedure on the merits, dismissing Proximus' request for the rescission of the agreement-in-principle and the 2008 PICs Agreement. On June 12, 2009, Proximus appealed this judgment with the Court of Appeal of Antwerp. In this appeal, Proximus also sought compensation for damages. While these proceedings were suspended indefinitely, other proceedings were initiated, which resulted in a ruling by the Belgian Council of State in May 2014 annulling (i) the decision of the PICs not to organize a public market consultation and (ii) the decision from the PICs' board of directors to approve the 2008 PICs Agreement. In December 2015, Proximus resumed the civil proceedings pending with the Court of Appeal of Antwerp seeking to have the 2008 PICs Agreement annulled and claiming damages of €1.4 billion. On December 18, 2017, the Court of Appeal of Antwerp rejected Proximus' claim in its entirety. On June 28, 2019,Proximus brought this appeal judgment before the Belgian Supreme Court (Hof van Cassatie / Cour de Cassation).

No assurance can be given as to the outcome of these or other proceedings. However, an unfavorable outcome of existing or future proceedings could potentially lead to the annulment of the 2008 PICs Agreement and/or to an obligation of Telenet to pay compensation for damages, subject to the relevant provisions of the 2008 PICs Agreement, which stipulate that Telenet is responsible for damages in excess of €20.0 million. There can be no assurances that the ultimate resolution of this matter will not have a material adverse impact on Telenet's results of operations, cash flows or financial position (although Telenet does not expect this to be the case). No amounts have been accrued by us with respect to this matter as the likelihood of loss is not considered to be probable.

Litigation regarding cable access

In June 2018, the Belgisch Instituut voor Post en Telecommunicatie and the regional regulators for the media sectors (together, the Belgium Regulatory Authorities) adopted a new decision finding that Telenet has significant market power in the wholesale broadband market (the 2018 Decision). The 2018 Decision imposes on Telenet the obligations to (i) provide third-party operators with access to the digital television platform (including basic digital video and analog video) and (ii) make available to third-party operators a bitstream offer of broadband internet access (including fixed-line telephony as an option). Unlike prior decisions, the 2018 Decision no longer applies "retail minus" pricing on Telenet; however, as of August 1, 2018, this decision imposes a 17% reduction in monthly wholesale cable resale access prices for an interim period. On July 5, 2019, the Belgium Regulatory Authorities have published for consultation a draft decision regarding "reasonable access tariffs" that will replace the interim prices. The proposed tariffs represent for Telenet another 25% reduction compared to the interim prices. Telenet is convinced to have strong arguments to counter the proposed "reasonable access tariffs" and submitted its comments to the consultation on September 6, 2019. Subsequently, the European Commission will provide its comments on the consultation document. The Belgium Regulatory Authorities have already expressed their intention to adopt a final decision in Q4 2019, with the application of the new tariffs as from early 2020.

The 2018 Decision aims to, and in its application, may strengthen Telenet's competitors by granting them resale access to Telenet's network to offer competing products and services notwithstanding Telenet's substantial historical financial outlays in developing the infrastructure. In addition, any resale access granted to competitors could (i) limit the bandwidth available to Telenet to provide new or expanded products and services to the customers served by its network and (ii) adversely impact Telenet's ability to maintain or increase its revenue and cash flows. The extent of any such adverse impacts ultimately will be dependent on the extent that competitors take advantage of the resale access afforded to Telenet's network, the rates that Telenet receives for such access and other competitive factors or market developments. Telenet considers the 2018 Decision to be inconsistent with the principle of technology-neutral regulation and the European Single Market Strategy to stimulate further investments in broadband networks. Telenet has challenged the 2018 Decision in the Brussels Court of Appeal and has also initiated an action in the European Court of Justice against the European Commission's decision not to challenge the 2018 Decision. The proceedings before the European Court of Justice have been withdrawn by Telenet in order to avoid undue delays in the Court of Appeal case. In a decision of September 4, 2019, the Brussels Court of Appeal upheld the 2018 CRC Decision.

Orange request for access to Coditel's network

On February 11, 2016, Orange Belgium SA ("Orange") made an official request for access to the cable network of Coditel, which was acquired by Telenet Group on June 19, 2017. On February 19, 2016, Orange transferred a sum of €600,000 to Coditel as required to launch the six-month implementation period to put in place the necessary measures to give Orange access to the cable network pursuant to the July 2011 Decision. In principle, the implementation period ended on August 19, 2016. As Orange had not yet obtained effective access to Coditel's network in December 2016, Orange brought a claim for damages against Coditel on December 29, 2016 in front of the French-speaking Commercial Court of Brussels. Orange claimed to have suffered a loss of €8,973 per day of delay. On January 16, 2017, Orange also initiated interim proceedings, but these have in the meantime been withdrawn.

The proceedings in front of the French-speaking Commercial Court of Brussels are still ongoing. Coditel considers that Orange has in the meantime obtained effective access to Coditel's cable network.

Copyright related legal proceedings

The issue of copyrights and neighboring rights to be paid for the distribution of television has during the last two decades given rise to a number of litigations. Already in 1994, the Belgian Radio and Television Distributors Association (Beroepsvereniging voor Radio- en Televisiedistributie / Union professionnelle de radio et de télédistribution) (the "RTD", renamed afterwards to "Cable Belgium") was involved in discussions with various copyrights collecting agencies regarding the fees to be paid to the latter for the analogue broadcasting of various television programs. In November 2002, the RTD, together with certain Belgian cable operators (among which Telenet), began reaching settlements with the copyright collecting agencies and broadcasters. Pursuant to those settlement agreements, to which Telenet acceded, Telenet agreed to make certain upfront payments as well as to make increased payments over time. Consequently, in August 2003, Telenet increased the copyright fee it charges its subscribers. In July 2004, the Association for the Collection, Distribution and Protection of the Rights of the Artists, Interpreters and Performers (CVBA Vereniging voor de inning, repartitie en de verdediging van de vertolkende en uitvoerende kunstenaars) ("Uradex", later renamed to "Playright") filed a claim against the RTD for €55 million plus interest concerning neighboring rights owed by the members of the RTD to artists and performers represented by Uradex during the period from August 1994 through the end of July 2004.

After the roll-out of digital television, Telenet in 2006 started a judicial procedure against a number of collecting agencies. This procedure is related to a discussion between Telenet and these collecting agencies about the legal qualification of (i) simulcast (i.e. channels distributed both in analogue and in digital quality), (ii) direct injection (i.e. channels delivered to the distributor over a non-publicly accessible transmission channel) and (iii) all rights included contracts (i.e. contracts in which broadcasters engage to deliver their signals and programs after having cleared all rights necessary for the communication to the public over the distributor's networks).

On April 12, 2011, the Court of First Instance of Mechelen rendered a positive judgment in the procedure against Sabam, Agicoa, Uradex and other collecting agencies, and as part of which procedure several collecting agencies (Sabam not included) filed counterclaims against Telenet for the payment of the invoices that Telenet disputed. The Court validated Telenet's arguments in each of the claims and counterclaims that were the subject of the procedure and, as a result: (i) no retransmission fees have to be paid by Telenet in case of direct injection of a broadcaster's signal into Telenet's network, (ii) no retransmission fees have to be paid in case of simulcast of an analog and digital signal (and consequently, Telenet does not have to pay extra for the distribution of linear digital television signals) and (iii) all-rights-included contracts are deemed legally valid, which means that if Telenet agrees with a broadcaster that the latter is responsible for clearing all copyrights, Telenet is not liable towards the collecting agencies. The collecting agencies lodged an appeal (see below).

Since Sabam had not filed any counterclaim for the payment of invoices as part of the aforesaid judgment, on April 6, 2011, Sabam (not the other collecting agencies) initiated judicial proceedings before the Commercial Court of Antwerp, claiming payment by Telenet of invoices relating to (a) fees for a period from January 1, 2005 until December 31, 2010 for Telenet's basic digital television package, and (b) fee advances for the first semester of 2011 for Telenet's basic and optional digital television packages. The claims mainly related to (i) direct injection and (ii) all-rights-included contracts. Sabam's claim was based on arguments substantially similar to those rejected by the Court of First Instance in Mechelen on April 12, 2011. As discussed below, Sabam has asked the Commercial Court of Antwerp to withdraw these claims as Sabam has filed similar claims in the pending proceedings before the Brussels Court of Appeal. Simultaneously, Sabam initiated a summary procedure before the President of the Commercial Court of Antwerp, to receive provisional payment of the contested fees and fee advances. On June 30, 2011, the President of the Commercial Court of Antwerp rendered a positive judgment for Telenet in this procedure. Sabam lodged an appeal. On June 27, 2012, the Court of Appeal of Antwerp confirmed this judgment and dismissed the claim in summary proceedings of Sabam.

In the case of the appeal against the judgment of April 12, 2011 of the Court of First Instance of Mechelen, the Court of Appeal of Antwerp rendered an intermediate ruling on February 4, 2013. The Court of Appeal rejected the claims of the collecting societies with regard to simulcasting and confirmed that direct injection is a single copyright relevant operation (royalties should therefore be paid only once). The case was re-opened to allow the collecting societies to provide further proof of their actual claims. On January 20, 2014 and on May 5, 2014, respectively, Numéricable (previously Coditel) and Telenet appealed this intermediate ruling before the Supreme Court mainly because of the incorrect qualification of the fees to be paid for the communication to the public as if it would be "retransmission" rights. The Supreme Court has issued its judgment in this matter on September 30, 2016. The Supreme Court accepted the argument of Telenet that direct injection only involves a single communication to the public and therefore cannot constitute "retransmission" as this requires two communications to the public. The Supreme Court has referred the case to the Court of Appeal of Brussels, where the case has been activated upon request of Sabam. In the context of these proceedings Sabam now has filed a counterclaim for copyrights due as from 2005 to 2016 (all claims combined), withdrawing its claims that were pending before the Antwerp Commercial Court. The trial date has been scheduled on 23, 24 and 30 September 2019. The parties agreed that at trial first the legal principles will be dealt with. The concrete application of these principles will be the subject of a new round of trial briefs and a separate hearing. A final judgment can be expected in 2020 unless the matter is referred to the Court of Justice of the European Union, as requested by the collecting societies. Coditel had reached a settlement with the collecting societies before, and has already withdrawn its appeal.

The law of November 25, 2018 confirms that, except in cases whereby the distributor is a mere technical provider of the broadcaster, direct injection constitutes one communication to the public, which is however performed by both the broadcaster and the distributor (which are both liable for their respective contributions to such communication). The new law furthermore imposes transparency in relation to copyright payments and levies. The preparatory work of the law provides that broadcasters and distributors can make contractual arrangements in relation to the clearance and payment of the right for direct injection, and confirms as well that double payments and 'anomalies' shall be avoided. The law has entered into force on 1 July 2019 and does not apply retroactively (although the collecting societies allege that the law merely provides a clarification of existing situation and therefore should apply to direct injection that is the subject of the pending procedure before the Court of Appeal of Brussels).

Telenet does not expect the ultimate resolution of this matter to have a material impact on its results of operations or financial condition.

Cyclocross

In 2015, Telenet acquired exclusive broadcasting rights with regard to the UCI Worldcup cyclocross races and the Superprestige cyclocross races. On September 16, 2015, Proximus filed a complaint with the Belgian Competition Authority ("BCA"). In the complaint, Proximus alleges that cyclocross broadcasting rights are premium rights and that the acquisition by Telenet of exclusive broadcasting rights on UCI Worldcup races and Superprestige races, without a competitive bidding process, forecloses competing TV-distributors. At the same time, Proximus filed a request for interim measures regarding the Superprestige races.

On November 5, 2015, the BCA partially granted the request for interim measures by giving two alternatives concerning the Superprestige races. Telenet and the organizers of the Superprestige races could either (i) waive the exclusivity and grant sublicenses, or (ii) organize a competitive bidding process. Telenet filed an appeal against the BCA's interim measures decision with the Brussels Court of Appeal. Telenet's appeal was however dismissed on September 7, 2016.

Telenet and the organizers of the Superprestige agreed to waive the exclusivity of the Superprestige broadcasting rights and Proximus obtained a non-exclusive license from the organizers as from season 2016/2017. Furthermore, Telenet voluntarily granted a sublicense to Proximus in respect of the UCI World Cup races.

The BCA's investigation on the merits regarding Proximus' complaint is still ongoing.

Pylon taxes

Since the second half of the 1990s, certain municipalities (mainly in the Brussels-Capital and Walloon Regions) and certain provinces and the Walloon Region have levied local taxes, on an annual basis, on pylons, masts and/or antennas dedicated to mobile telecom services located on their territory, on the basis of various municipal, provincial and regional regulations. These taxes have systematically been contested by Telenet

Group NV (formerly BASE Company NV) ("Telenet Group") before the Courts on various grounds.

In particular, Telenet Group has argued that such tax regulations are discriminatory because they apply only to pylons, masts and antennas dedicated to mobile telecom services and not to comparable equipment used for other purposes (whether telecom-related or not). Telenet believes that there is no objective and reasonable justification for such differentiated tax treatment. Telenet is therefore of the view that the contested tax regulations violate the general non-discrimination principle. The Courts have in a number of instances accepted this argument (for example the positive judgments of the Supreme Court of September 25, 2015 and December 20, 2018)), although the Court of Appeal of Brussels has also rejected the discrimination argument in other cases (for example in procedures involving Proximus, Orange Belgium and the commune of Schaarbeek and a procedure involving Telenet Group and the province of Brabant Wallon). There are also several procedures pending before the Supreme Court to clarify the scope of the non-discrimination argument.

Telenet Group NV also takes the view that some of the contested tax regulations violate its property right. The Brussels Court of First Instance has accepted this argument on December 7, 2018 in a case involving Orange Belgium and the commune of Uccle. There was also a question as to whether article 98 §2 of the Belgian law of March 21, 1991 on the reform of certain public economic companies (the "1991 Law") prohibits municipalities from taxing the economic activity of telecom operators on their territories through the presence (whether on public or private domain) of mobile telephone pylons, masts or antennas dedicated to this activity. The Belgian Constitutional Court held on December 15, 2011 that this was not the case. That interpretation was confirmed by the Belgian Supreme Court in its judgments of March 30, 2012.

In the case between Telenet Group NV and the City of Mons, the European Court of Justice ruled on October 6, 2015 that the municipal tax on GSM pylons levied by the City of Mons, as disputed by Telenet Group NV, does not fall within the scope of Article 13 of Directive 2002/20/EC of the European Parliament and of the Council of March 7, 2002 on the authorization of electronic communications networks and services (the "Authorization Directive") and is therefore not prohibited on the basis of Article 13 of the Authorization Directive

By Decree of December 11, 2013 (the "2014 Walloon Decree"), the Walloon Region implemented an annual tax on masts, pylons and antennas for mobile operators with effect of January 1, 2014. Under this Decree, all municipal taxes on pylons, masts and antennas in the Walloon Region have been abolished. The Decree does however allow municipalities to levy surcharges. The tax amounts to EUR 8,000 per 'site'. Under the Decree all users of 'sites' are jointly liable towards the Walloon Region for the tax related to shared sites. On December 12, 2014, a Walloon Decree was adopted that maintains this tax for 2015 and subsequent years, with the same scope and tax payable (EUR 8,000 per 'site', subject to indexation as of 2015) (the "2015 Walloon Decree"). The three Belgian mobile network operators brought a request for annulment of these Decrees before the Constitutional Court.

On July 16, 2015, the Constitutional Court annulled the 2014 Walloon Decree, but decided to maintain its effects. By judgment of May 25, 2016, the Constitutional Court also annulled the 2015 Walloon Decree, without maintaining its effects. On December 22, 2016, Telenet and the other mobile operators concluded a settlement with the Walloon Region. In addition to payment of a settlement fee to end the dispute related with the 2014 Walloon Decree, this settlement also includes an undertaking from the Walloon Region not to levy any taxes on telecom infrastructure and a commitment for Telenet to invest EUR 20 million until 2019 on top of the investments already planned in the Walloon Region.

Telenet intends to continue challenging any local tax regulations applicable to its mobile telecom equipment. As per June 30, 2019, Telenet has recognised a provision of €44.3 million in this respect. Telenet and the KPN Group have moreover agreed on certain recourse arrangements in respect of certain (pre-2015) pylon taxes in their sale and purchase agreement with respect to BASE Company NV. It can however not be excluded that other taxes on telecom equipment will in the future be imposed, which may have a significant negative financial impact on Telenet.

Lucerne

As from May 2018, Lucerne Capital, a shareholder of Telenet Group Holding NV reporting a 3.06% shareholding, has expressed, through often public correspondence and messaging certain policy proposals towards Telenet Group Holding NV, as well as made certain allegations aimed at Telenet's directors, CEO and majority shareholder, Liberty Global plc. Such proposals and allegations have also been accompanied by the (attempted) exercise by Lucerne of certain shareholder rights in the context of Telenet Group Holding NV's shareholder meetings. On 12 November 2018, Lucerne Capital Management LP served a writ of summons on Telenet Group Holding NV, requesting the Commercial Court to appoint an expert to investigate certain matters in relation to governance, information exchange and related party transactions, in accordance with article 168 of the Belgian Companies Code. Article 168 of the Belgian Companies Code requires the claimant (Lucerne) to prove - among others- grave indications that the interest of the company is prejudiced or may be prejudiced. Telenet Group Holding NV's Board has consistently engaged with Lucerne Capital in a constructive manner and denies any allegations of wrongdoing, and maintains that the claim to appoint an expert as referred to above is not admissible and without merit in a case such as Telenet.

5.23.2 Other contingent liabilities

Regulation regarding signal integrity

In July 2013, the Flemish Parliament adopted legislation imposing strict integrity of broadcasting signals on distributors and the requirement that distributors must request authorization from broadcasters when they contemplate offering, among other things, program recordings through an electronic program guide. The impetus for this legislation were the broadcasters' arguments that the high penetration of personal video recorders ("PVRs") in the Flemish market have resulted in viewers fast-forwarding large volumes of advertisements, which resulted in a decrease in the revenues of broadcasters. The legislation requires broadcasters and distributors to find a commercial solution. If this fails, the legislation provides for a mediation procedure, which, if unsuccessful, can be followed by civil litigation.

There is a risk that this legislation will negatively impact Telenet's ability to launch new innovative applications and increase Telenet's financial contribution to broadcasters. The current distribution agreements with SBS, VRT and MEDIALAAN entered into in 2014 allow Telenet to distribute the broadcasters' signal in an unaltered manner. The relevant broadcasters have given Telenet the right to offer their customers a "slightly delayed viewing" and a PVR functionality. Telenet is required to pay a higher fee for each customer using "slightly delayed viewing" or network PVR.

Other liabilities

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

5.24 Related parties

The related parties of the Company mainly comprise its shareholders that have the ability to exercise significant influence or control. This consisted of the Liberty Global Consortium for both 2019 and 2018. Related parties further include transactions with Pebble Media NV, Doccle CVBA and Doccle.Up NV, Idealabs Telenet Fund NV, Unit-T and De Vijver Media NV (for the latter, only those transactions before acquisition date qualify as related party transaction).

The following tables summarize material related party balances and transactions for the period:

5.24.1 Statement of financial position

(€ in millions)	**June 30, 2019**	**December 31, 2018**
Trade receivables		
Liberty Global Consortium (parent)	2.2	5.9
Associates	6.2	10.4
Trade payables and accrued trade liabilities		
Liberty Global Consortium (parent)	14.1	10.1
Associates	9.8	12.5
Loans and borrowings payable		
Liberty Global Consortium (parent)	—	12.7
Loans and borrowings receivable		
Associates	1.3	1.3
Property and equipment		
Liberty Global Consortium (parent)	4.9	4.1
Other intangible assets		
Liberty Global Consortium (parent)	1.4	—

The transactions with the entities of the Liberty Global Consortium mainly consisted of the purchase of certain property and equipment and other services within the normal course of business from Liberty Global Services B.V., amongst others: the costs for centrally contracted maintenance contracts, IT expenses, employee expenses and treasury services. On February 28, 2019, the Global Handset Finco Loan was repaid in full including accrued interests.

All transactions with related parties were at regular market conditions.

5.24.2 Statement of profit or loss and other comprehensive income

(€ in millions)	For the six months ended June 30,	
	2019	**2018**
Revenue		
Liberty Global Consortium (parent)	0.3	0.9
Associates	1.5	2.3
Operating expenses		
Liberty Global Consortium (parent) [1]	2.1	(1.4)
Associates	30.4	12.1

[1] Includes recharged expenses of €1.3 million during the six months ended June 30, 2019.

Operating expenses for the six months ended June 30, 2019 include €30.4 million for transactions with associates, which is a €18.3 million increase compared to the six month period ended June 30, 2018. The balance of €30.4 million for the six months ended June 30, 2019 mainly consists of i) transactions with Unit-T (see note 5.7) of €18.8 million and ii) transactions with De Vijver Media of €11.0 million (mainly recharged production costs, and costs for Digital Basic) for the period prior to acquisition date. The increase in operating expenses for transactions with associates is linked to Unit-T, which was not included in the comparative period.

Operating expenses arising from transactions with Liberty Global Consortium mainly relate to the recharge of centrally purchased maintenance contracts (€1.7 million), treasury services (€0.2 million), employee expenses (€0.2 million), and IT expenses (€0.2 million) partially offset by recharged expenses for EOS (€-1.0 million).

Revenue generated by transactions with Liberty Global Consortium were €0.3 million for the six months ended June 30, 2019, which is mainly linked to IP Peering (€0.1 million) and transactions with Virgin Media (€0.2 million).

Revenue related to transactions with associates was €1.5 million, which primarily related to transactions with De Vijver Media (prior to acquisition date) for production costs and advertising revenues, partially offset by Telenet's share in result (€-1.3 million) for the period prior to acquisition date.

5.24.3 Key management compensation

For purposes of this footnote, key management is identified as people involved in strategic orientation of the Company.

(€ in millions)	For the six months ended June 30,	
	2019	**2018**
Salaries and other short-term employee benefits	3.7	3.6
Post-employment benefits	0.3	0.3
Share-based payments (compensation cost recognized)	4.6	0.6
	8.6	**4.5**

5.25 Impact of adopting IFRS 16 Leases

As of January 1, 2019, the Company has adopted IFRS 16 *Leases* as mentioned in its 2018 Annual Report (see Section 5.2.20 - ***Forthcoming requirements***). In applying IFRS 16, the Company has recognized new assets and liabilities for those leases classified as operating leases under previous accounting principles generally accepted under IFRS, being operating leases of (i) site rentals, (ii) real estate, (iii) cars, and (iv) dark fiber.

IFRS 16 also changed the nature of expenses related to those leases because the Company recognizes a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognized operating lease expense on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized.

In addition, the Company no longer recognizes provisions for operating leases that it assesses to be onerous . Instead, the Company includes the payments due under such leases in the lease liability.

Application of IFRS 16 impacted the Company's property and equipment which, for the six months ended June 30, 2019, comprise a net book value of €148.1 million of recognized right-of-use assets. Additions of the right-of-use assets during 2019 amounted to €2.1 million. Depreciation charge and accretion expense for the six months ended June 30, 2019 amounted to respectively €22.4 million and €2.1 million.

As per June 30, 2019, the maturity analysis of the lease liabilities recognized as a result of applying IFRS 16 can be summarized as follows:

(€ in millions)	June 30, 2019
Maturity analysis - contractual undiscounted cash flows	
Less than one year	47.7
One to five years	87.1
More than five years	28.4
Total undiscounted lease liabilities	**163.2**

Lease liabilities included in the statement of financial position	
Current	35.1
Non-current	113.0
Total lease liabilities	**148.1**

With respect to specific equipment, the Company offers to its B2B customers the choice of either buying or leasing the asset. Under IFRS 16, a finance lease of an asset by a manufacturer or dealer lessor results in the recognition at the commencement date of the lease of:
- a receivable at an amount equal to the net investment in the lease
- revenue
- cost of sale

As of June 30, 2019, the Company carried the following lease receivables :

(€ in millions)	June 30, 2019
Lease receivables included in the statement of financial position	
Current	4.8
Non-current	3.1
Total lease receivables	**7.9**

(€ in millions)	June 30, 2019	Adoption IFRS 16	June 30, 2019 without adoption of IFRS 16
Assets			
Non-current assets:			
Property and equipment	2,381.6	(148.1)	2,233.5
Goodwill	1,874.7	—	1,874.7
Other intangible assets	841.5	—	841.5
Deferred tax assets	280.6	—	280.6
Investments in and loans to equity accounted investees	15.6	—	15.6
Other investments	5.9	—	5.9
Derivative financial instruments	25.3	—	25.3
Trade receivables	0.1	—	0.1
Other non-current assets	14.9	—	14.9
Total non-current assets	**5,440.2**	**(148.1)**	**5,292.1**
Current assets:			
Inventories	29.1	—	29.1
Trade receivables	219.8	—	219.8
Other current assets	147.2	5.0	152.2
Cash and cash equivalents	139.5	—	139.5
Derivative financial instruments	62.5	—	62.5
Total current assets	**598.1**	**5.0**	**603.1**
Total assets	**6,038.3**	**(143.1)**	**5,895.2**

(€ in millions)	June 30, 2019	Adoption IFRS 16	June 30, 2019 without adoption of IFRS 16
Equity and liabilities			
Equity:			
Share capital	12.8	—	12.8
Share premium and other reserves	764.0	—	764.0
Retained losses	(2,401.8)	1.5	(2,400.3)
Remeasurements	(16.5)	—	(16.5)
Total equity attributable to owners of the Company	**(1,641.5)**	**1.5**	**(1,640.0)**
Non-controlling interests	23.1	—	23.1
Total equity	**(1,618.4)**	**1.5**	**(1,616.9)**
Non-current liabilities:			
Loans and borrowings	5,286.7	(112.9)	5,173.8
Derivative financial instruments	319.9	—	319.9
Deferred revenue	2.4	—	2.4
Deferred tax liabilities	168.3	—	168.3
Other non-current liabilities	90.5	—	90.5
Total non-current liabilities	**5,867.8**	**(112.9)**	**5,754.9**
Current liabilities:			
Loans and borrowings	584.7	(35.1)	549.6
Trade payables	245.9	—	245.9
Accrued expenses and other current liabilities	575.8	3.4	579.2
Deferred revenue	120.5	—	120.5
Derivative financial instruments	72.0	—	72.0
Current tax liability	190.0	—	190.0
Total current liabilities	**1,788.9**	**(31.7)**	**1,757.2**
Total liabilities	**7,656.7**	**(144.6)**	**7,512.1**
Total equity and liabilities	**6,038.3**	**(143.1)**	**5,895.2**

(€ in millions)			
	June 30, 2019	Adoption IFRS 16	June 30, 2019 without adoption of IFRS 16

Profit for the period

	June 30, 2019	Adoption IFRS 16	June 30, 2019 without adoption of IFRS 16
Revenue	1,261.6	—	1,261.6
Cost of services provided	(677.1)	—	(677.1)
Gross profit	**584.5**	**—**	**584.5**
Selling, general and administrative expenses	(259.9)	(0.6)	(260.5)
Operating profit	**324.6**	**(0.6)**	**324.0**
Finance income	0.5	—	0.5
Net interest income and foreign exchange gain	0.5	—	0.5
Net gain on derivative financial instruments	—	—	—
Finance expense	(231.2)	2.1	(229.1)
Net interest expense, foreign exchange loss and other finance expense	(152.5)	2.1	(150.4)
Loss on extinguishment of debt	(78.7)	—	(78.7)
Net finance expenses	**(230.7)**	**2.1**	**(228.6)**
Share in the loss of equity accounted investees	(1.4)	—	(1.4)
Gain on disposal of assets related to a joint venture	0.1	—	0.1
Profit before income tax	**92.6**	**1.5**	**94.1**
Income tax expense	(36.6)	—	(36.6)
Profit for the period	**56.0**	**1.5**	**57.5**

5.26 Subsequent events

Voluntary repayment of 4.875% Senior Secured Fixed Rate Notes due 2027

In March 2018, Telenet redeemed a first tranche of 10% of its €530.0 million 4.875% Senior Secured Fixed Rate Notes due July 2027, effectively reducing the outstanding principal amount to €477.0 million. In July 2019, the Company redeemed another 20% of the aforementioned Notes for an aggregate amount of €109.2 million, which includes a €3.2 million make-whole premium reflecting the 103% call premium. As this transaction was partially financed through excess cash on the balance sheet and a temporary draw-down on Telenet's revolving credit facilities, the overall redemption presents an attractive pay-back period, while reducing the outstanding principal amount under these 2027 Notes to €371.0 million.

Statutory auditor’s report to board of directors of Telenet Group Holding NV on the review of the condensed consolidated interim financial information as at 30 June 2019 and for the 6-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Telenet Group Holding NV as at 30 June 2019, the condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the 6-month period then ended, and notes to the interim financial information (“the condensed consolidated interim financial information”). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

.*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2019 and for the 6-month period then ended is not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

Zaventem, 30 September 2019

KPMG Bedrijfsrevisoren
Statutory Auditor
represented by

Filip De Bock
Bedrijfsrevisor

Götwin Jackers
Réviseur d’Entreprises / Bedrijfsrevisor

Notes

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