# First Quarter 2012
## Investor & Analyst presentation




Mechelen - May 3, 2012

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# Safe Harbor Disclaimer

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

Various statements contained in this document constitute “forward-looking statements” as that term is defined under the U.S. Private Securities Litigation Reform Act of 1995. Words like “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expects,” “estimates,” “projects,” “positioned,” “strategy,” and similar expressions identify these forward-looking statements related to our financial and operational outlook, dividend policy and future growth prospects, 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, pending debt exchange transactions, our ability to make value-accretive investments, and our ability to sustain or increase shareholder distributions in future periods. We assume no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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

# Agenda

| | | |
|---|---|---|
| 1 | **Key Highlights** | Duco Sickinghe, CEO |
| 2 | **Operational Highlights** | Duco Sickinghe, CEO |
| 3 | **Financial Highlights** | Renaat Berckmoes, CFO |
| 4 | **Outlook FY 2012** | Renaat Berckmoes, CFO |

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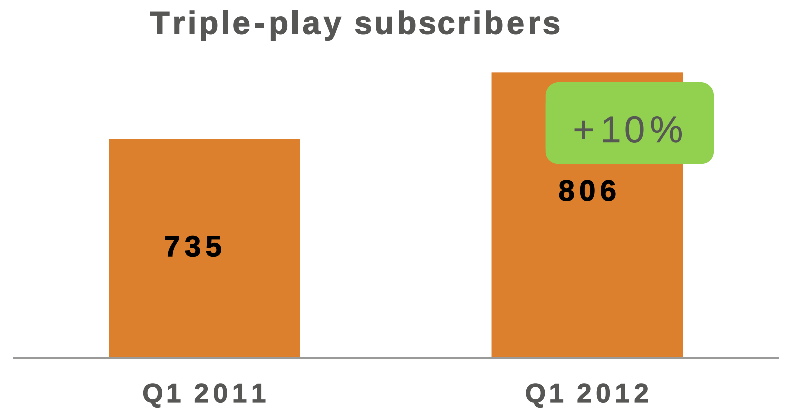
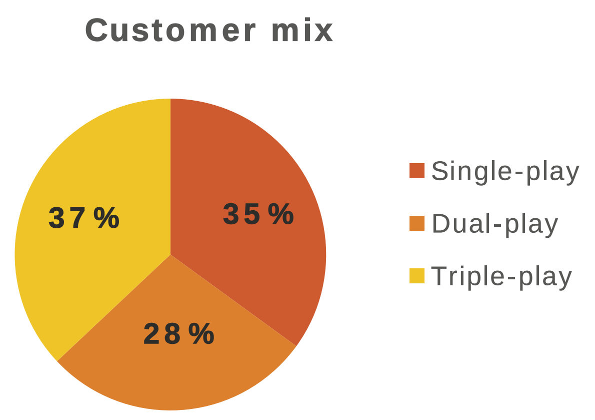
# Key operational highlights

(in 000)



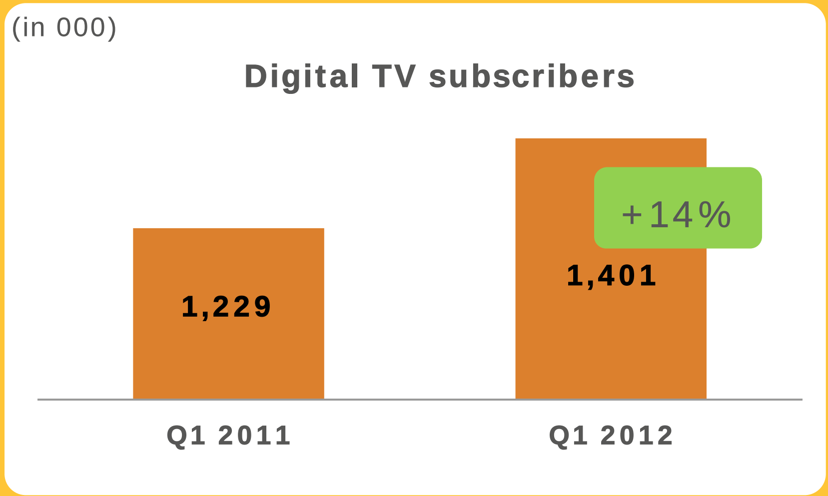

- Robust intake of 22,700 net new triple-play subscribers in Q1 2012, our best achievement since Q4 2009, despite intense competition;
- Reflecting successful repositioning of our multiple-play bundles since early 2011 and our continued focus on customer service and experience.

(in 000)

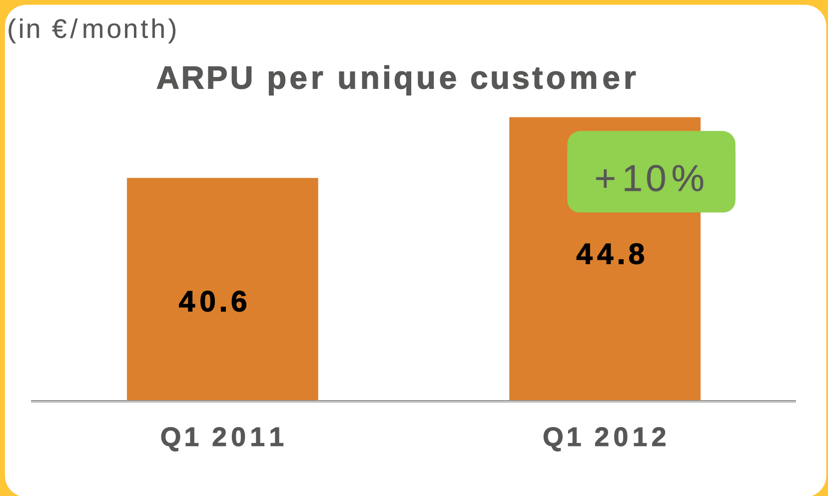



- 805,800 triple-play subscribers at Q1 2012 quarter-end (+10% yoy);
- Triple-play now representing 37% of our overall customer base, as compared to 33% in Q1 2011.

# Key operational highlights



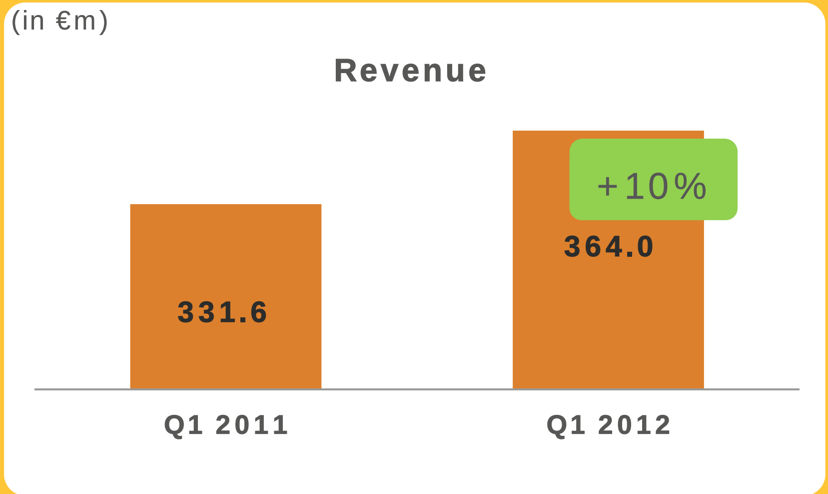

- 45,400 net new subscribers to our higher ARPU interactive digital TV platform;
- This reflects attractive positioning of our product in terms of convenience and pricing;
- 64% of cable TV customers on digital;



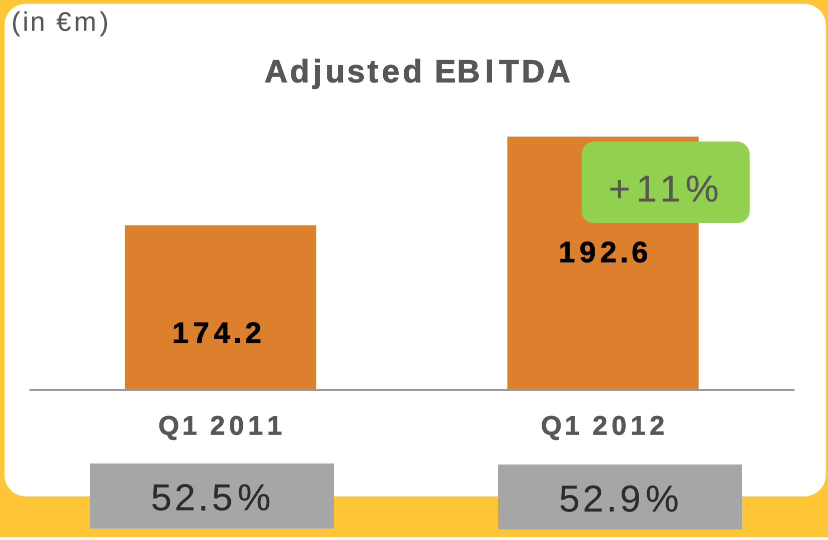

- +10% yoy to €44.8, the absolute yoy increase of €4.2 was our best result since Q4 2009;
- Higher share of multiple-play, digital TV, Fibernet subscribers in our overall customer base. Accretive contribution from Sporting Telenet and selective inflation-based price increases.

# Key financial highlights

% of revenue

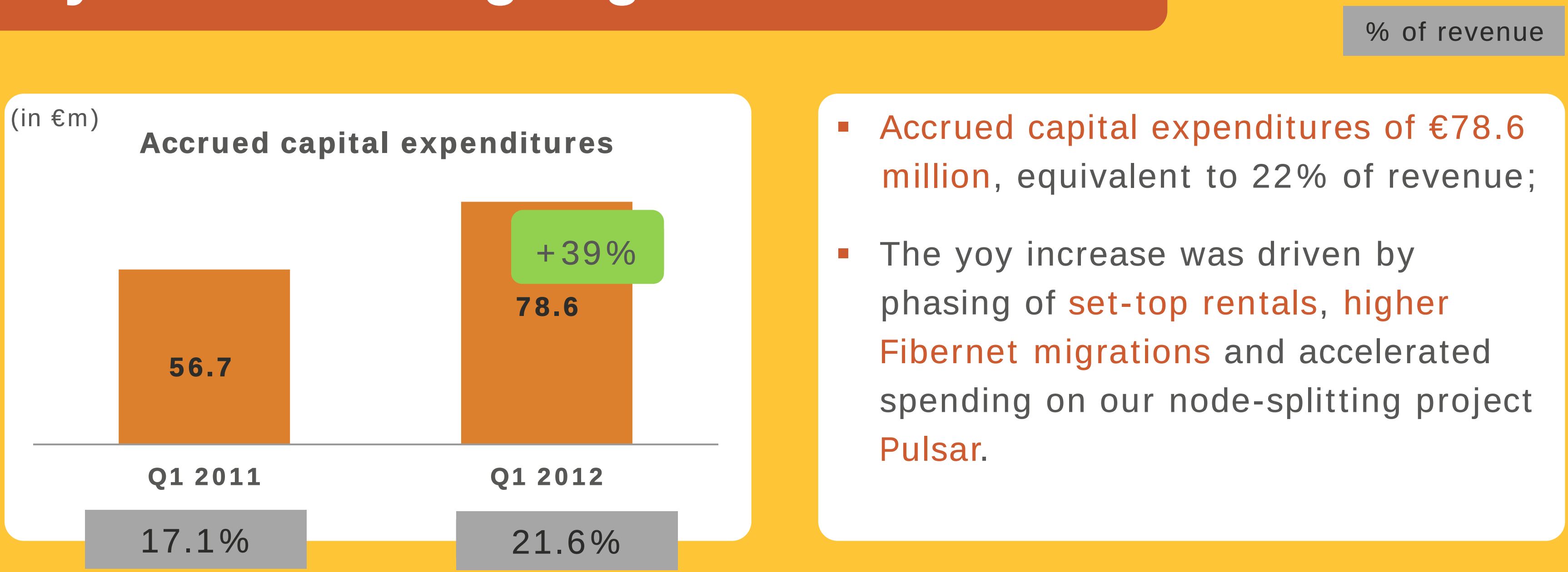



- Revenue of €364.0 million, +10% yoy;
- Excluding revenue from the sale of handsets and set-top boxes, our underlying revenue was up 8% yoy;
- Our revenue growth rate will be higher in H1 2012 given contribution from selective price increases and Sporting Telenet since Q3 2011.

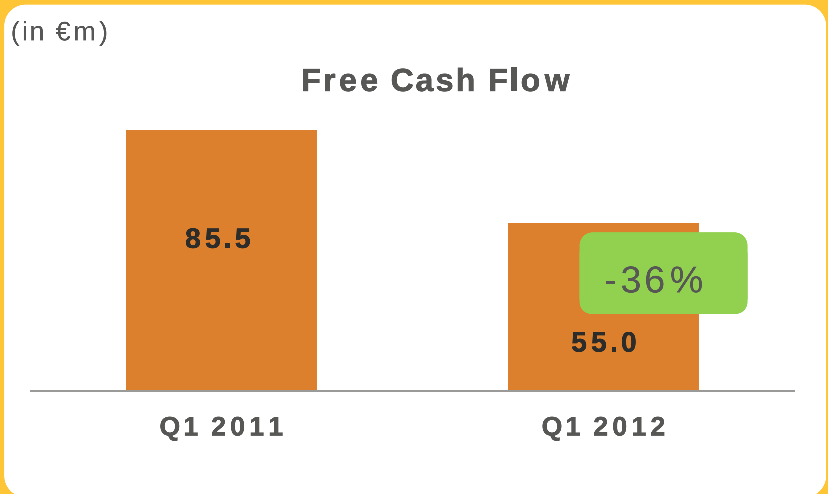



- Adjusted EBITDA up 11% yoy to €192.6 million, margin of 52.9%.
- Excluding the release of certain prior year bonus accruals, our underlying Adjusted EBITDA grew 9% yoy;
- As with our revenue, our Adjusted EBITDA growth rate will be higher in H1 2012.

# Key financial highlights




- Accrued capital expenditures of €78.6 million, equivalent to 22% of revenue;
- The yoy increase was driven by phasing of set-top rentals, higher Fibernet migrations and accelerated spending on our node-splitting project Pulsar.




- Free Cash Flow of €55.0 million;
- Impacted by final cash payment on the Belgian broadcasting rights for the current season and unfavorable working capital movements;
- We expect the unfavorable trends in our working capital to unwind in the remainder of the year.

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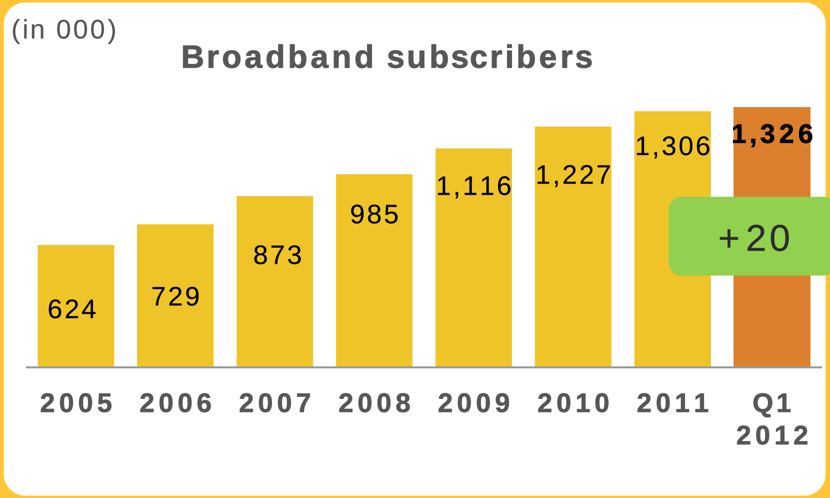
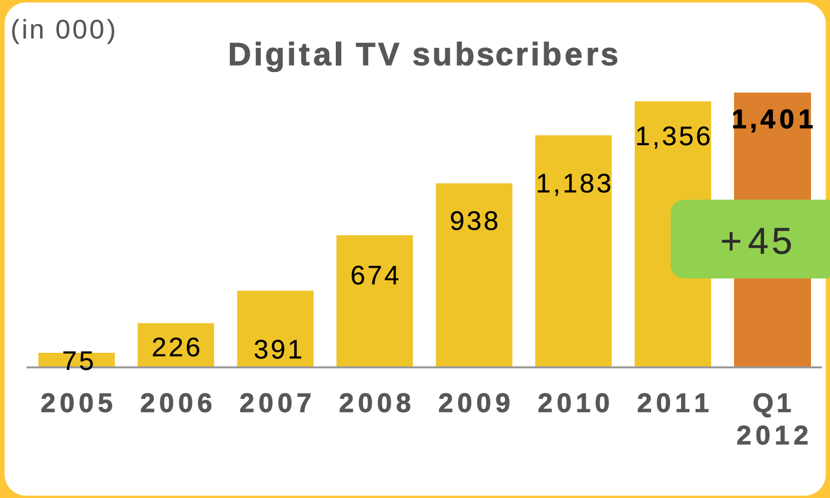
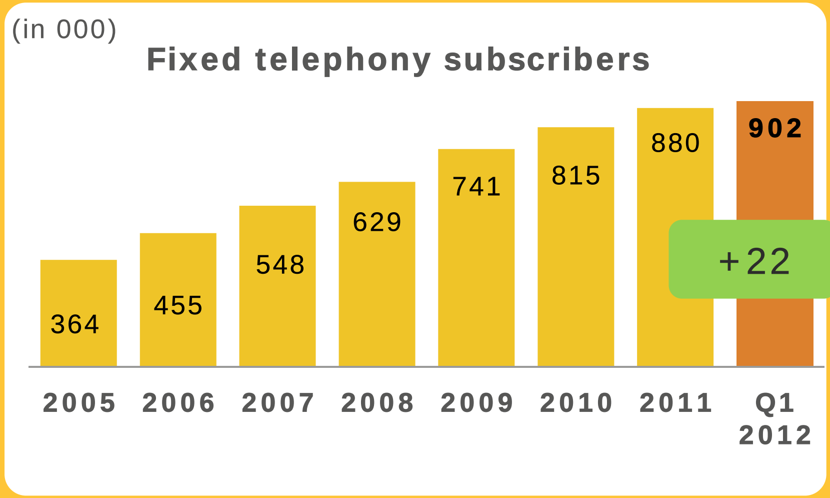
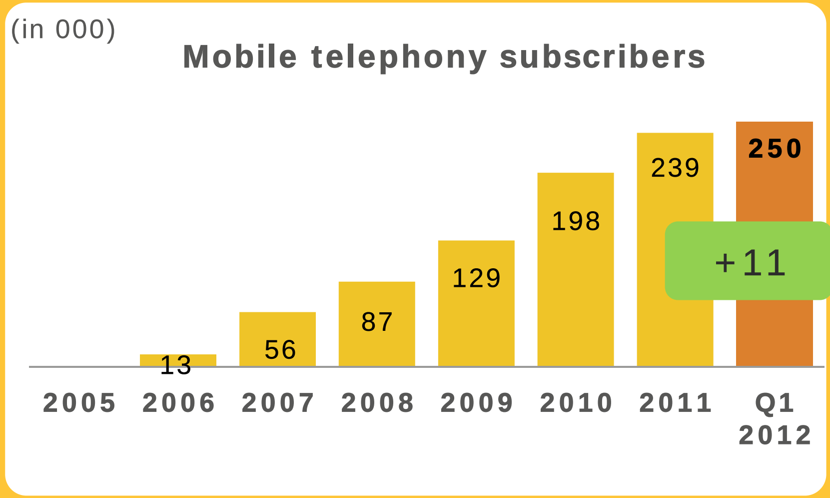
# Solid net new subscriber growth



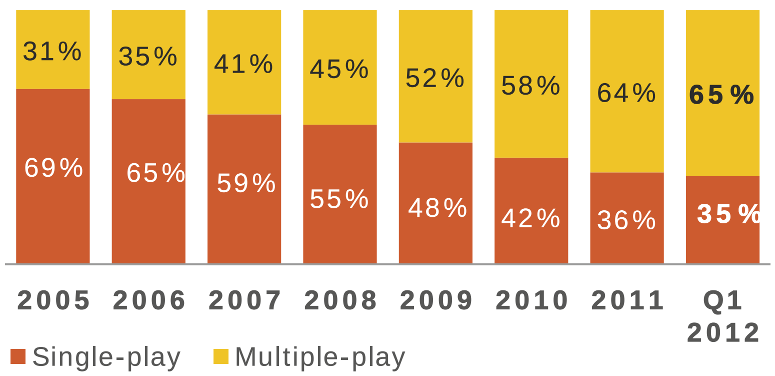



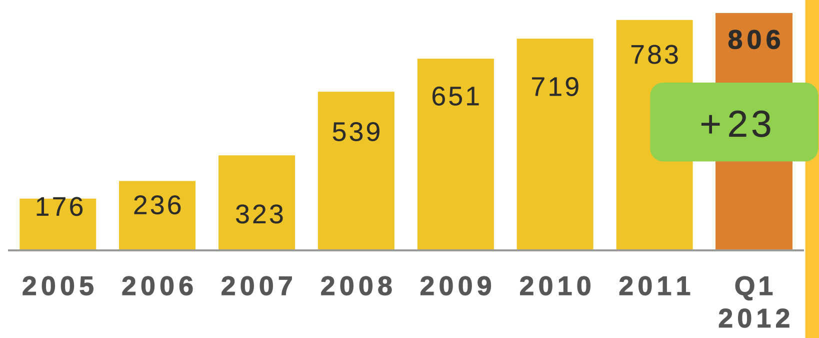
# Successful execution of our multiple-play strategy

## Multiple-play penetration

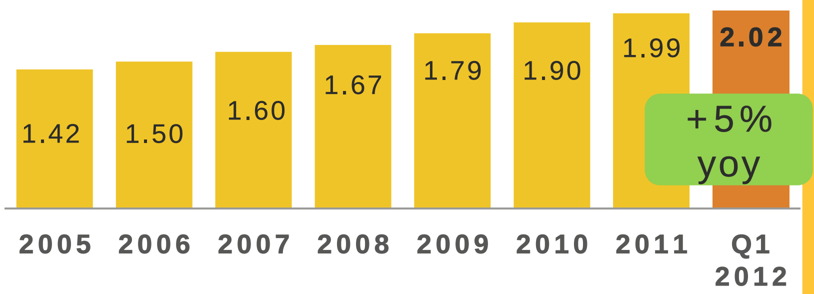



## Triple-play subscribers

(in 000)

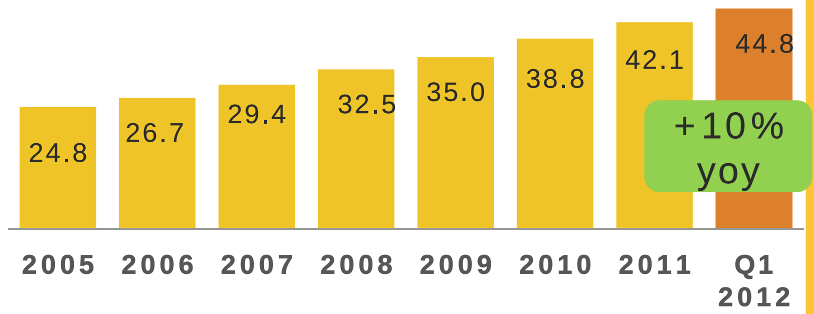



## Services per unique customer

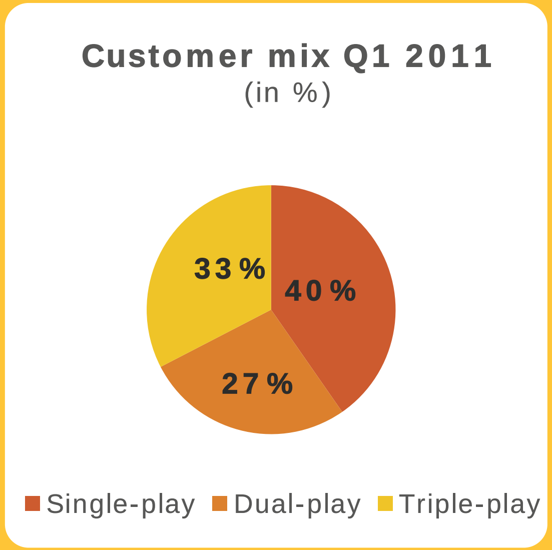


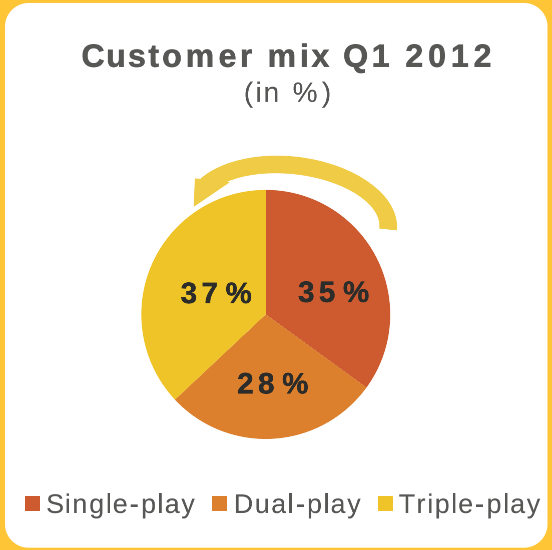

## ARPU per unique customer

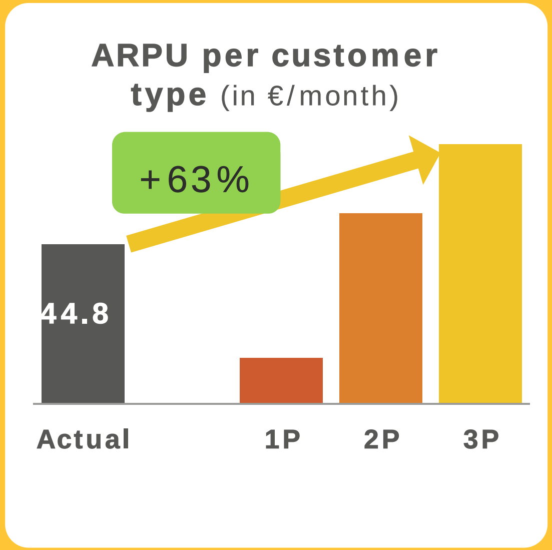
(in €)

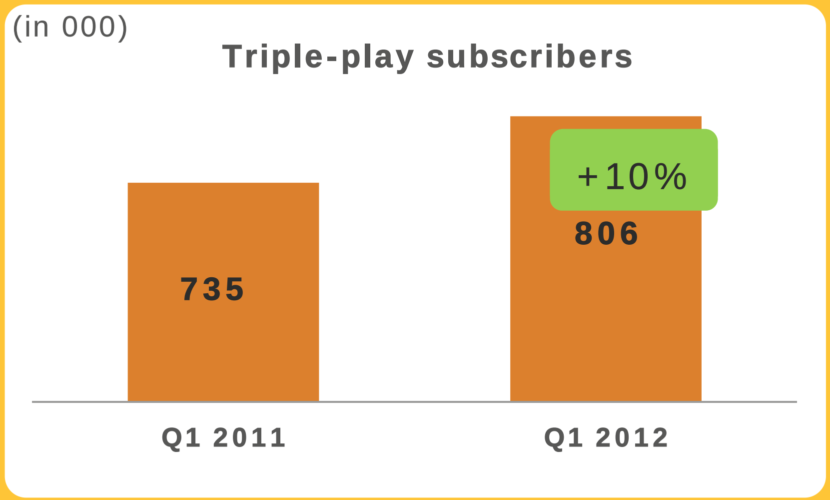


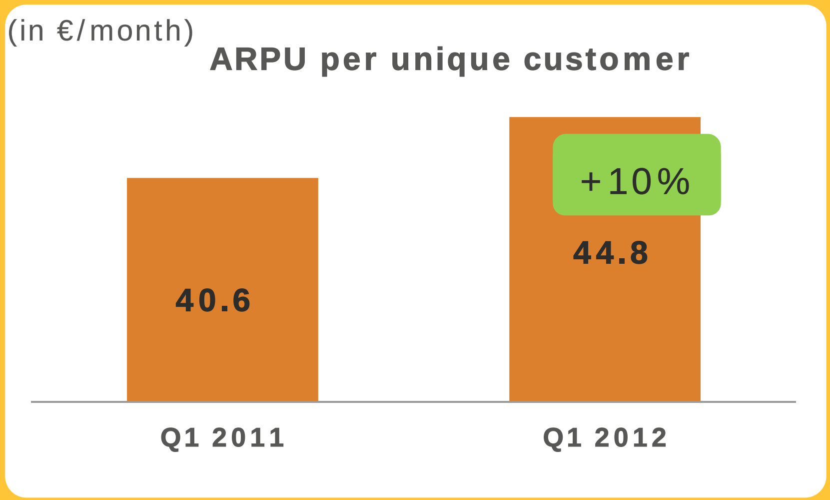
# Enhancing customer value



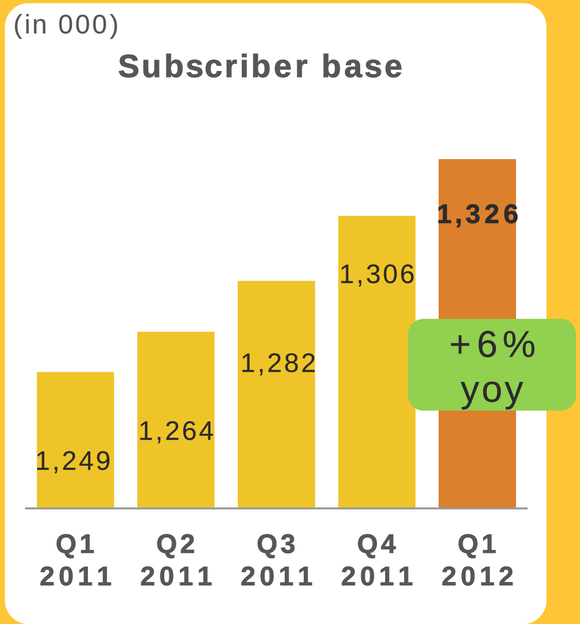



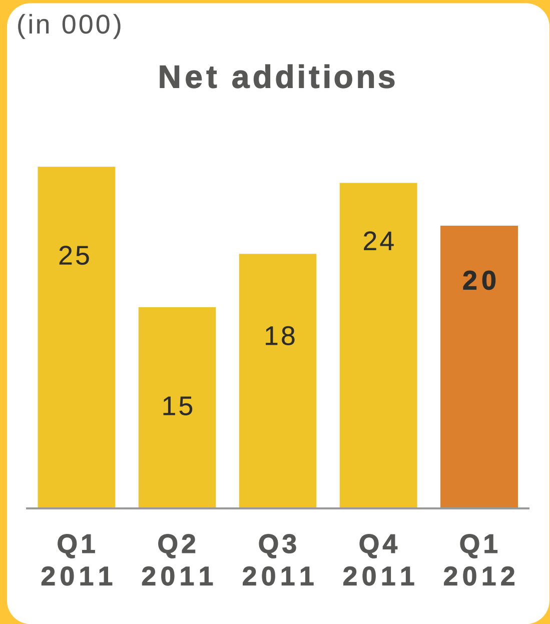



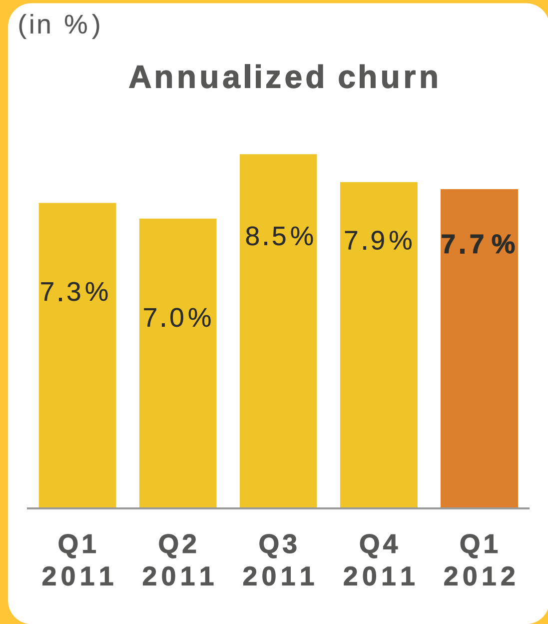



# Broadband internet



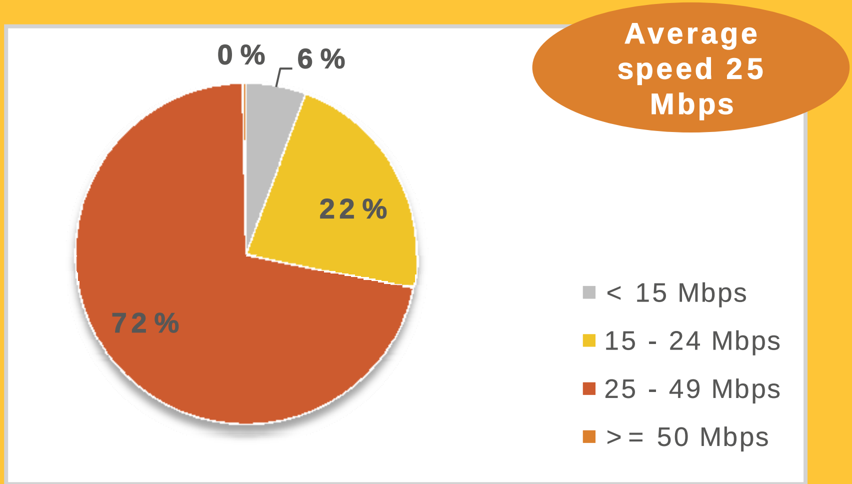



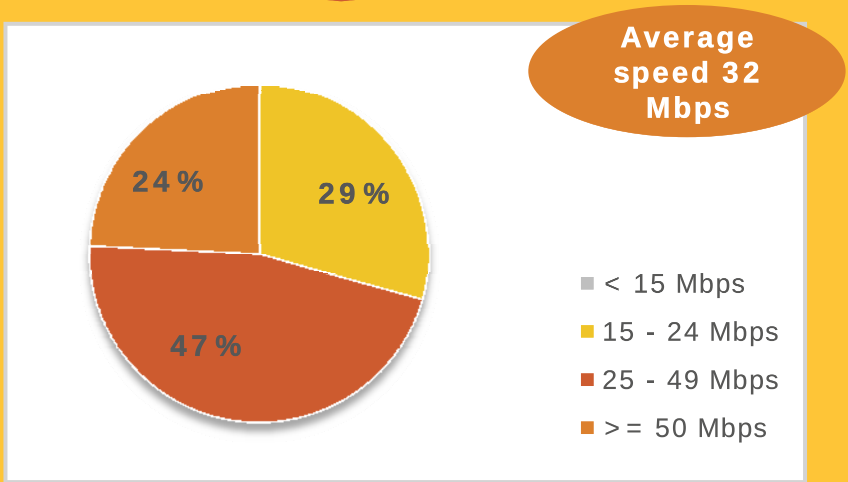

- 1,326,000 broadband internet subscribers at March 31, 2012 (+6% yoy), driven by demonstrated speed leadership and internet experience;
- Solid level of 20,400 net new broadband subscribers in Q1 2012;
- Our broadband internet service reached a penetration of 46.5% relative to the total number of homes passed by our network;
- Annualized churn remained under control, slightly down qoq to 7.7%.

# Tier mix evolution drives ARPU

**Q4 10**




**Q1 12**




Sources: Company data and ispmonitor.be

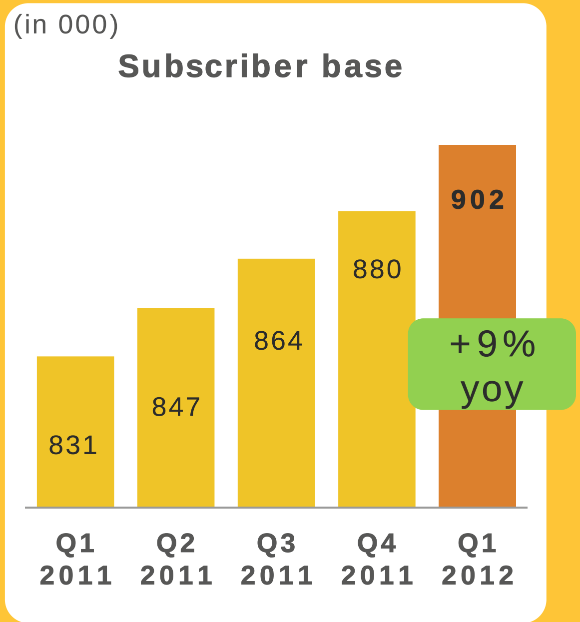
ispmonitor

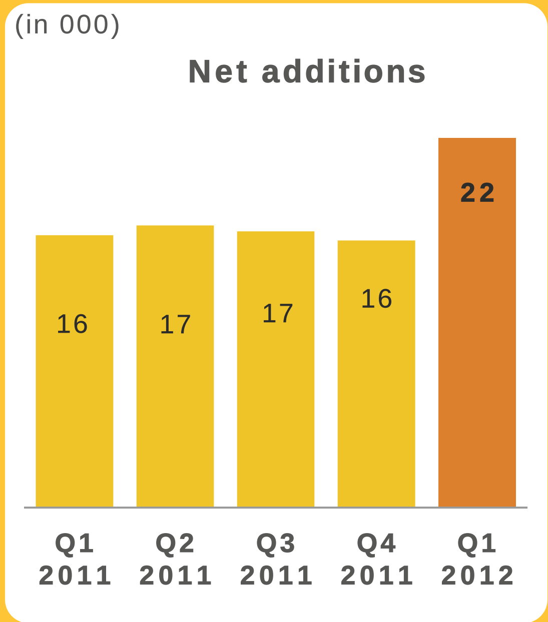
| # | Product – April 2012 |
|---|---|
| 1 | Telenet Fibernet 100 |
| 2 | Telenet Fibernet 60 |
| 3 | Telenet Fibernet |
| 4 | VOO A La Folie |
| 5 | Telenet Comfortnet |
| 6 | VOO Passionément |
| 7 | EDPnet Newer & Faster |
| 8 | Dommel CityConnect |
| 9 | Belgacom Favorite |
| 10 | Belgacom Intense |

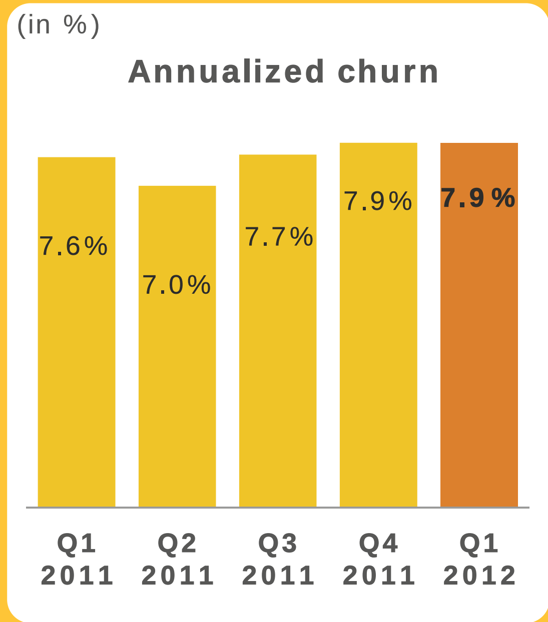
Source: www.ispmonitor.be

The ISP Monitor Speed Test is an independent source for bandwidth speed comparison. The results shown above are a summary of the test results gathered by the users of the ISP Monitor software.

# Fixed telephony



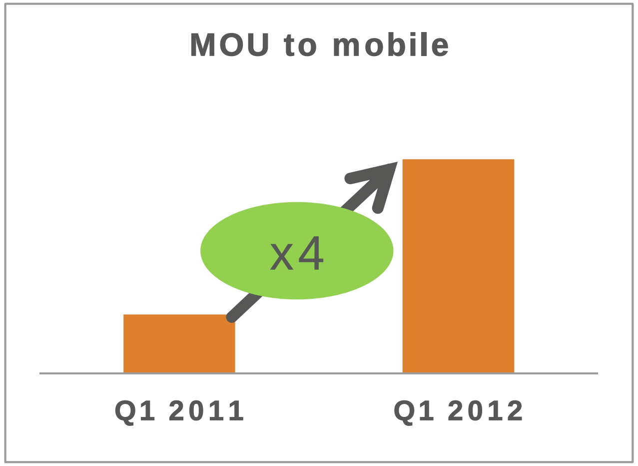

- Robust gross sales, best quarter since Q1 2009, driven by successful repositioning of our Shakes and introduction of FreePhone Mobile;
- 22,200 net new fixed telephony subscribers in Q1 2012, bringing total number of fixed telephony subscribers to 902,300;
- Further increase in fixed telephony penetration to 31.7% in Q1 2012;
- Annualized churn broadly stable at 7.9%.

# FreePhone tariff plans

## Relevance of fixed line fueled by free FreePhone Mobile option

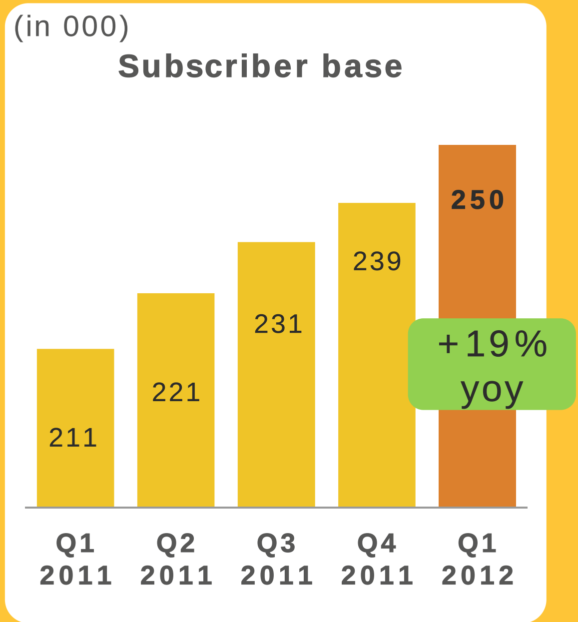
**FreePhone Europe**

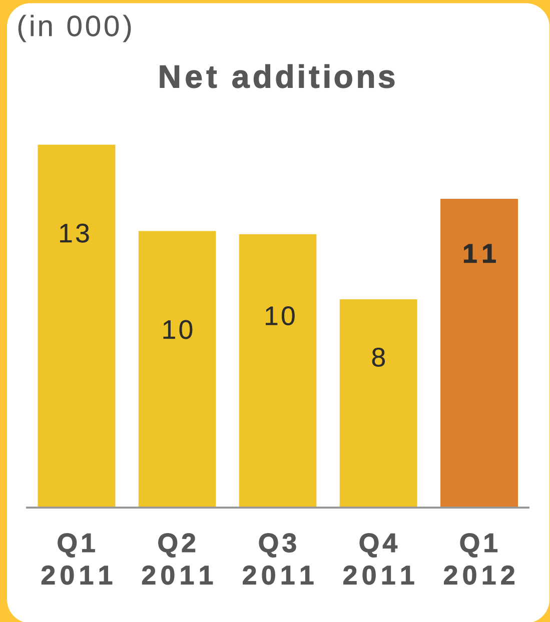
**€20** per month + **Free option: FreePhone Mobile**




- Introduction of free option FreePhone Mobile
- FreePhone Europe allows customers to make the following calls (per month):
  - Unlimited offpeak calls to fixed lines in Belgium
  - 1,000 offpeak minutes to mobile numbers in Belgium
  - 2,000 offpeak minutes to fixed lines in Europe + Turkey + Marocco
  - €10 option to place 24/7 calls to fixed lines in Belgium and Europe

# Mobile telephony





- Improvement in net additions trend in Q1 2012 despite further clean-up of low ARPU inactive subscribers;
- Successful introduction of competitive SIM-only tariff plans, expanding our market reach and segmented approach, next to targeted high-end subsidized rate plans;
- Mobile revenue up 40% yoy, increasingly contributing to our top line.

# Mobile has the foundations for future growth

**New tariff plans**


- Launch of €15 and €20 plan
- All mobile tariff plans include mobile data
- €20 plan unlimited text

**All smartphone platforms**

- iOS, Android, WMP7
- Available in our Smartspot and Belcompany stores

**Core network upgrade**

Alcatel·Lucent

- Migration to next generation Alcatel Lucent HLR system to improve platform stability

# Homespots and Hotspots

## Further deployment of Homespots and Hotspots cater for increasing demand for mobile data, next to 3G

### Homespots


- **>300,000** homespots active
- **550,000** homespots <u>in Flanders</u> by end of May

### Hotspots

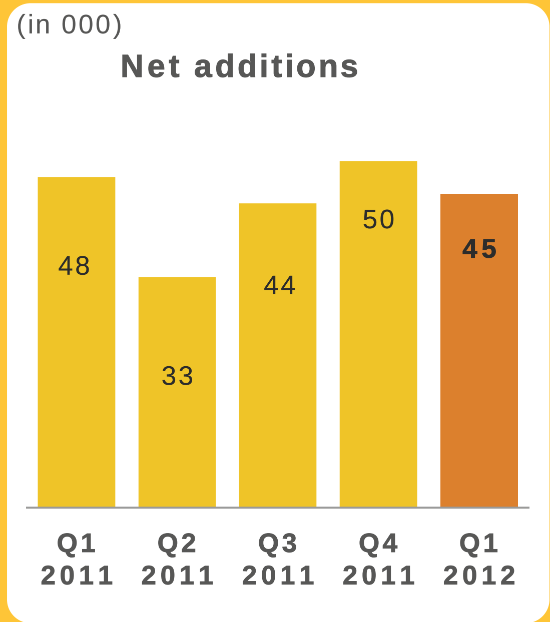
- **1,200** hotspots active
- Available to all internet, Walk&Connect and iPhone customers

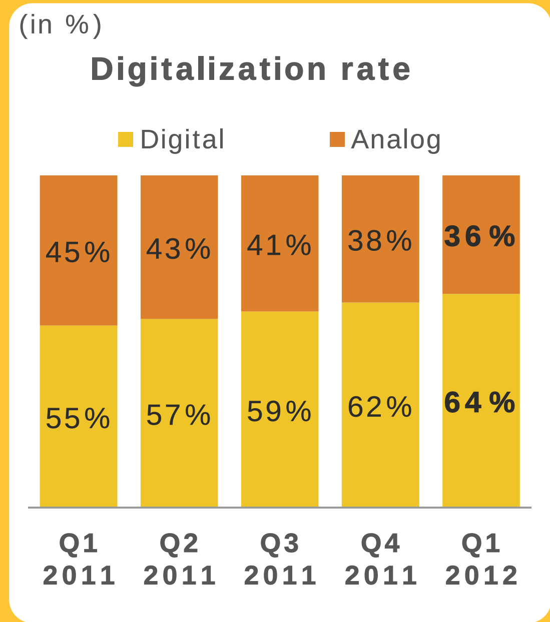
# Improved and extended Full-MVNO agreement with Mobistar

## Further improvement of our competitive positioning

- Mobistar and Telenet have renewed their 2009 Full-MVNO agreement, extended by 5 years to 2017;
- The Walloon cable operator Tecteo (VOO) will also launch mobile services in the future thanks to a step-in agreement through Telenet. Hence, the Full-MVNO agreement will cover the whole of Belgium;
- New agreement will cover both 3G and 4G services and will improve Telenet's competitive positioning;
- New agreement will also further improve the profitability of Telenet's mobile business.

# Digital Cable TV

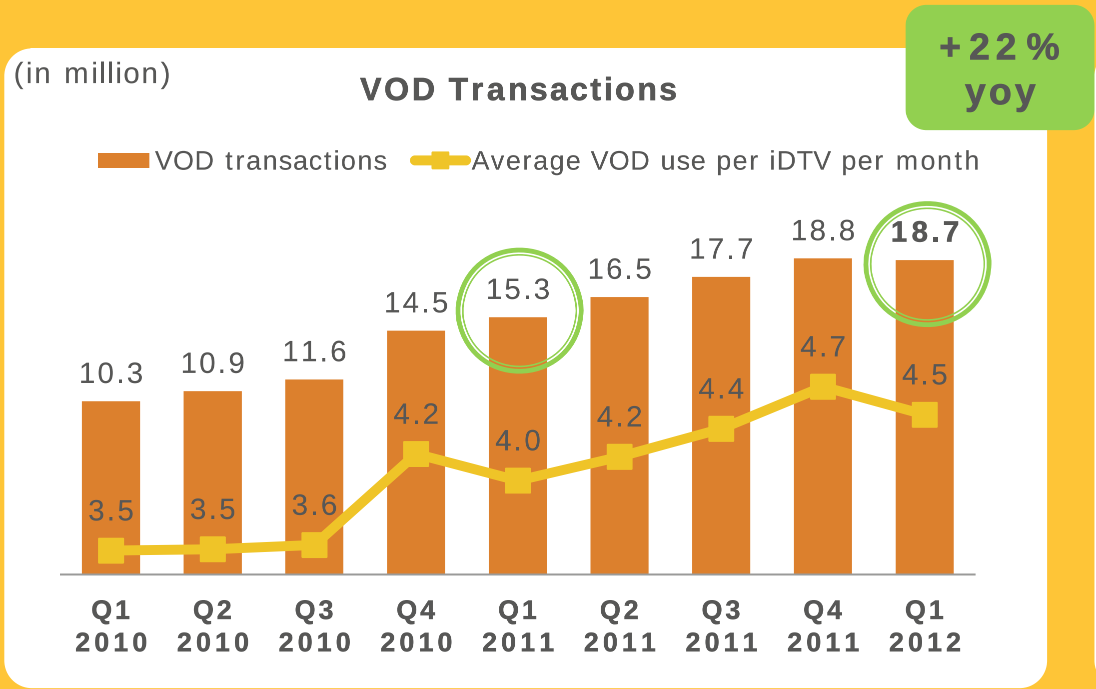



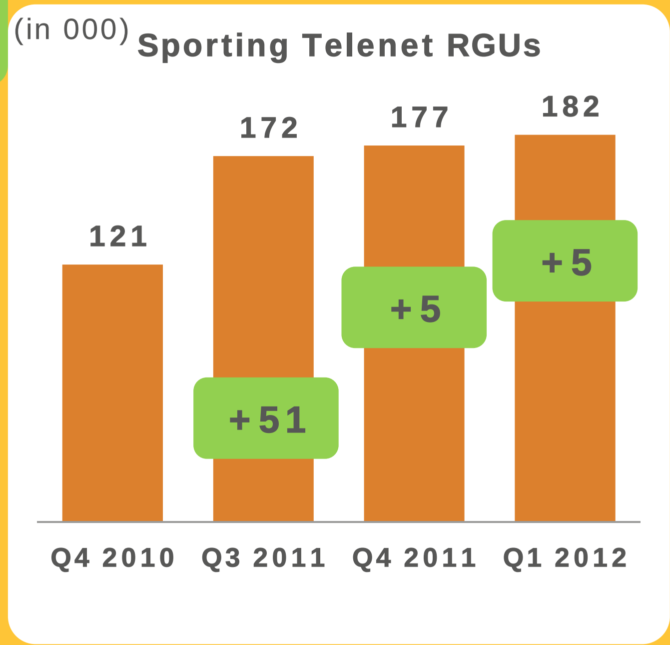




- Solid intake of 45,400 net new digital TV subscribers in Q1 2012, driven by attractive soldes-campaign and start of analog channel reshuffling;
- 1,401,200 of our cable TV subscribers had upgraded to the higher ARPU digital TV platform, resulting in a digitalization rate of 64%;
- Continuous platform improvements to further enrich our offer and boost the platform’s attractiveness versus our basic cable TV offer.

# Robust growth in digital TV drivers

## VOD usage per user 0.5 transactions up yoy; Sporting Telenet added another 5,000 subscribers

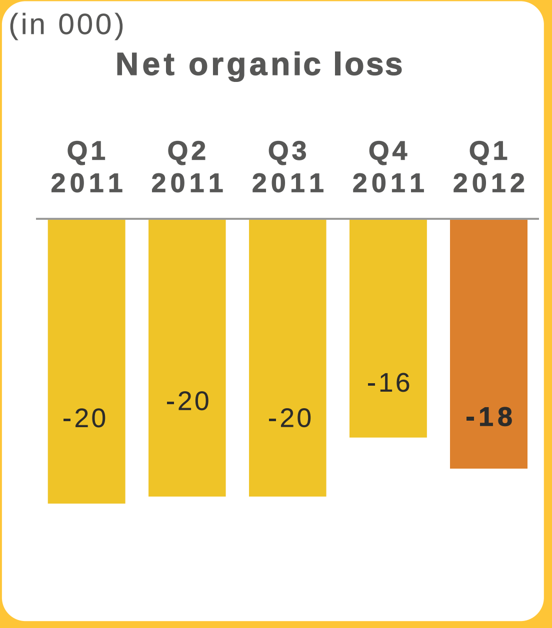


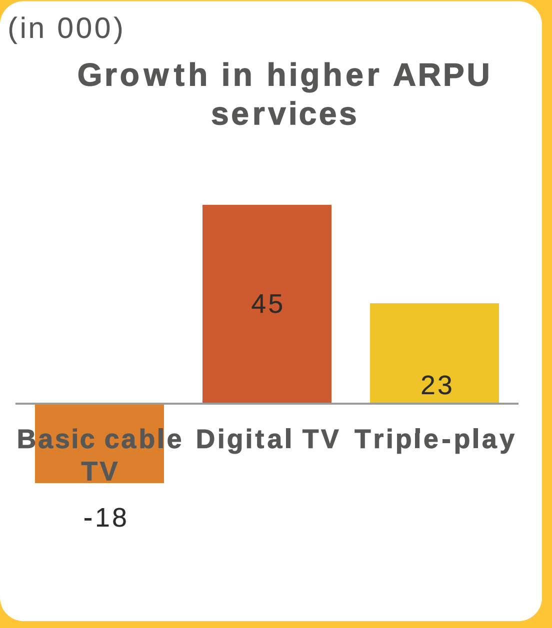



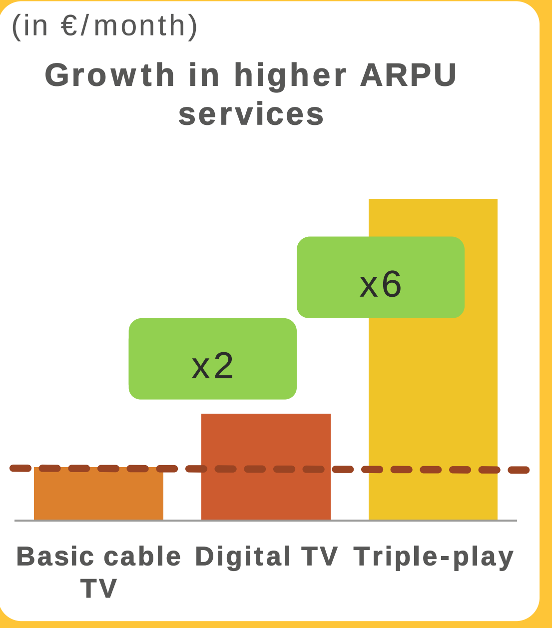

**Extensive content library**

- All major film studios
- Broadcast on demand
- >600 movies
- HD on-demand
- PRIME & Sporting TN

# Basic Cable TV




- 2,180,700 basic cable TV subscribers on March 31, 2012, equivalent to a 77% penetration rate relative to the number of homes passed;
- Net organic loss broadly stable at -17,800 in Q1 2012;
- We expect a continued decline in the number of basic cable TV subscribers due to intense competition from other digital platforms in our footprint, offset by growth in higher ARPU services.

# Telenet for Business

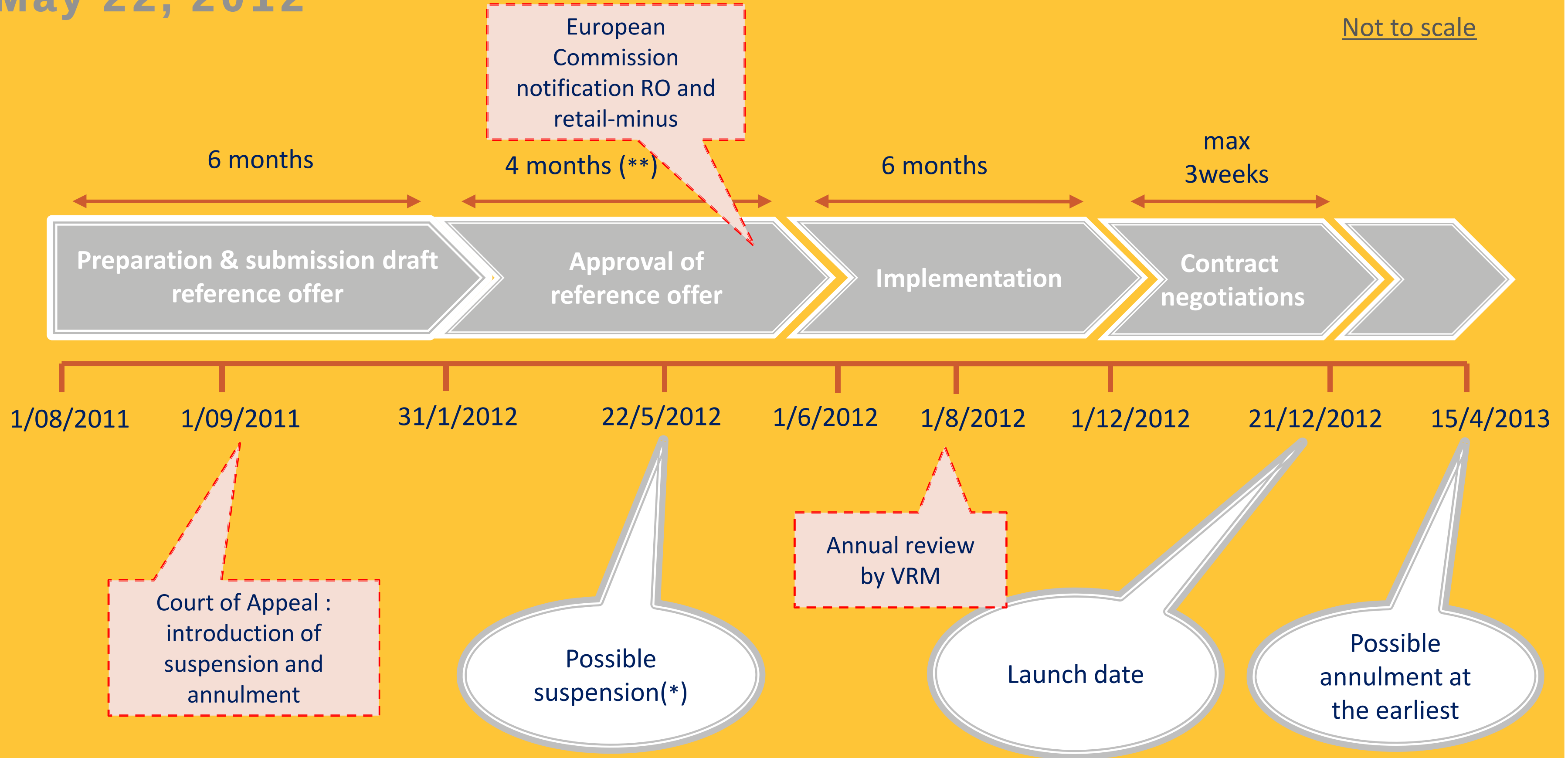


- Fixed affordable subscription
- Simple and centralized management
- Secure storage in the Cloud
- All-in-one package


- Revenue of €22.6 million in Q1 2012, up 3% yoy;
- Higher security-related revenue as a result of new contract wins, and sustained demand for our leading connectivity products, were offset by a lower amount of non-recurring install revenue in Q1 2012 as compared to the prior year period and a further decline in voice-related revenue.

# Timing of wholesale of cable services

## Court of appeal expected to rule on suspension as of May 22, 2012




(*) In case suspension would not be granted to Telenet, Telenet could incur additional accrued expenditures related to preparatory IT investments for wholesale.

(**) Due to the delayed decision on the suspension , initially expected by 26/4/2012, the envisaged 4 months period for approval of the reference offer may be extended which could subsequently affect the start of the 6 months implementation timing.

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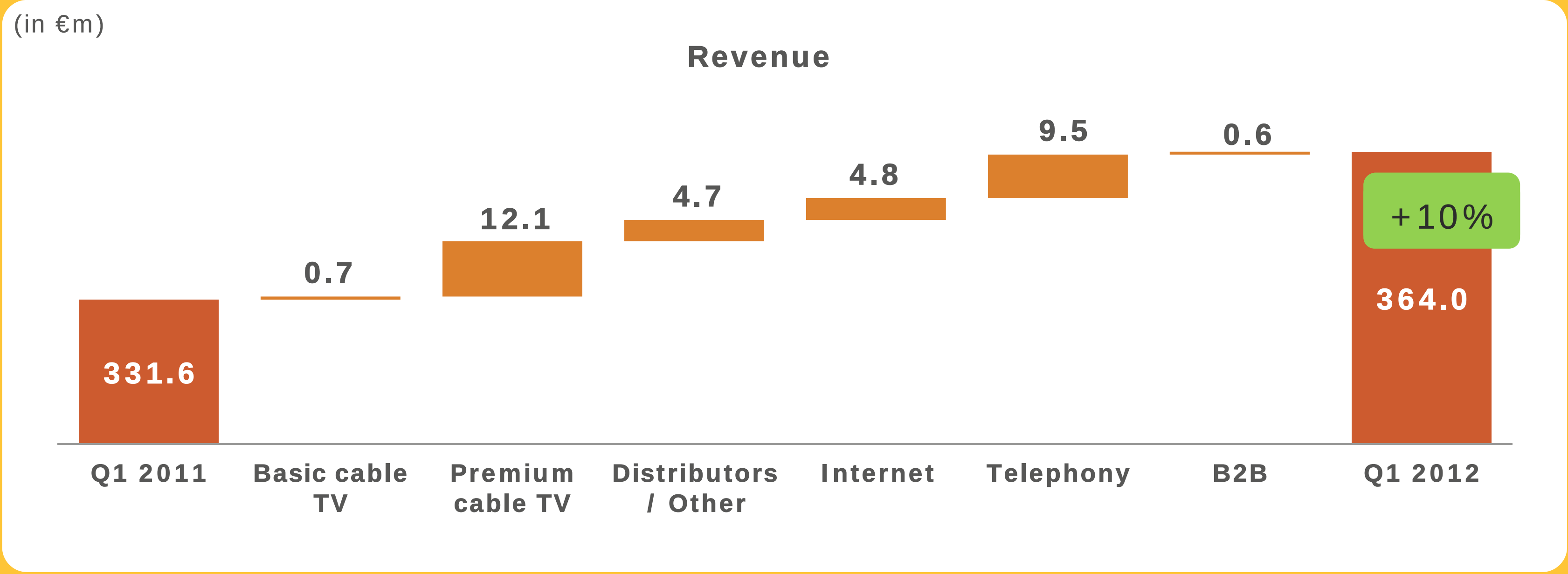
# Revenue of €364.0 million

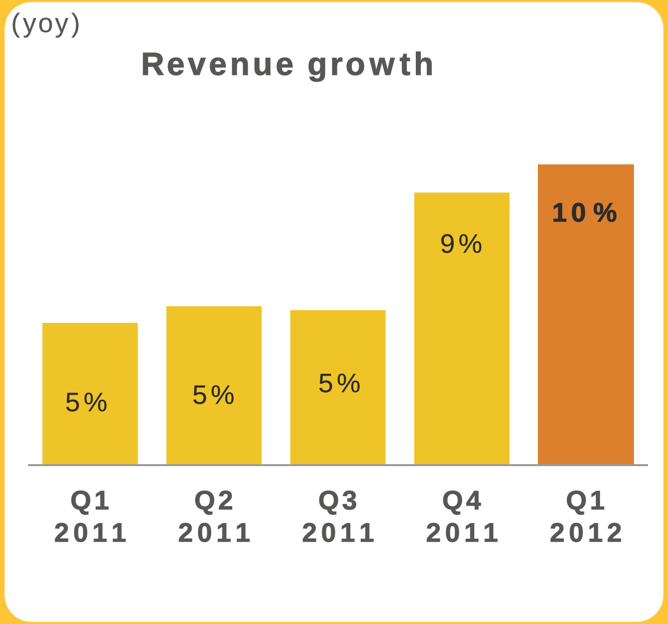
## Healthy 10% organic top line growth

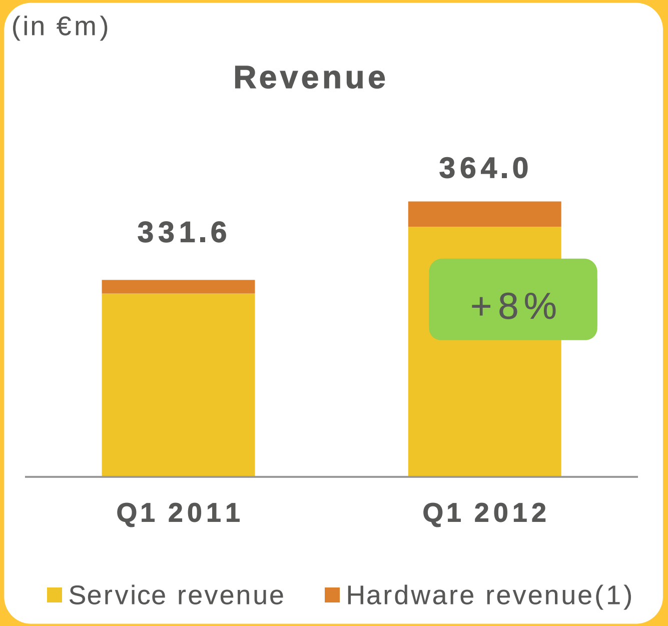



- Premium cable TV revenue up 28% yoy, driven by growing set-top box rental revenue, robust VOD usage and Sporting Telenet;
- 9% increase in fixed RGUs and mobile drove telephony revenue growth;
- Strong increase in low-margin stand-alone handset sales in Q1 2012;
- Price increases supporting our basic cable TV and broadband growth.

# Organic top line growth improving

## Growth in H1 2012 will be higher relative to H2 2012



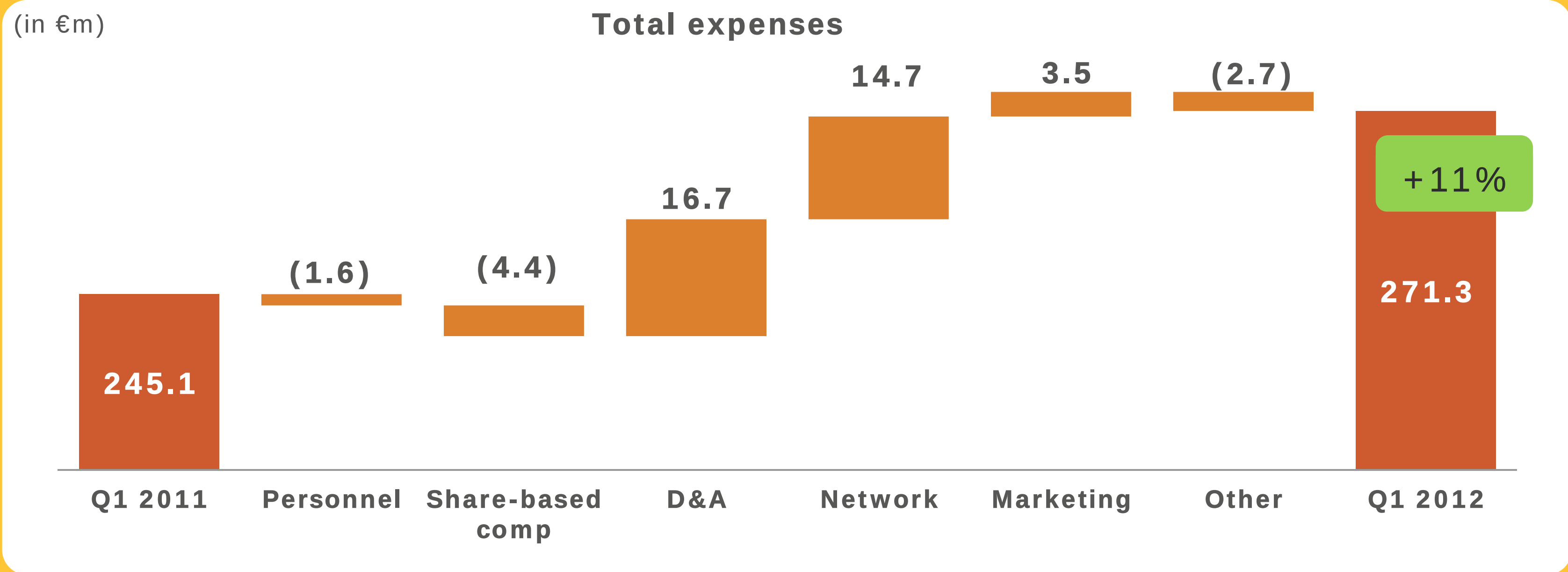

- Further improvement in our revenue growth driven by Sporting Telenet, handset sales and selective price increases since August (broadband) and October (cable TV), reflecting increased cost of living;
- Hence, growth in H1 2012 will be higher as compared to H2 2012;
- Excluding low-margin hardware revenue, revenue growth was 8% yoy.



1) Hardware revenue is defined as revenue from the sale of set-top boxes and revenue from the sale of handsets. Hardware revenue is reported under “Distributors / Other” and generally carries low margins.

# 11% increase in total expenses

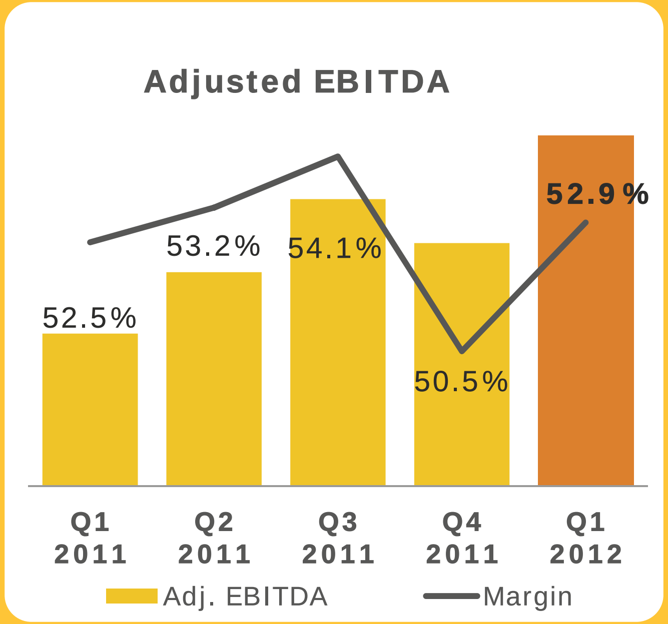
## Higher amortization charges linked to Belgian football

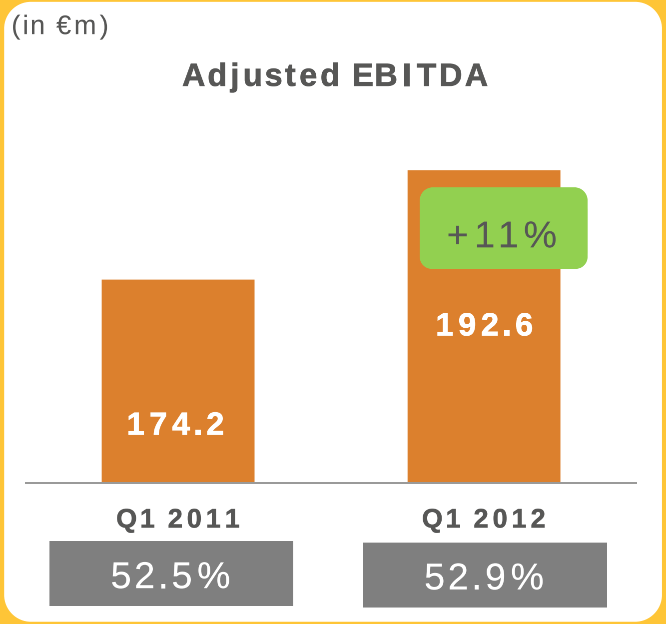



- 4% decrease in personnel costs as 3.5% wage indexation since early 2012 was offset by a release of certain prior year bonus accruals;
- D&A up 21% yoy, primarily due to Belgian football broadcasting rights;
- Higher network-related expenses reflecting RGU growth, higher copyright and programming costs and costs related to handset sales.

# Adjusted EBITDA of €192.6 million

## Adjusted EBITDA up 11% yoy, margin of 52.9%

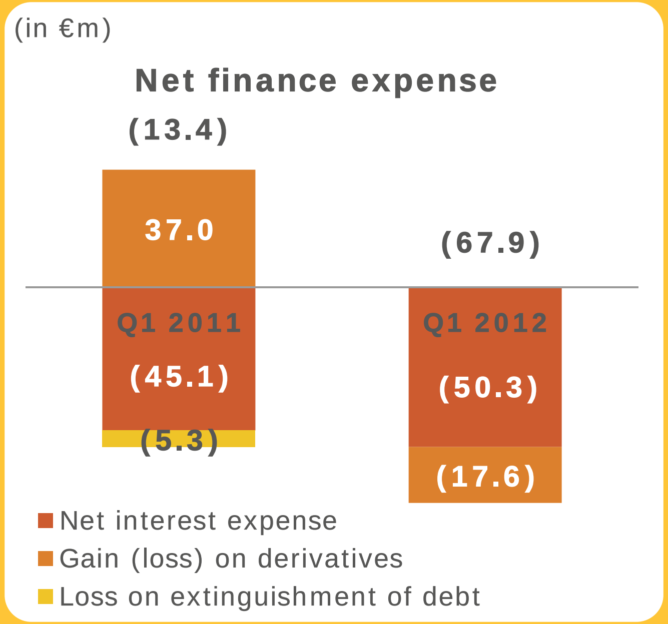


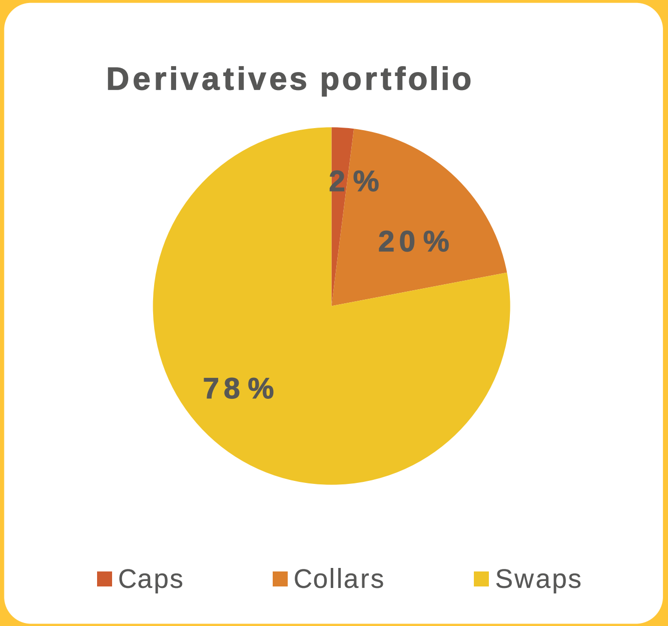




- Adjusted EBITDA of €192.6 million, up 11% yoy. Excluding release of prior year bonus accrual, our Adjusted EBITDA was up 9% yoy;
- Despite faster growth in lower-margin businesses, higher costs related to to handset sales and higher marketing spend, our margin expanded 40 basis points to 52.9% in Q1 2012.

# Net finance expense

## Yoy increase driven by change in fair value of derivatives

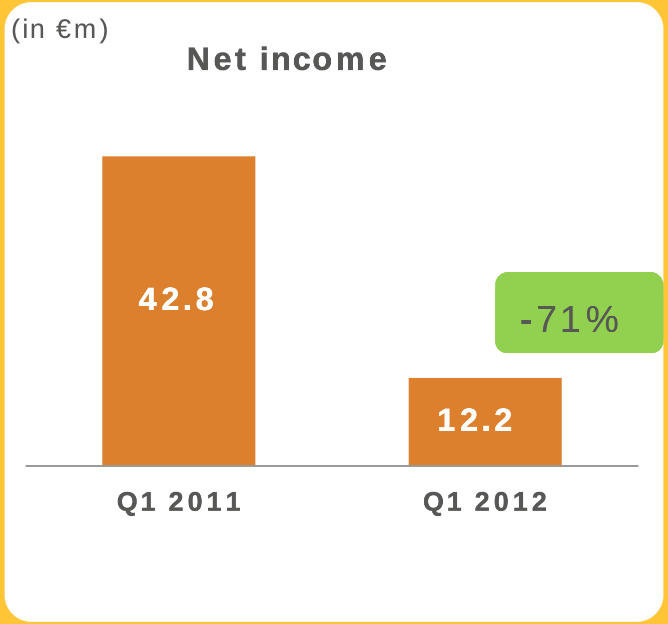


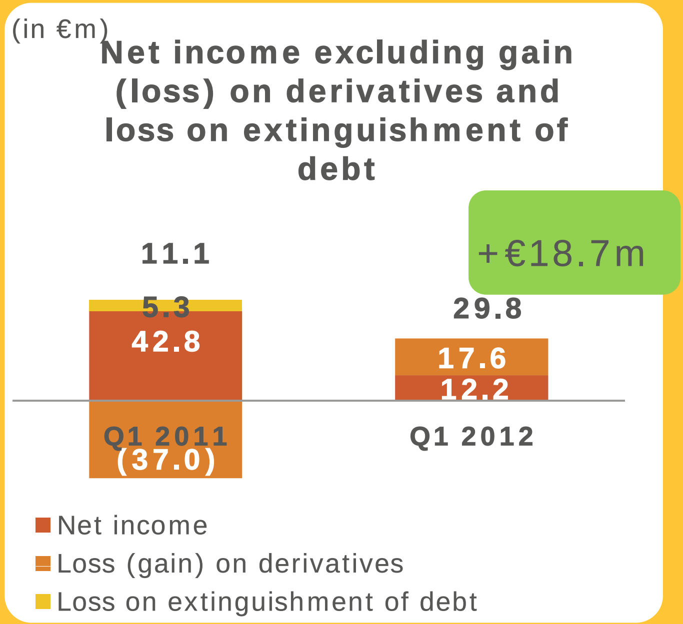




- Net finance expense of €67.9 million in Q1 2012 (Q1 '11: €13.4 million);
- Sharp yoy increase primarily driven by the change in the fair value of our derivatives, which resulted in a loss of €17.6 million in Q1 2012 compared to a gain of €37.0 million in Q1 2011;
- Our derivatives portfolio results in a maximum average interest rate of 4.0% on top of the respective margins per Term Loan.

# Net income of €12.2 million

## Net income pressured by change in fair value of derivatives

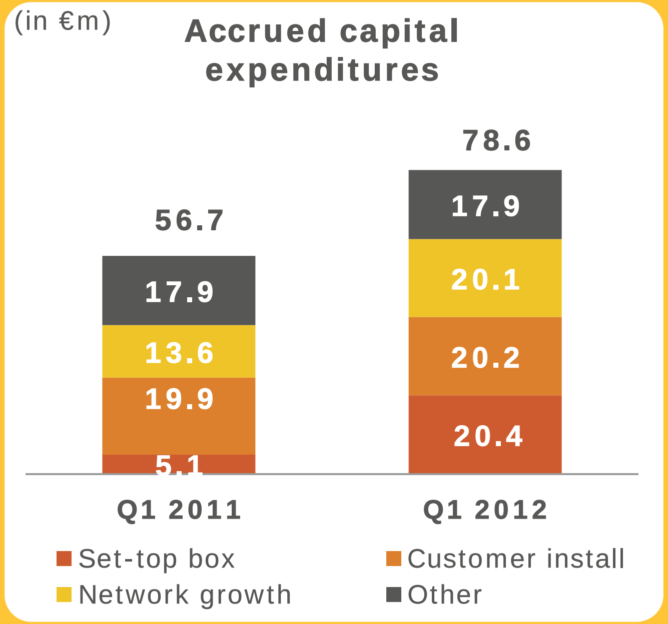


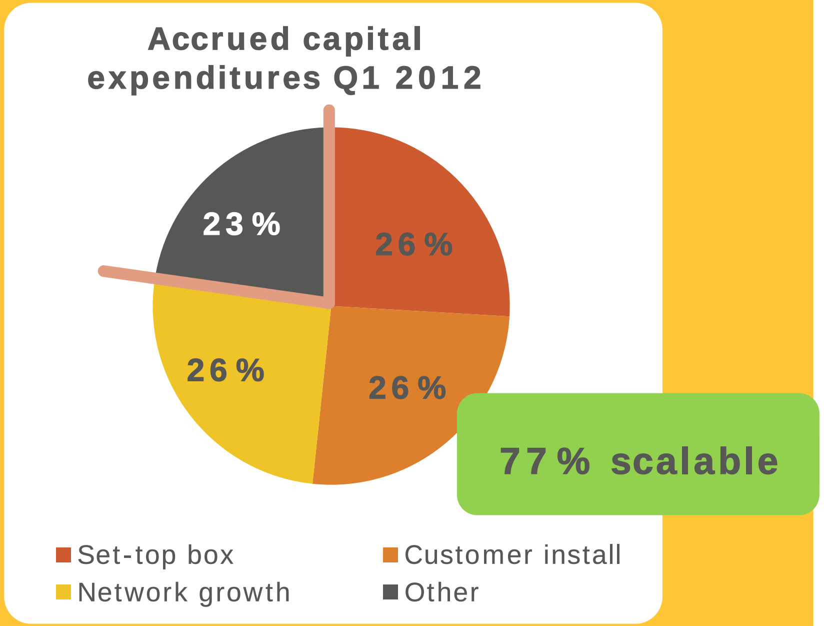




- Net income fell 71% to €12.2 million in Q1 2012 from €42.8 million;
- Net income decreased as a result of a €17.6 million loss on our interest rate derivatives, offset by favorable impact on deferred taxes;
- Net income, excluding gain (loss) on our derivatives and loss on extinguisment of debt, rose €18.7 million yoy to €29.8 million.

# Accrued capital expenditures

## Up 39% yoy on higher set-top box rentals and Pulsar

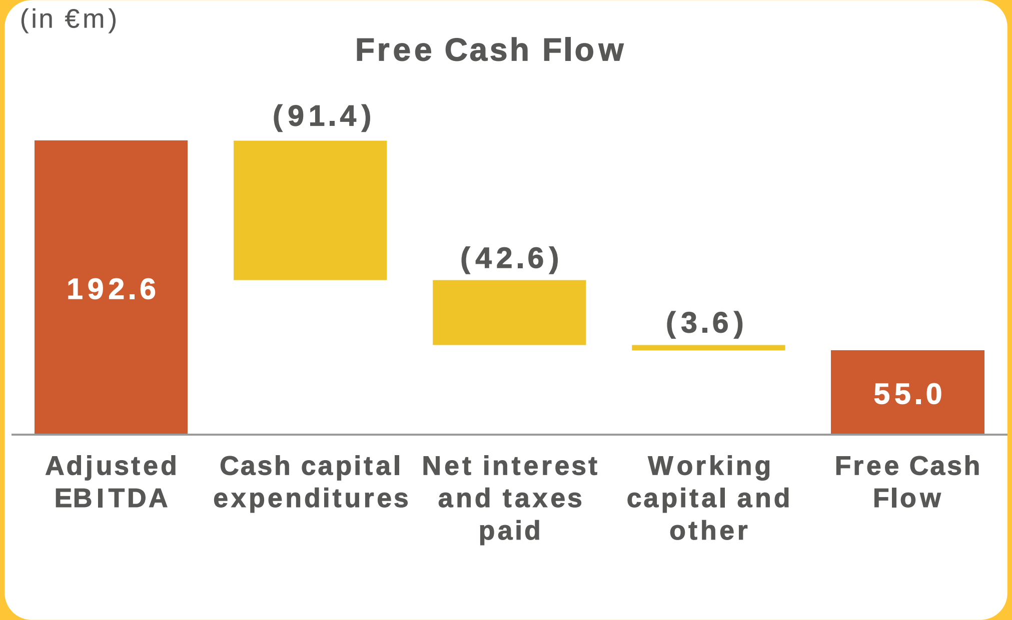


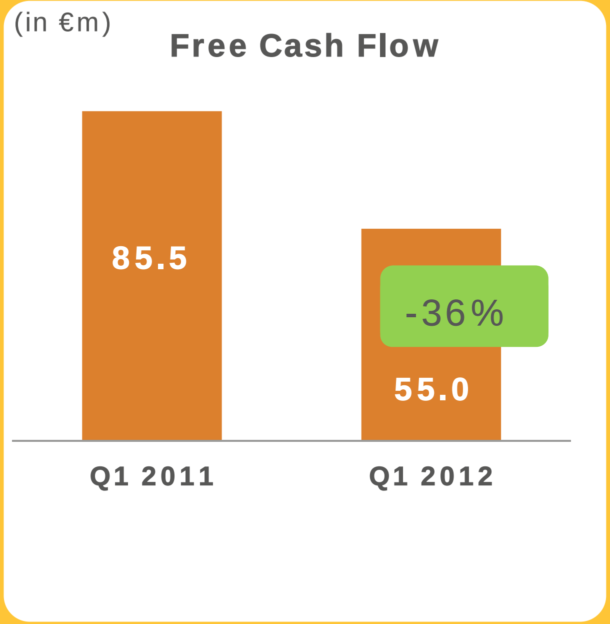




- Accrued capital expenditures of €78.6 million, or 22% of revenue;
- Increase driven by higher set-box capital expenditures driven by robust digital TV net additions and ahead of analog channel reshuffling in April;
- €16.2 million increase in network-related investments, reflecting the accelerated implementation of our node-splitting project Pulsar.

# Free Cash Flow of €55.0 million

## Q1 2012 hit by football and negative working capital trends

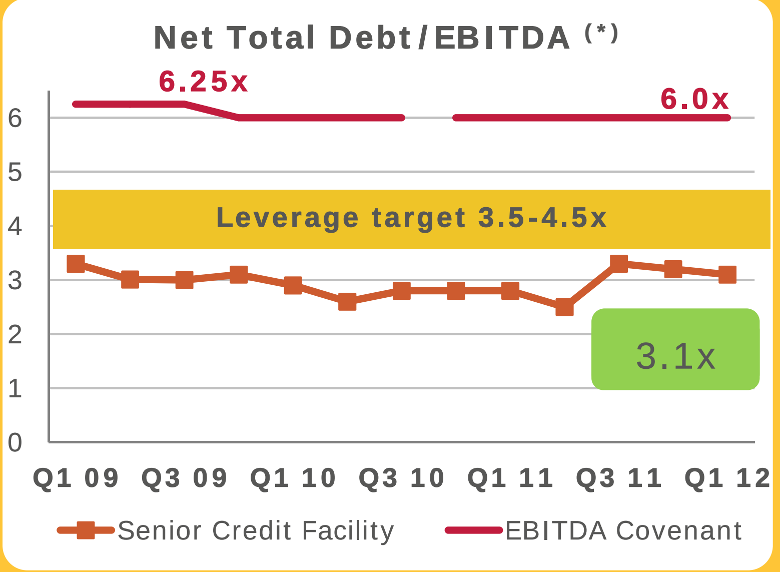


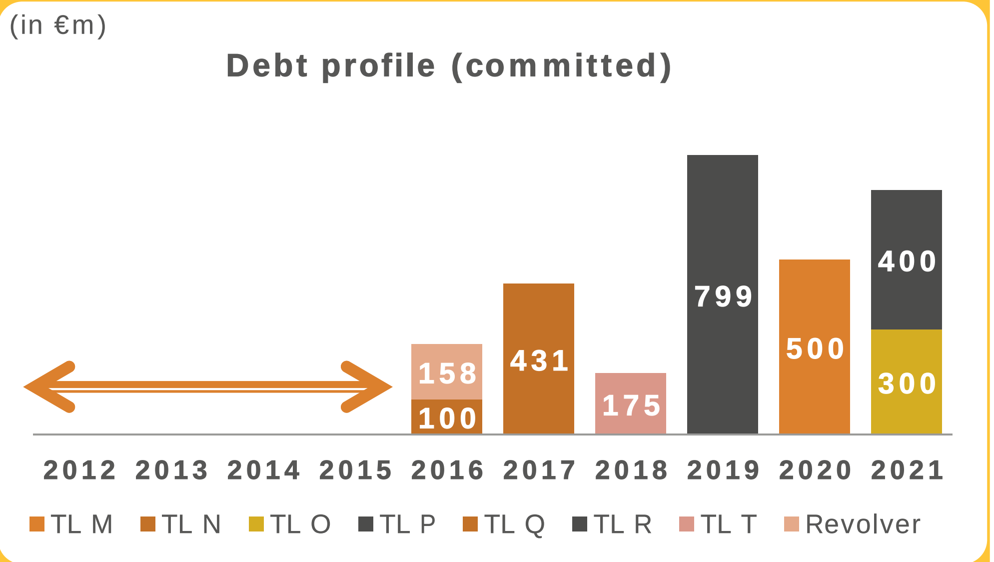



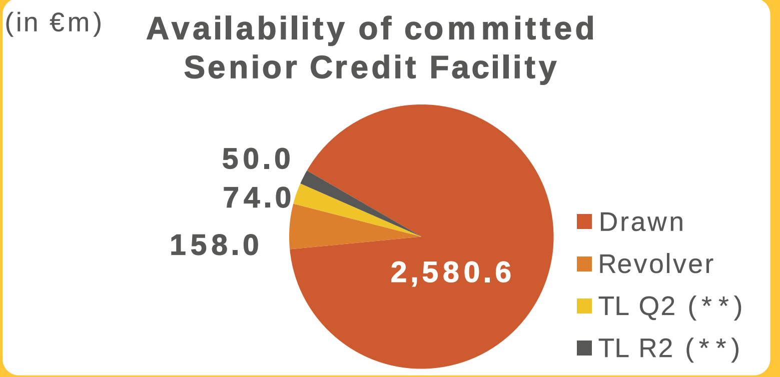

- Free Cash Flow fell 36% yoy to €55.0 million driven by a final cash payment for the Belgian football broadcasting rights for the current season and unfavorable movements in our working capital;
- We expect this unfavorable trend to level out throughout the year;
- For the full year, we continue to target a stable Free Cash Flow vs 2011.

# Debt profile

## Net Total Debt / EBITDA leverage of 3.1x on March 31, 2012




(*) Calculated as per Senior Credit Facility definition, using net total debt, excluding subordinated shareholder loans, capitalized elements of indebtedness under the clientele and annuity fees and any other finance leases, divided by last two quarters' annualized EBITDA.
(**) Available to be drawn on August 31, 2012.

# Agenda

| | | |
|---|---|---|
| 1 | **Key Highlights** | Duco Sickinghe, CEO |
| 2 | **Operational Highlights** | Duco Sickinghe, CEO |
| 3 | **Financial Highlights** | Renaat Berckmoes, CFO |
| 4 | **Outlook FY 2012** | Renaat Berckmoes, CFO |

# FY 2012 outlook reconfirmed

## Growth in H1 2012 will be higher relative to H2 2012

| | FY 2012 outlook | |
|---|---|---|
| **Revenue growth** | **5% – 6%** (~€1,445m – €1,459m) | ▪ More customers on multiple-play – more discounts<br>▪ Further digitalization of TV customer base<br>▪ Growth from mobile and B2B<br>▪ More competition and potential economic impact |
| **Adjusted EBITDA growth** | **5% – 6%** (~€760m – €767m) | ▪ Further optimization of processes<br>▪ Ongoing efficiency gains in fixed business operations to level off higher share of lower-margin mobile operations |
| **Accrued Capital Expenditures (1)** | **22% – 23%** (~€318m – €335m) | ▪ Customer installations and set-top boxes<br>▪ Cruising speed of node splitting project execution<br>▪ IT preparatory investments for wholesale (if no suspension) |
| **Free Cash Flow (2)** | **Stable** | ▪ Solid and sustainable Free Cash Flow generation despite higher cash payments for Belgian football rights and higher cash interest payments<br>▪ Headroom for potential opportunistic refinancing operations |

(1) Represents accrued capital expenditures. 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 statement of financial position on an accrued basis.
(2) Free Cash Flow is currently defined as net cash provided by the operating activities of Telenet's continuing operations less purchases of property and equipment and purchases of intangibles of its continuing operations, each as reported in the Company's consolidated statement of cash flows. The upfront annual cash payments related to the mobile spectrum will be reflected in Telenet's cash flow used in financing activities and hence these payments will not affect Telenet's Free Cash Flow as currently defined.

# Shareholder return FY 2012

## Attractive 12% net yield at current trading levels

| | Shareholder Returns 2012 | |
|---|---|---|
| **Regular dividend** | **€1.00 per share** (~€113.6m total)(*) | ▪ Payment date: May 10, 2012<br>▪ Record date: May 9, 2012<br>▪ Ex date: May 7, 2012 |
| **Capital reduction** | **€3.25 per share** (~€369.2m total)(*) | ▪ Payment date: August 31, 2012<br>▪ Record date: August 30, 2012<br>▪ Ex date: August 28, 2012 |
| **Share buy back** | **€50.0m in total** | ▪ Execution in the course of 2012<br>▪ On April 24, 2012, €24.2 million of the Share Repurchase Program 2012 was executed |
| **Total shareholder return 2012** | **In total ~€533m** (as compared to €509m in FY 2011) | |

(*) Based on 113.6 million outstanding shares as per April 25, 2012

# Thank you.

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