



# INVESTOR & ANALYST CALL

Q2/H1 2020 RESULTS

JULY 30, 2020



# SAFE HARBOR DISCLAIMER

## Private Securities Litigation Reform Act of 1995

Various statements contained in this document constitute “forward-looking statements” as that term is defined under the U.S. Private Securities Litigation Reform Act of 1995. Words like “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expects,” “estimates,” “projects,” “positioned,” “strategy,” and similar expressions identify these forward-looking statements related to our financial and operational outlook; future growth prospects; strategies; product, network and technology launches and expansion and the anticipated impact of 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, the potential adverse impact of the recent outbreak of the novel coronavirus (COVID-19) pandemic; 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; the potential adverse impact of the recent outbreak of the novel coronavirus (COVID-19) pandemic, our ability to attract and retain customers and increase our overall market penetration; our ability to compete against other communications and content distribution businesses; our ability to maintain contracts that are critical to our operations; our ability to respond adequately to technological developments; our ability to develop and maintain back-up for our critical systems; our ability to continue to design networks, install facilities, obtain and maintain any required governmental licenses or approvals and finance construction and development, in a timely manner at reasonable costs and on satisfactory terms and conditions; our ability to have an impact upon, or to respond effectively to, new or modified laws or regulations; our ability to make value-accretive investments; and our ability to sustain or increase shareholder distributions in future periods. We assume no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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



# 1

## EXECUTIVE SUMMARY

John Porter, Chief Executive Officer



# KEEPING EVERYONE CONNECTED DURING THE COVID-19 PANDEMIC. ACCELERATION OF DIGITAL TRANSFORMATION CONTINUED

## Our customers

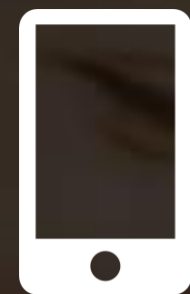
- Double data for all on fixed and mobile<sup>1</sup>
- Free movies & series<sup>1</sup>

## Our employees

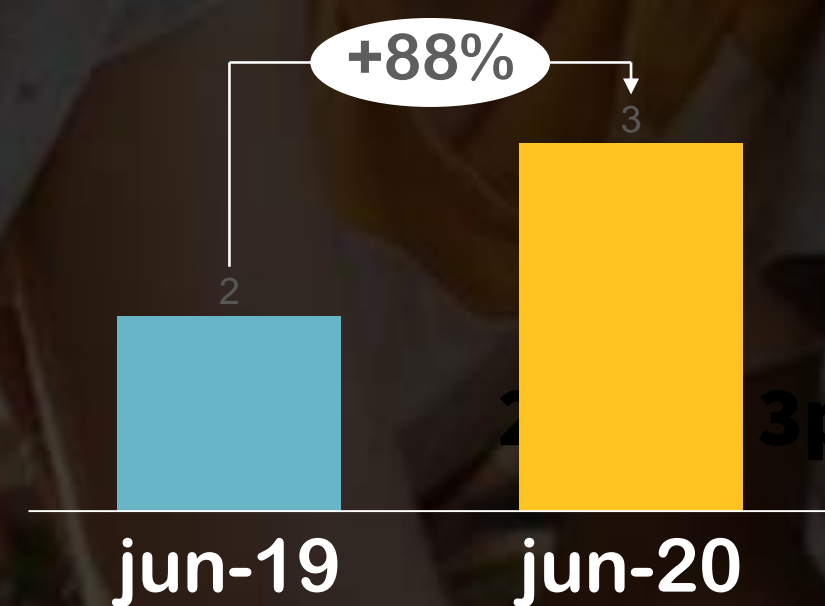
- >90% working remotely during lockdown

## Our society

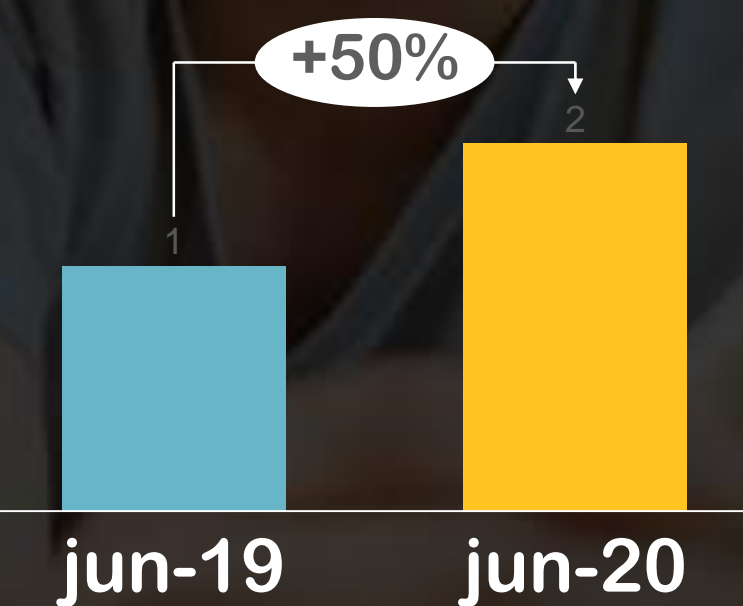
- 36,000 Wi-Free vouchers distributed<sup>1</sup>
- Free laptops for children
- Free TV offering & smartphones for >1,000 hospitals



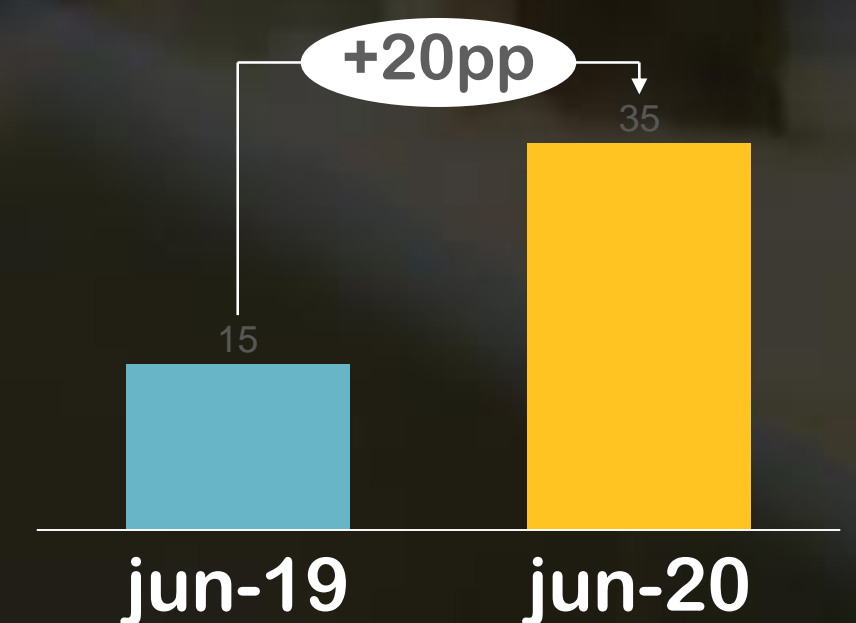
# Digital assisted service contacts (Facebook, Twitter, Whatsapp)<sup>2</sup>



% Online sales of broadband Internet<sup>2</sup>



% Self-installations when sold online<sup>2</sup>



<sup>1</sup> Double data for all valid till 25/05/2020 for mobile and 30/06/2020 for fixed - Free entertainment offer valid till 30/06/2020

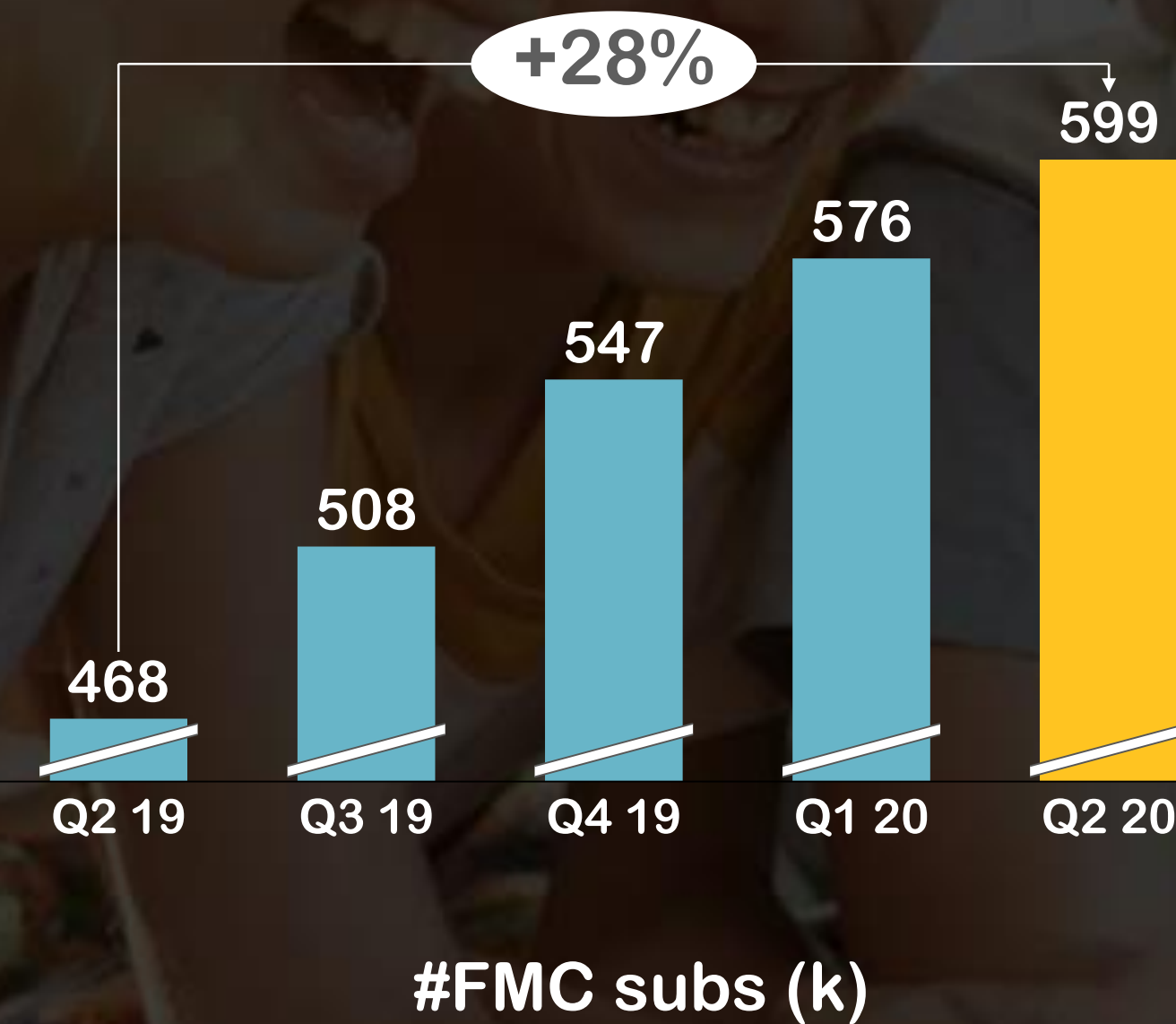
<sup>2</sup> Source: Internal company data



# POSITIVE COMMERCIAL MOMENTUM ACCELERATED IN Q2, LEADING TO ROBUST KPIs

- FMC subscriber base +28% yoy
- Mobile attach rate reached 40% in Q2 20, +3pp vs Q2 19
- Best quarterly broadband net adds since Q4 2015: +9,500. For H1 20 +17.6k
- Annualized broadband churn at lowest level since Q2 2015 at 6.4%
- Digital TV subscriber base broadly stable yoy

Further growing quad-play FMC subscriber base to 599k, +28% YoY<sup>1</sup>



Annualized broadband churn (%) at lowest level since Q2 2015

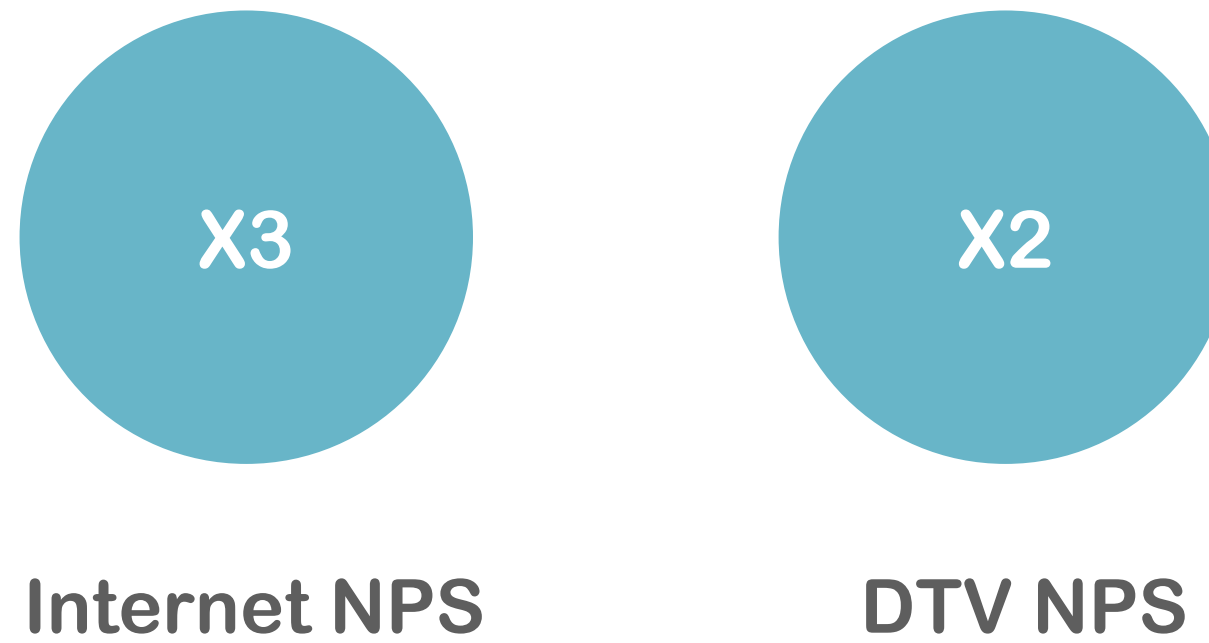




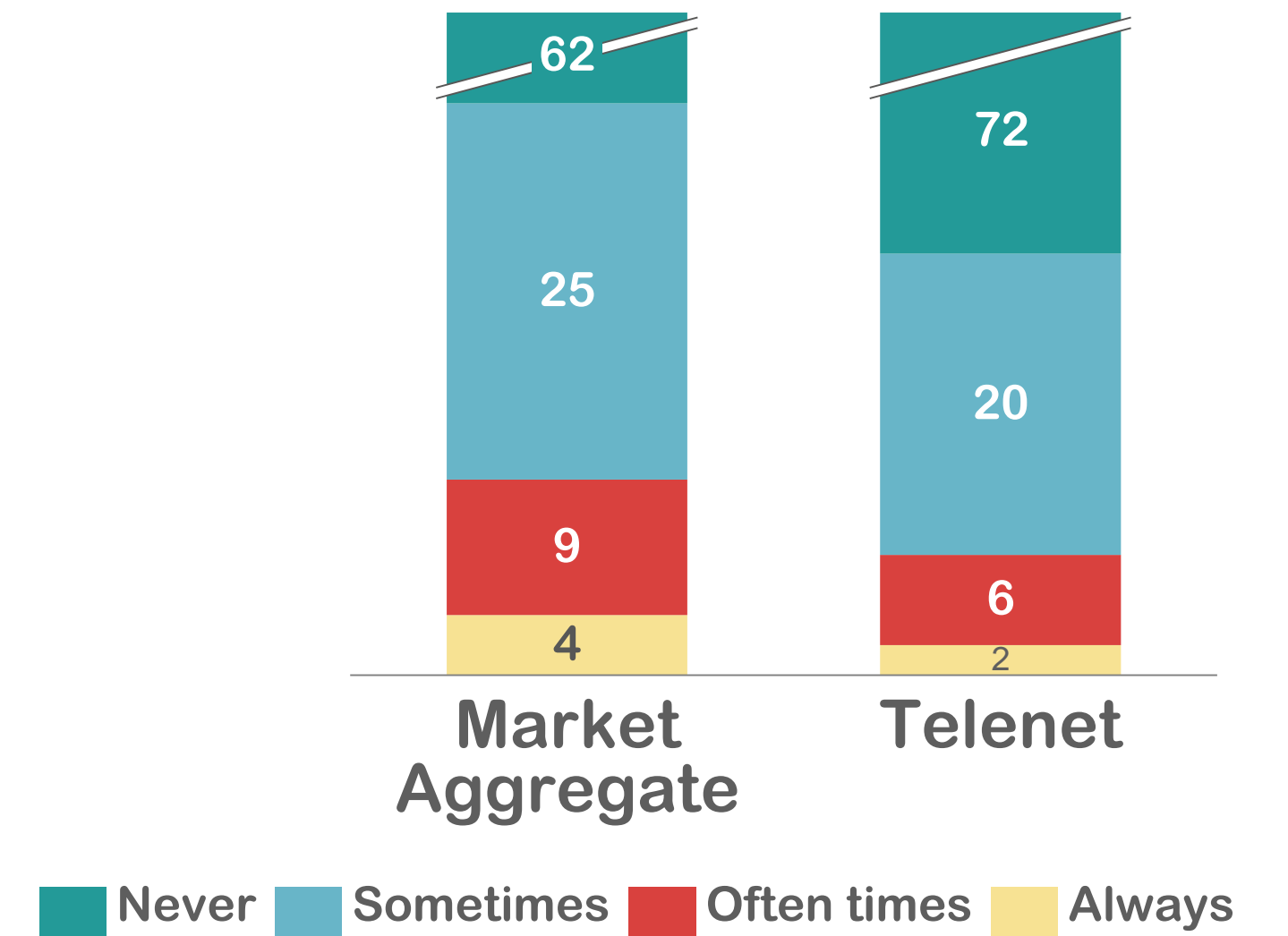
# DRIVEN BY HIGHLY SATISFIED CUSTOMERS OPTING FOR TOP NETWORK QUALITY, WITH COVID-19 AS CATALYST

<sup>1</sup> Net Promotor Score. Source: Internal company data  
<sup>2</sup> Source: BCG Telco survey, N = 1000, May – June 2020  
<sup>3</sup> Source: Ipsos survey, May 2020

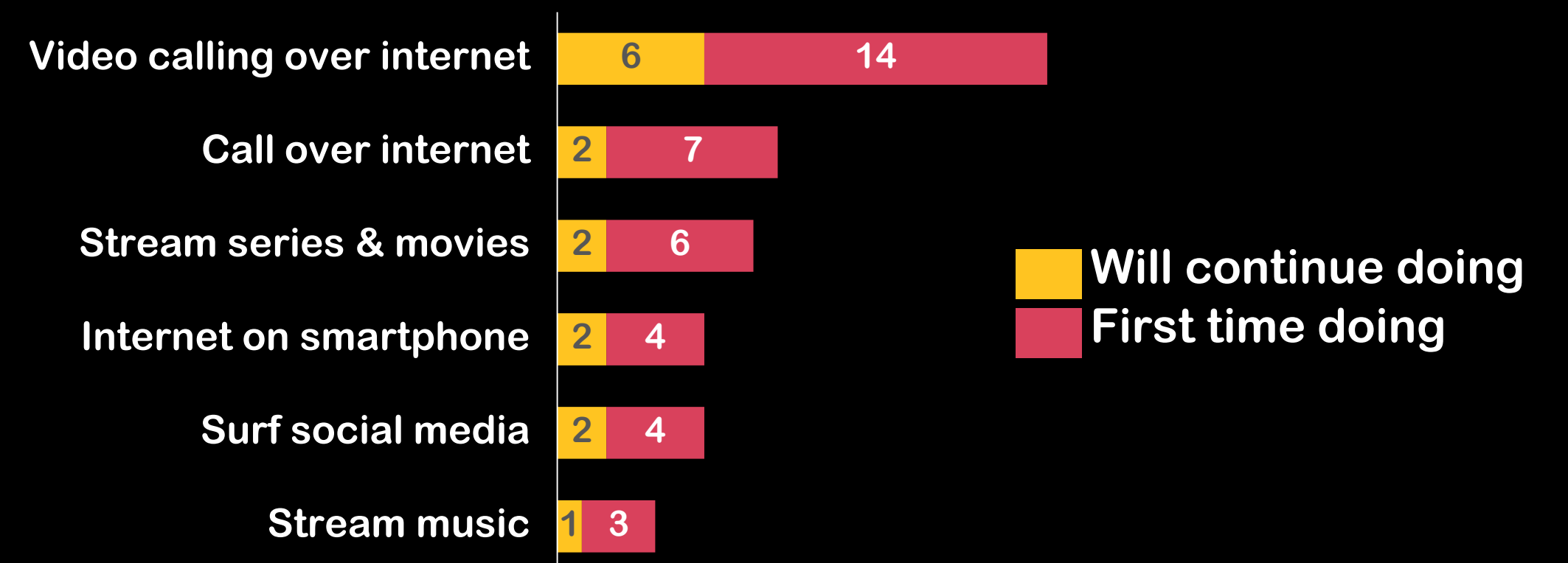
Product NPS evolution  
Q2 20 vs Q2 19<sup>1</sup>



How frequent did you feel your broadband connection to be disrupted? (%)<sup>2</sup>



Uptake video calling will continue after crisis, increasing need for mobile data<sup>3</sup>





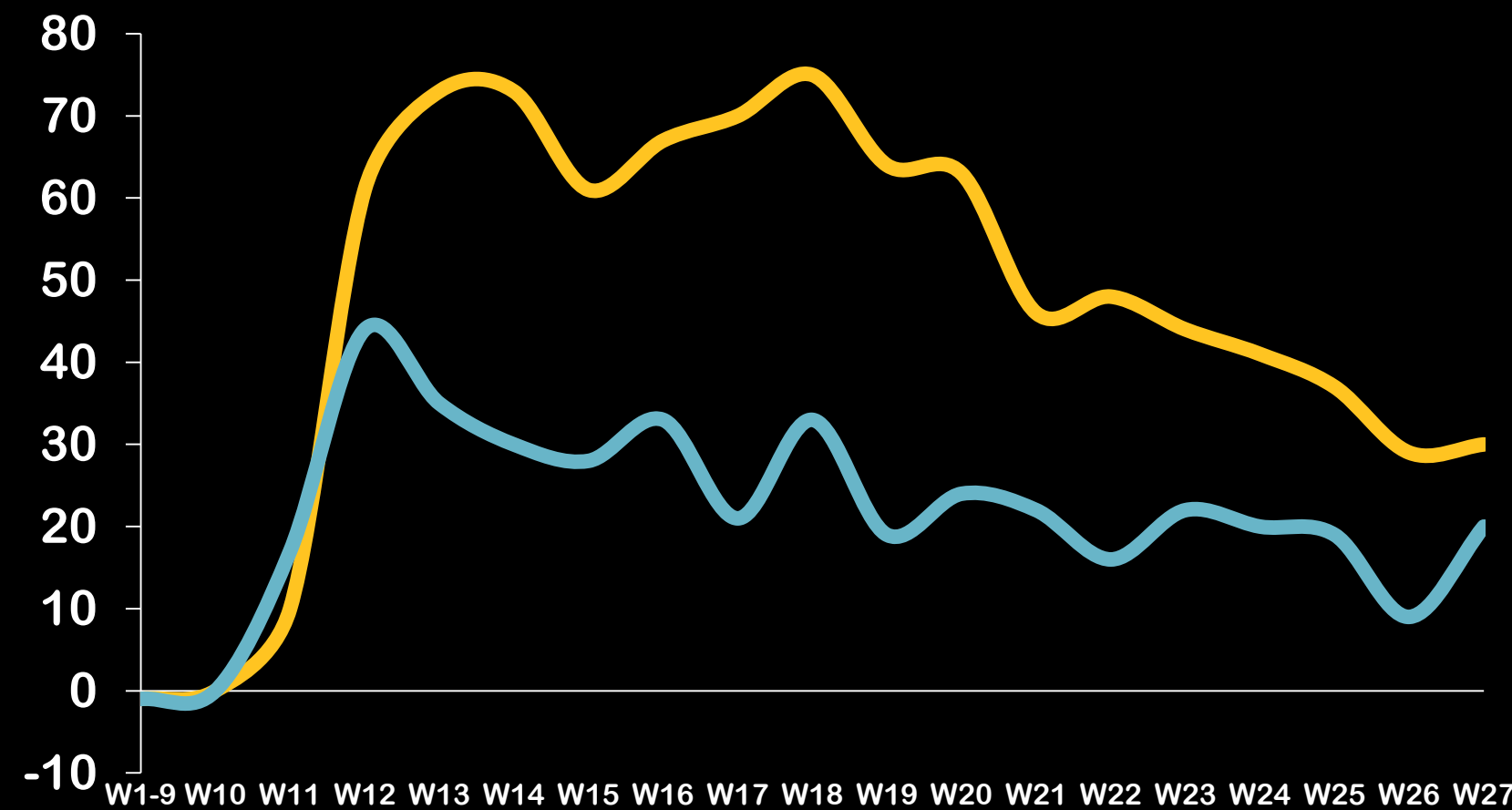
# UNDERPINNED BY CONTINUED INVESTMENTS IN OUR FIXED AND MOBILE INFRASTRUCTURE

Network fully resilient despite significant increase of fixed data traffic

Our GIGA network enables the highest weighted download speed per broadband customer in the market<sup>1</sup>

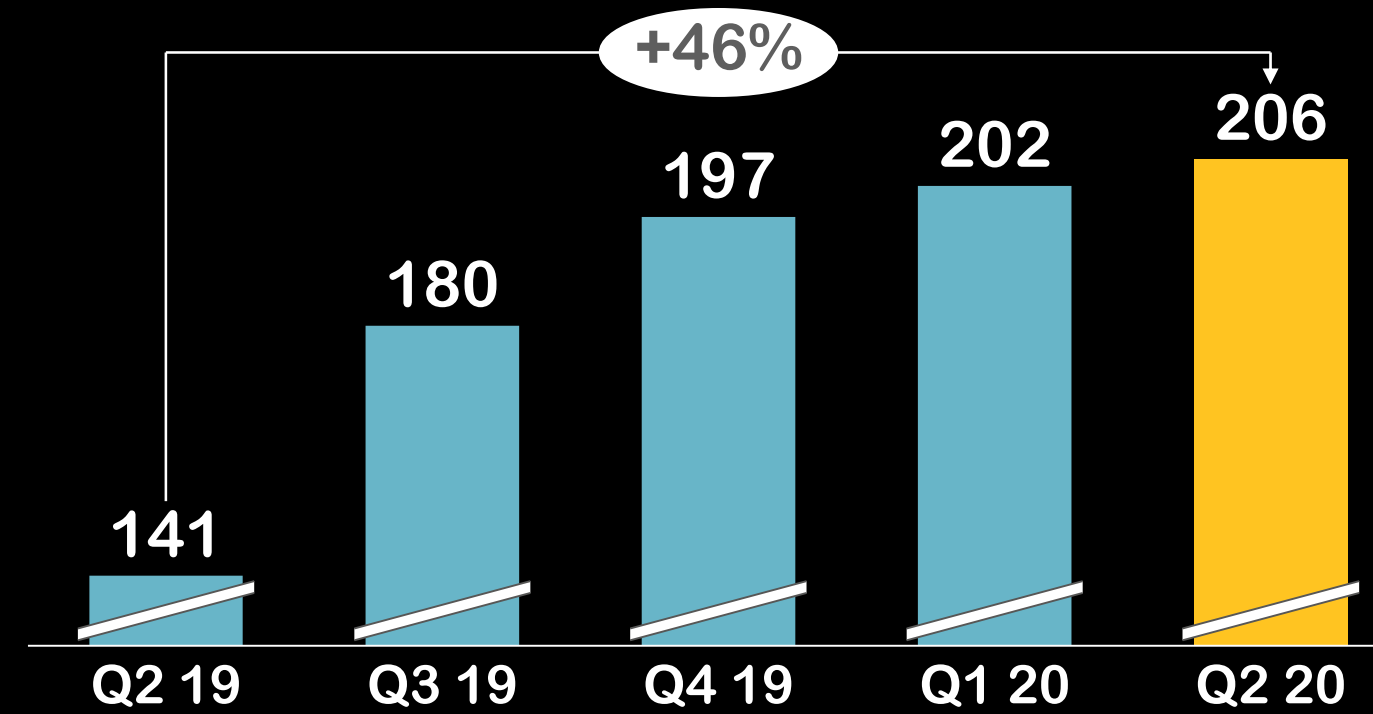
38% of our broadband customer base have a WiFi booster at home

Fixed up/down stream weekly volume growth %<sup>1</sup>

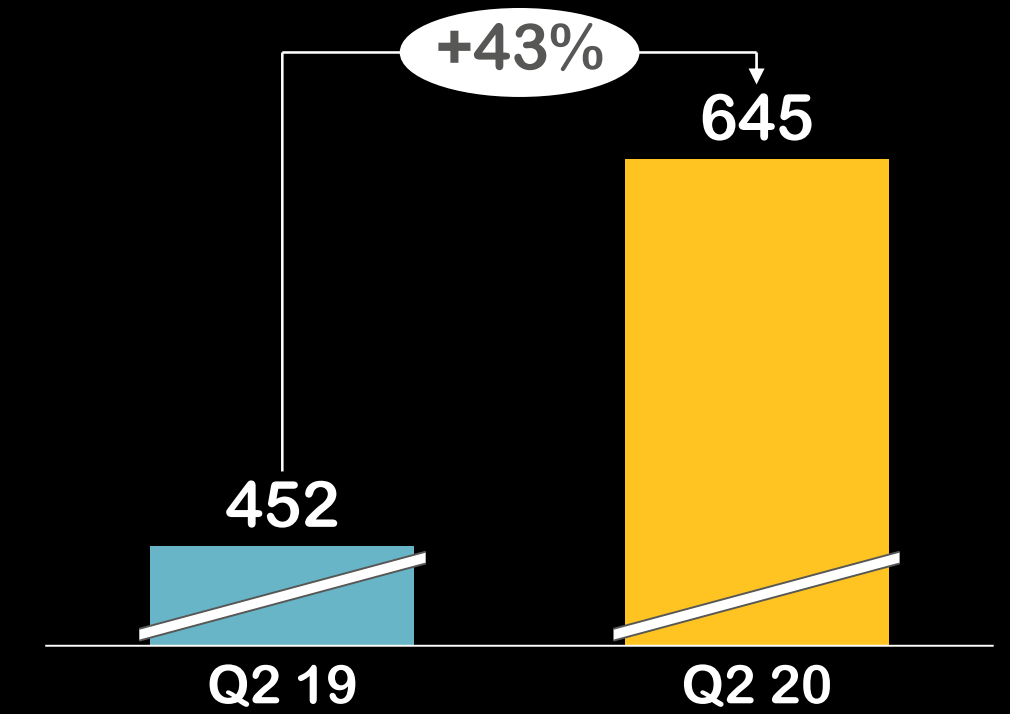


Upstream Downstream

Average weighted download speed per broadband subscriber<sup>1</sup>



# WiFi booster distributed (k)

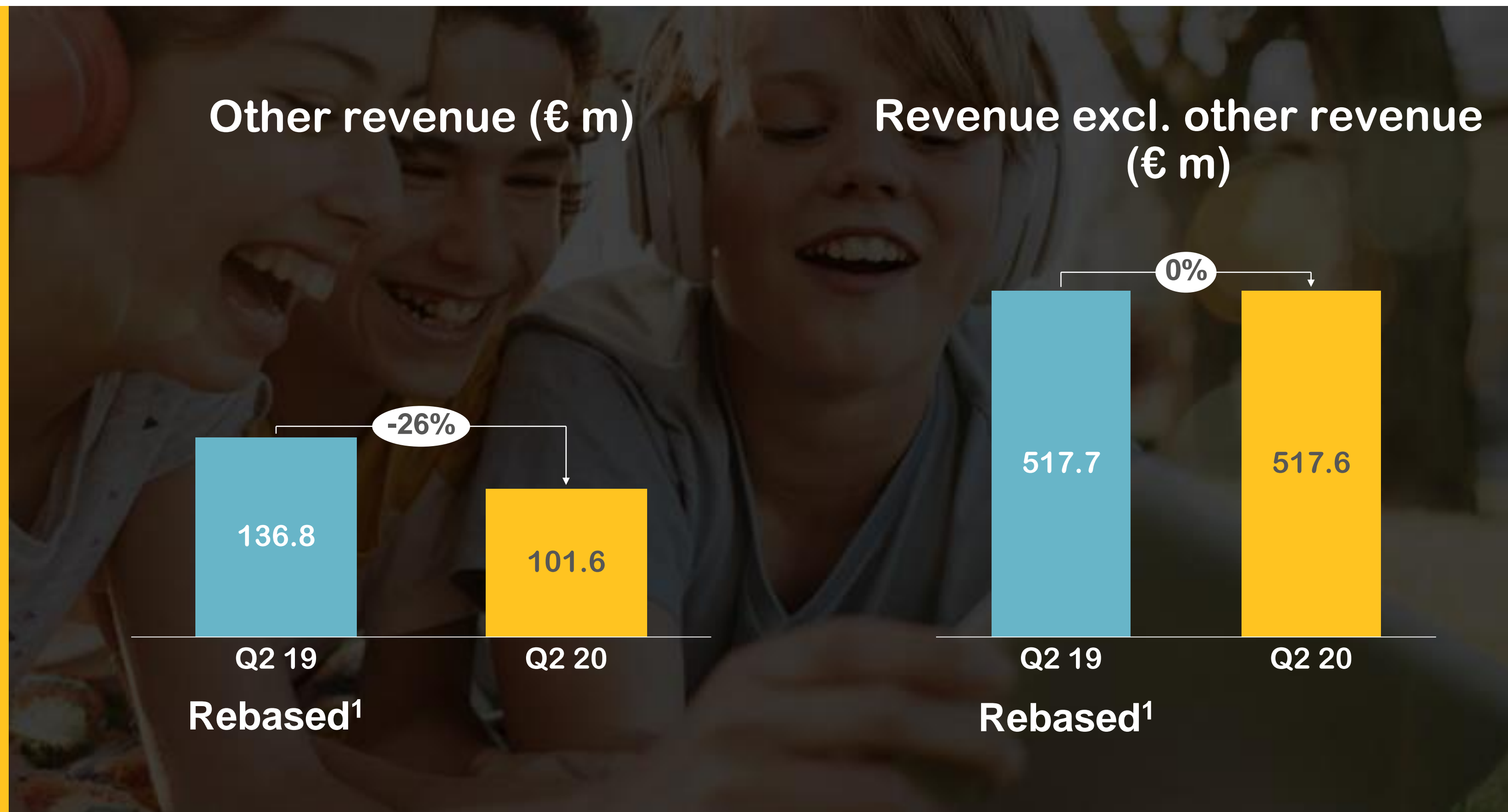


<sup>1</sup> Source: Internal company data



# EXCLUDING OTHER REVENUES, UNDERLYING BUSINESS REMAINS RESILIENT WITH STABLE YOY EVOLUTION

- Slowdown on our De Vijver Media TV advertising & production revenues in Q2 2020: -39% yoy
- Decrease of interconnect revenues: -30% yoy, steep decrease of SMS volumes
- Lower CPE sales: shop closure till mid-May, -31% yoy
- Play Sports customer base decline: -20.5k subs vs Q1 20
- Roaming impact



<sup>1</sup> See section Definitions for further details, p.25





# INITIATING DISCUSSIONS WITH FLUVIUS ABOUT THE DATA NETWORK OF THE FUTURE



fluvius.

- Telenet has been chosen by the board of Fluvius System Operator following a prior market survey
- Telenet and Fluvius have a longstanding partnership, covering approximately 1/3<sup>rd</sup> of homes passed in Flanders
- Fluvius aims to realize an open data network across the whole of Flanders with Telenet already operating a highly performing GIGA network across its entire footprint in Flanders and Brussels
- An ambitious FTTH project could be a logical next step to build a next-gen network, guaranteeing Flanders a leading position for the future



# CONTINUOUS INNOVATION, A CORE PART OF OUR DNA

## Fixed wireless access

- Excellent customer satisfaction
- Subscriber growing steadily

## Enriched VR entertainment

- “De Mol” VR game
- Stake in game development company “Triangle Factory”

## 5G

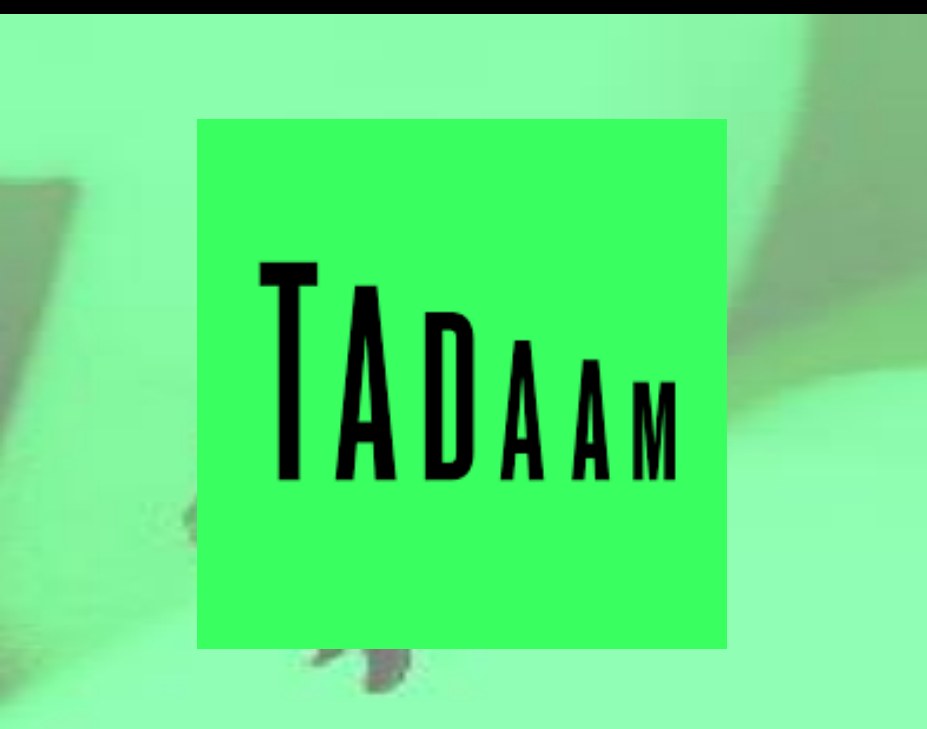
- Preparing first B2C & B2B use cases
- Holding temporary user rights of 40 MHz

## Cybersecurity

- Joining forces to offer a fully-integrated cybersecurity service

## Digital home services

- Telenet SafeSpot
- Smart Home application “Slimme Entrée”





**WE  
RECONFIRM  
BOTH OUR  
FY 2020  
OUTLOOK,  
AND 2018-  
2021 OFCF  
GUIDANCE**

Targeting sustainable profitable growth of 6.5 – 8.0%  
Operating Free Cash Flow (“OCF”) CAGR 2018 -  
2021<sup>1</sup>

FY 2020 revenue around -2% yoy rebased<sup>1</sup>  
Excluding other revenue broadly stable yoy rebased<sup>1</sup>

FY 2020 Adjusted EBITDA around -1% yoy rebased<sup>1</sup>

FY 2020 OFCF growth between 1% - 2% yoy rebased<sup>1</sup>

FY 2020 Adjusted Free Cash Flow at lower end of  
€415.0 - €435.0 million<sup>1</sup>

<sup>1</sup> See p. 23 for further details and definitions



# 2

## FINANCIAL HIGHLIGHTS

Erik Van den Enden, Chief Financial Officer



# OPERATIONAL MOMENTUM SUSTAINED DESPITE COVID- 19 PANDEMIC AND EXCLUSION OF CERTAIN NON-PAYING SUBSCRIBERS

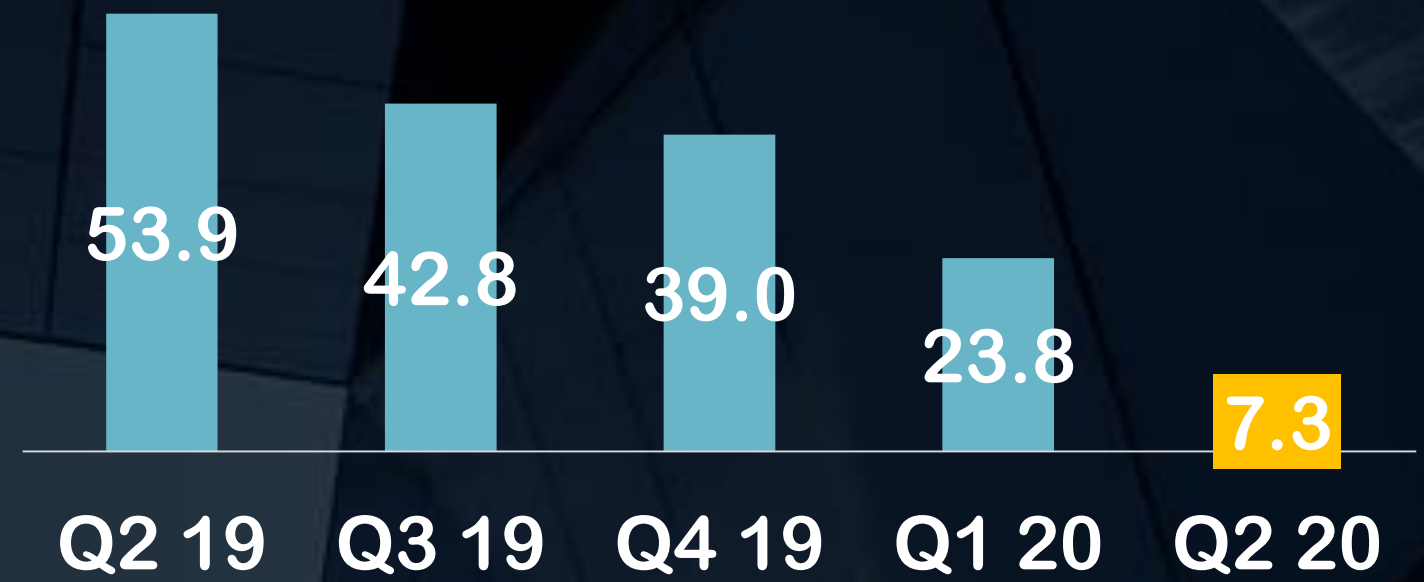
<sup>1</sup> Our Q2 2020 quarter-end subscriber numbers included the removal of certain non-paying subscribers in line with our accounting policy, even though we couldn't disconnect such subscribers before July 1, 2020 following specific COVID-19 related regulation imposed by the national telecoms regulator BIPT.

<sup>2</sup> Our June 30, 2020 subscriber numbers excluded our former SFR-Coditel customers due to the merger into the Luxembourg cable operator Eltrona.

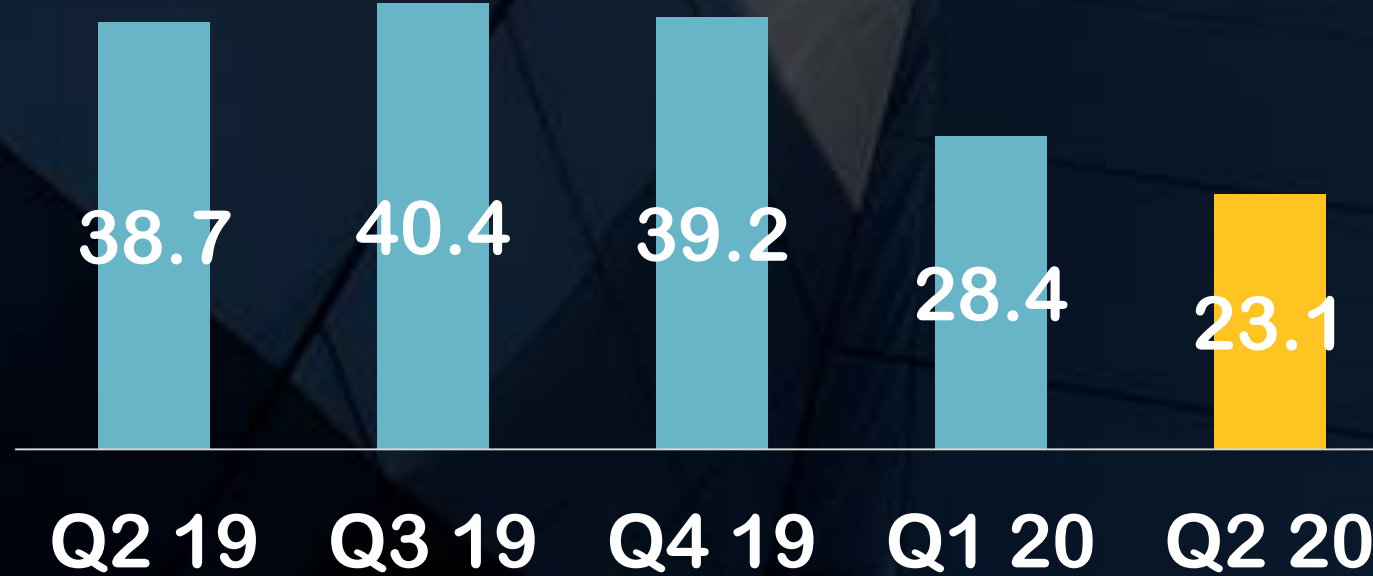
### Broadband net adds (k)<sup>1,2</sup>



### Mobile postpaid net adds (k)<sup>1 13</sup>



### FMC net adds (k)<sup>1</sup>



### Enhanced TV net adds (k)<sup>1,2</sup>



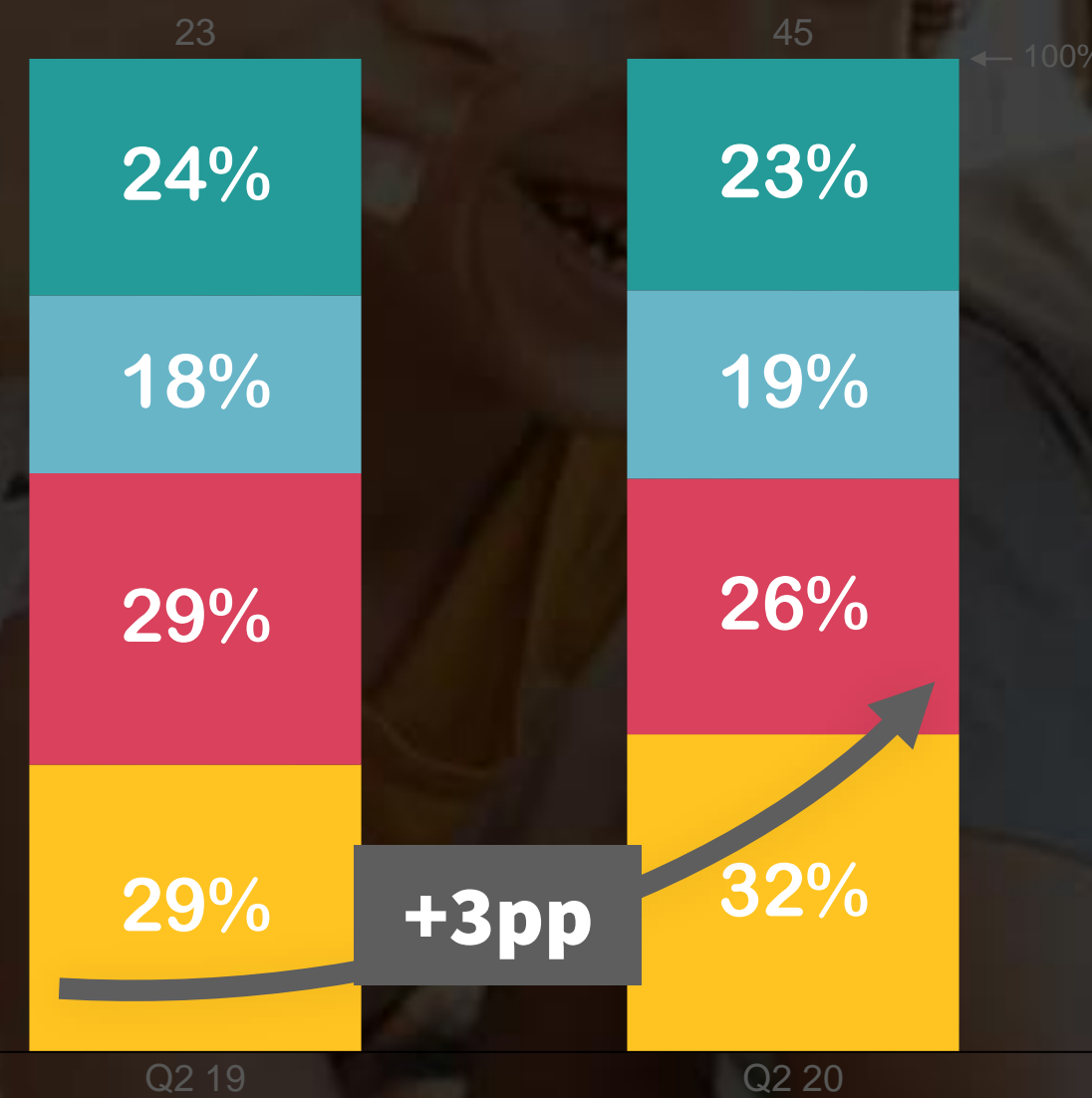
- Continued FMC growth resulting in net inflow of 23,100 subscribers in Q2 2020
- Second quarter with positive organic broadband net adds of 9,500 in Q2 2020, best quarterly performance since Q4 2015
- Further growing mobile postpaid subscriber base with 7,300 net adds, primarily driven by FMC cross –and upsell



# ...WHILE ACHIEVING SUSTAINED ARPU GROWTH

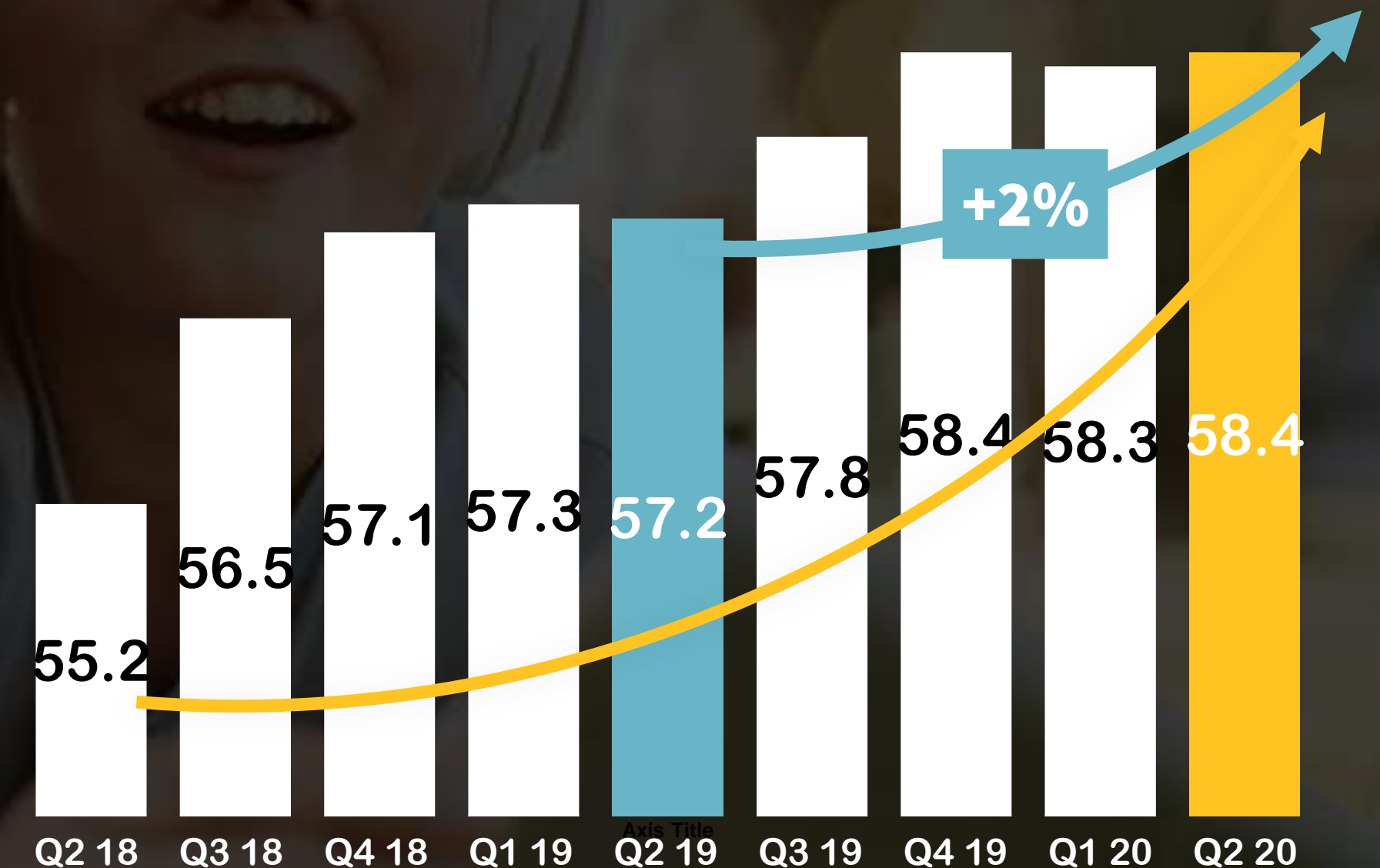
- Growth in the ARPU per customer relationship underpinned by:
  - (i) a higher proportion of multiple-play subscribers in our overall customer mix
  - (ii) a larger share of higher-tier broadband subscribers
  - (iii) the benefit from certain price adjustments,
- ...which was partly offset by
  - (i) a higher proportion of bundle discounts
  - (ii) lower out-of-bundle usage-related revenue
  - (iii) the effect of the changed allocation of bundle-related subscription revenue

### % Quad-play subscribers



■ Single-play ■ Triple-Play  
■ Dual-play ■ Quadruple-Play

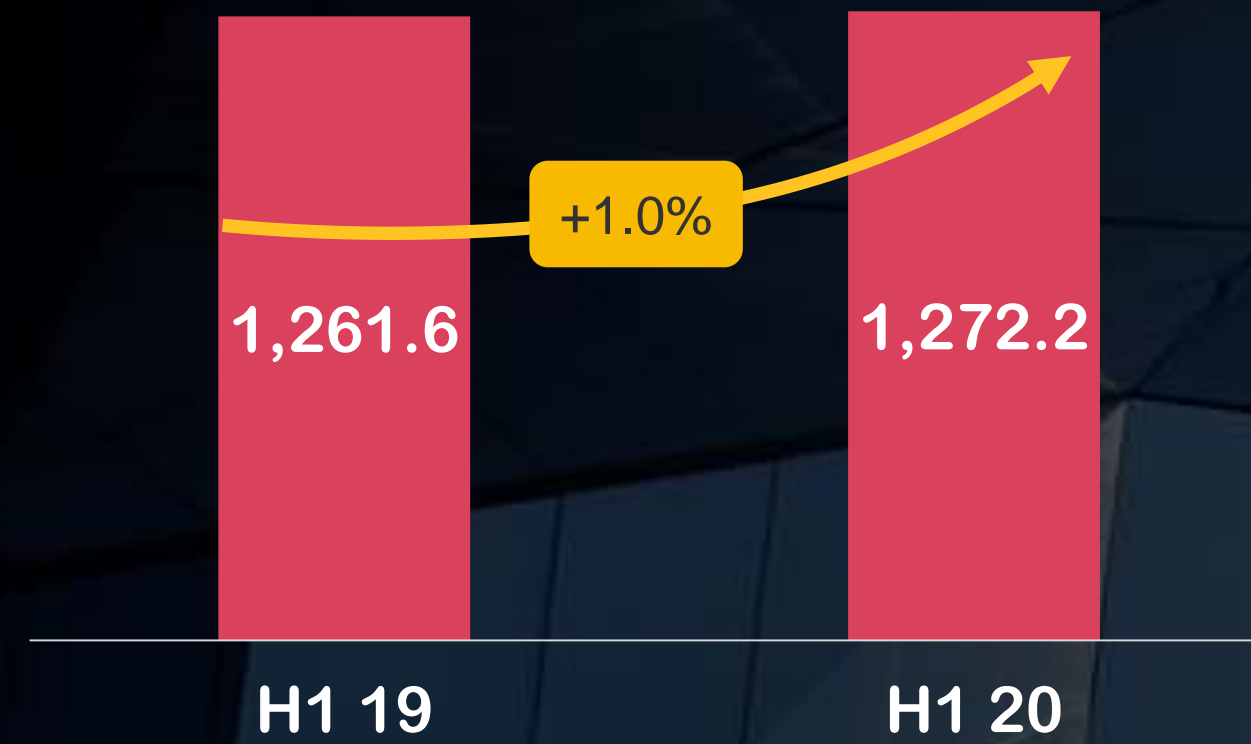
### Quarterly customer relationship ARPU (€)



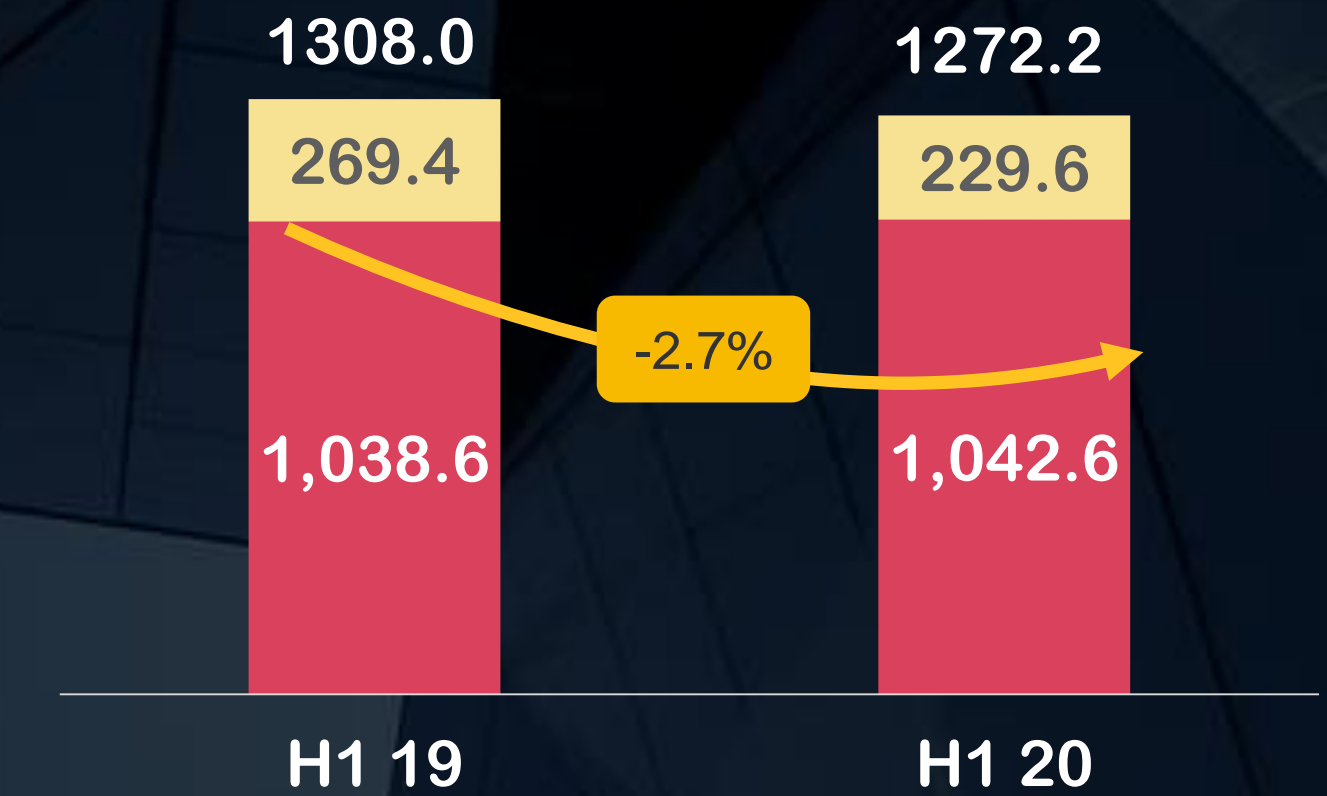


# Q2 2020 REVENUE OF €619.2 MILLION EXCLUDING OTHER REVENUE STABLE EVOLUTION YOY

Reported (€m)



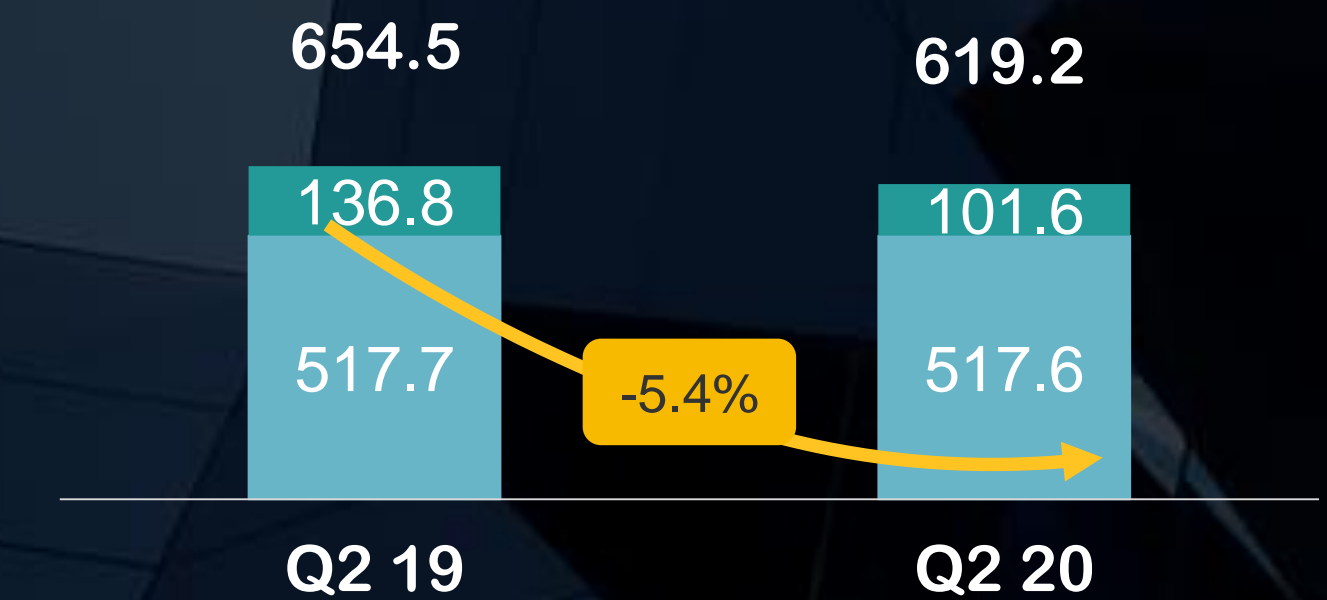
Rebased (€m)



Reported (€m)



Rebased (€m)



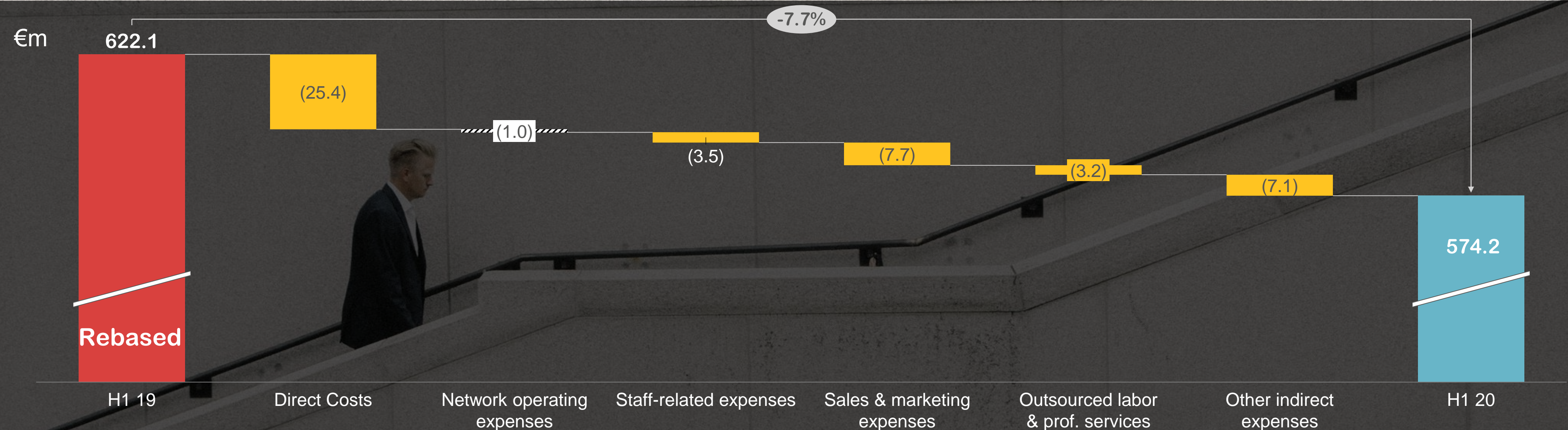
■ Other revenues  
■ Total Revenues excl. Other Revenues

- H1 and Q2 2020 rebased revenue decreased nearly 3% and just over 5% yoy, mainly because of COVID-19 impacting our other revenue, which includes amongst other TV advertising, handset sales and interconnect revenue
- Excluding other revenue, our rebased revenue for both H1 and Q2 2020 was broadly stable compared to the prior year periods

<sup>1</sup> See Definitions in Appendix for additional disclosure



# SUCCESSFULLY MANAGED TO OFFSET REVENUE IMPACT WITH TIGHT COST CONTROL



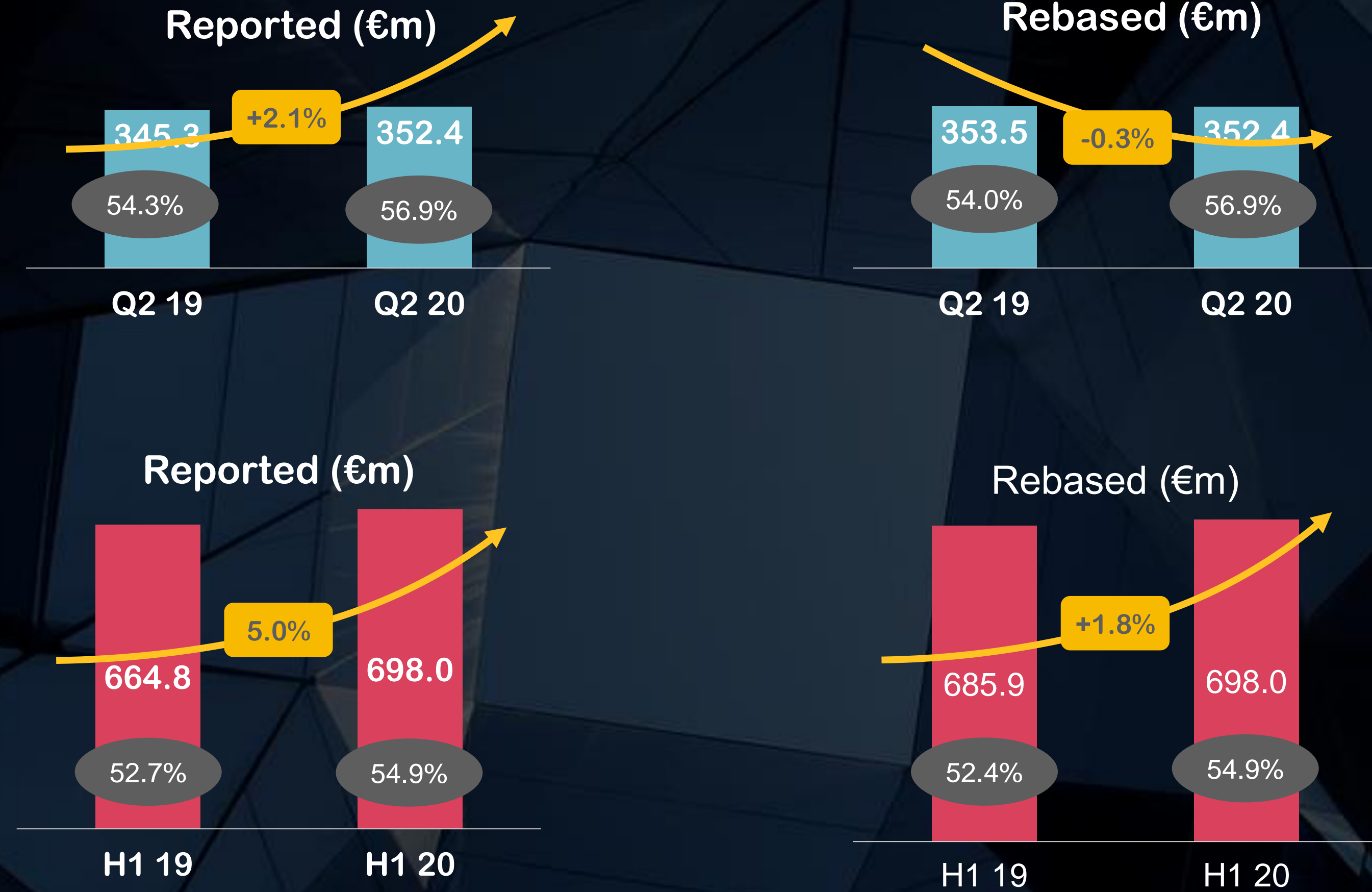
- 10% (€25.4m) rebased decline in direct costs due to lower interconnect expenses and lower costs related to handset purchases during the COVID-19 pandemic
- 16% (€7.7m) rebased decline in sales & marketing expenses, driven by phasing in some of our campaigns and generally less marketing campaigns during the COVID-19 pandemic
- Other indirect costs declined 14% (€7.1m) on a rebased basis, driven by lower facility-related costs and tight cost control

<sup>1</sup> See Definitions in Appendix for additional disclosure





# SOLID Q2 2020 ADJUSTED EBITDA OF €352.4 MILLION STABLE YOY REBASED<sup>1</sup>

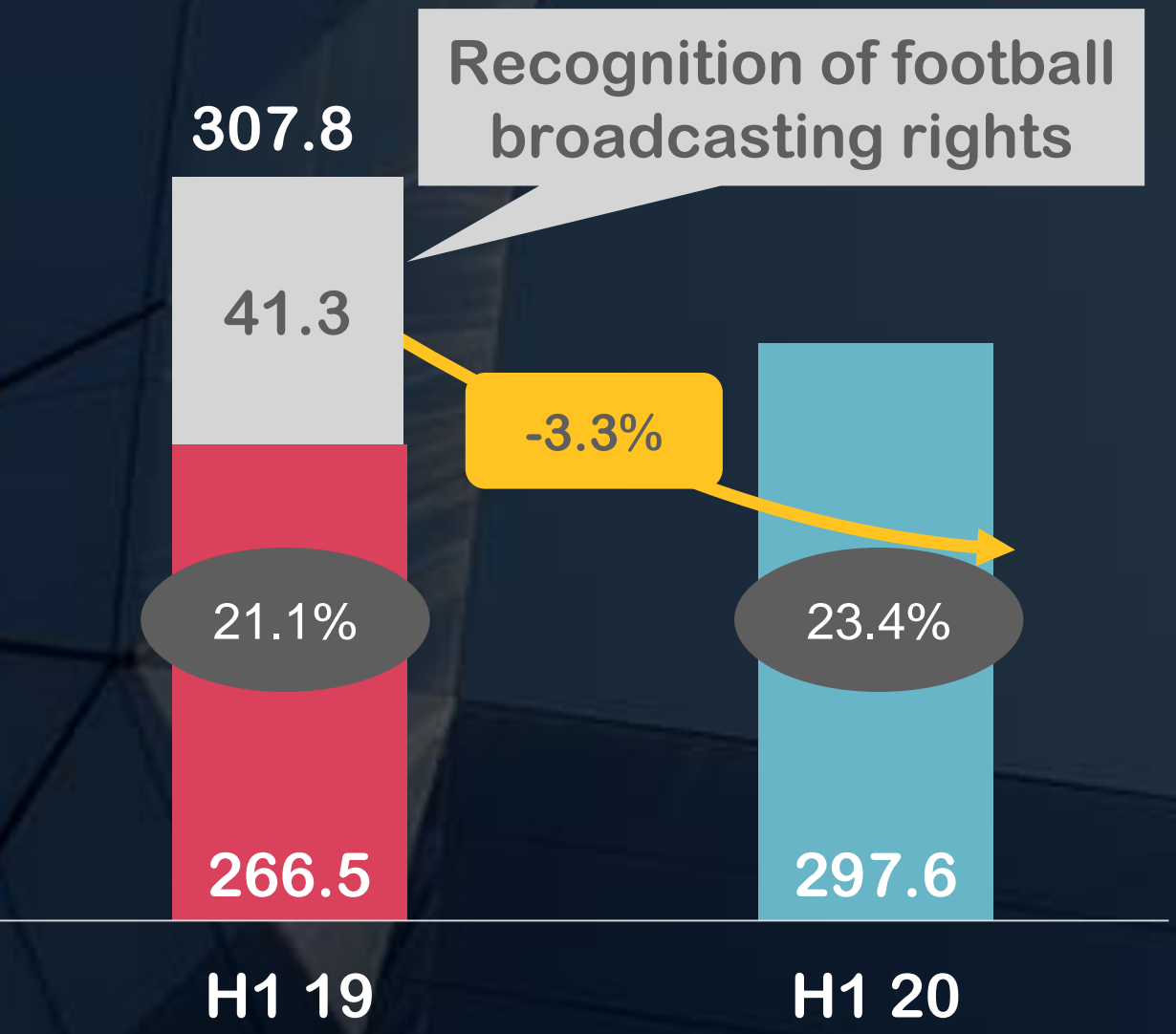
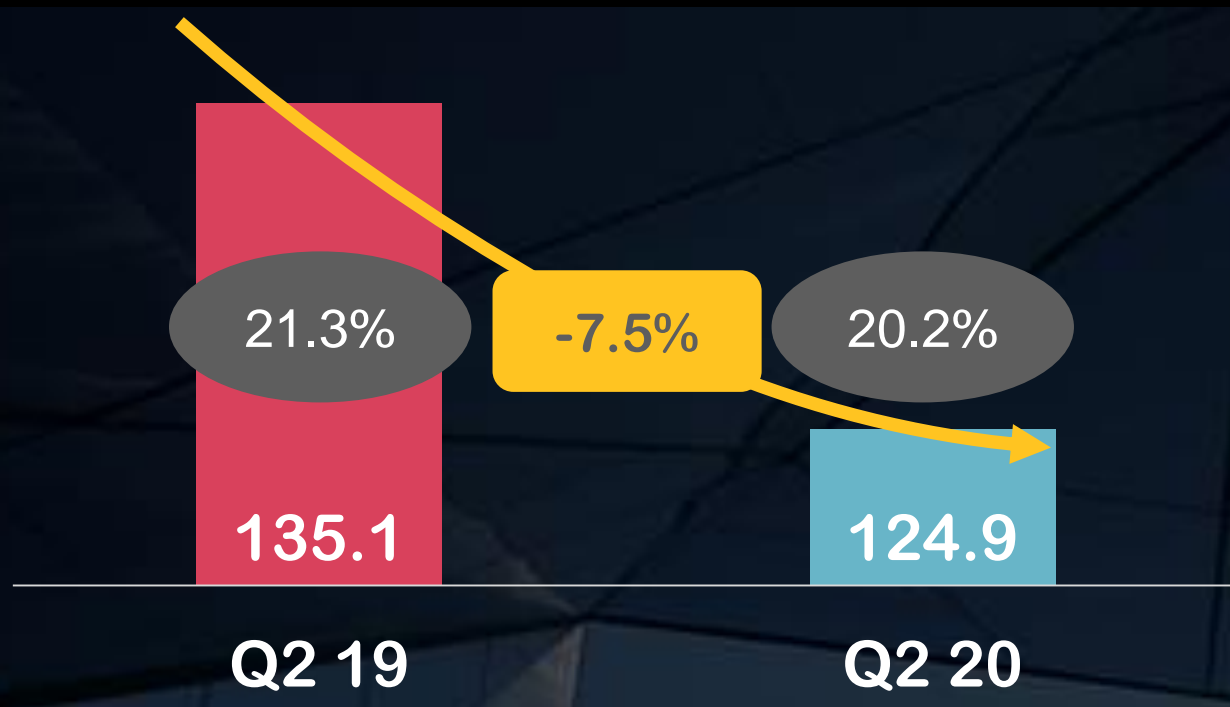


- Rebased H1 2020 Adjusted EBITDA up nearly 2% yoy driven by lower sales and marketing expenses and tight cost control
- Our H1 20 Adjusted EBITDA margin improved by 250 bps yoy on a rebased basis
- Rebased Q2 2020 Adjusted EBITDA broadly stable yoy against a 5% top line contraction, resulting in a 56.9% Adjusted EBITDA margin in the quarter

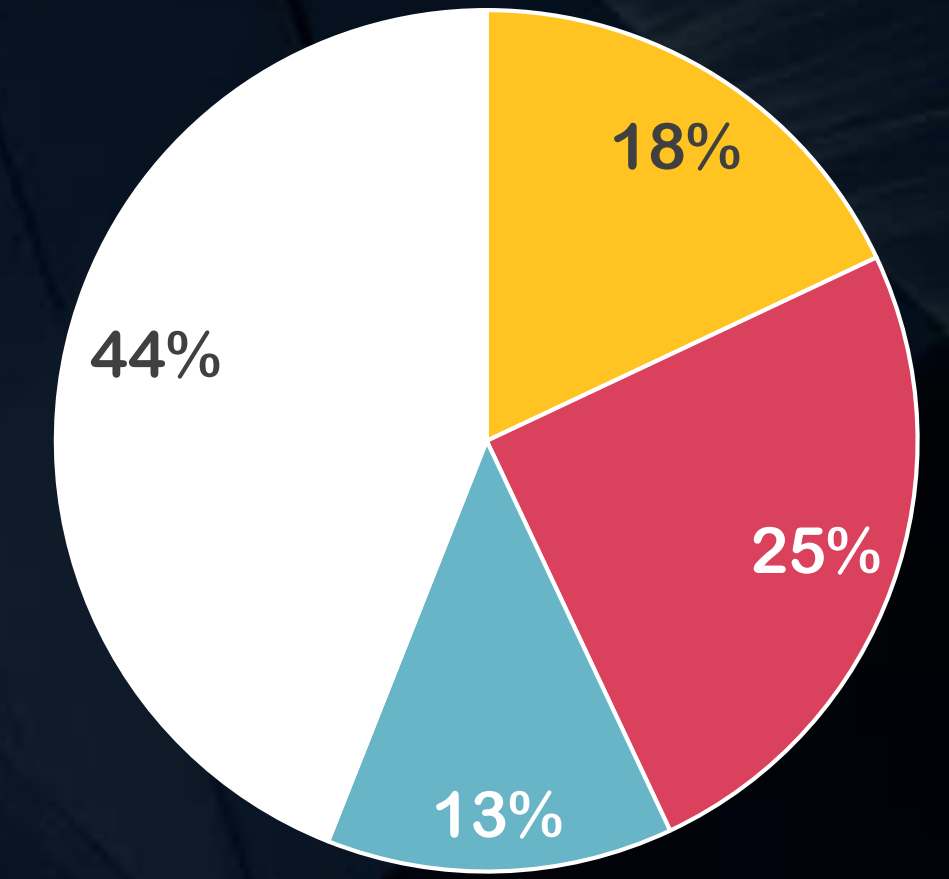
<sup>1</sup>See Definitions in Appendix for additional disclosure



# 8% YOY DECREASE IN Q2 2020 ACCRUED CAPITAL EXPENDITURES TO ~20% OF REVENUE



Accrued Capital Expenditures per segment H1 20 (€m)



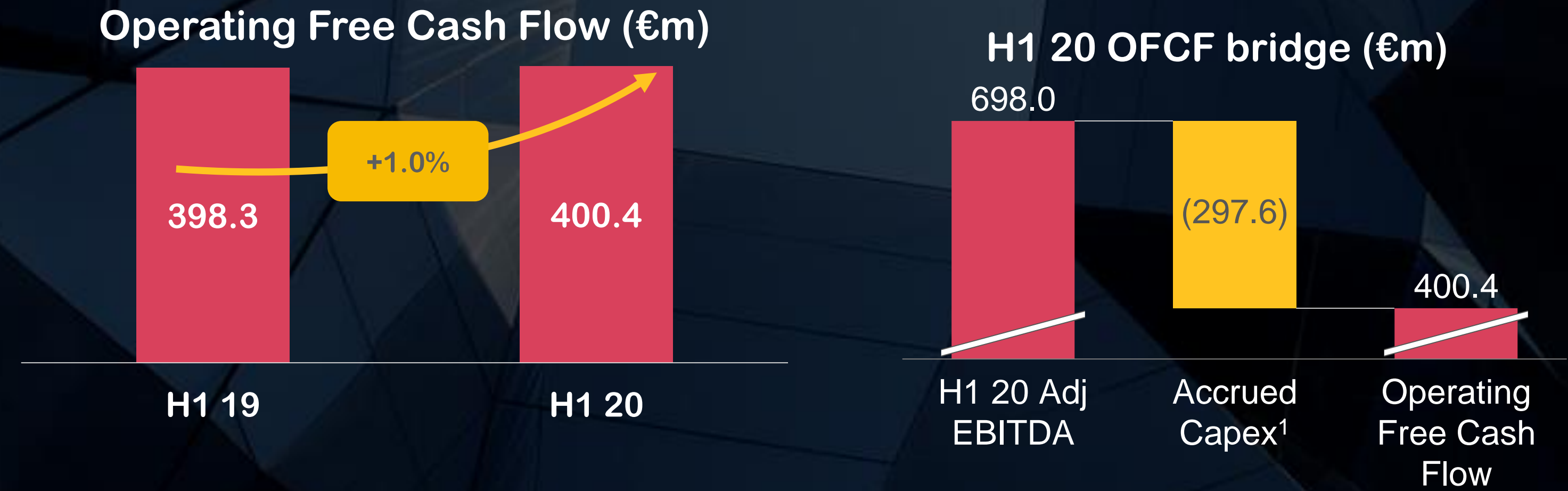
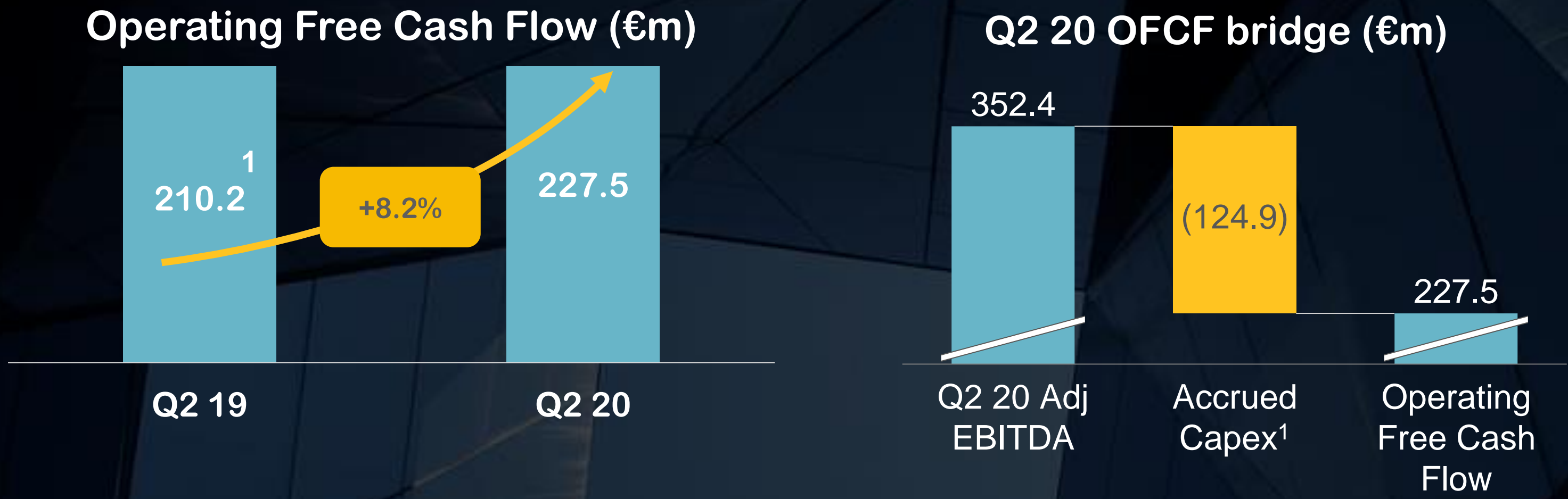
- Customer Premise Equipment
- Products & Services
- Network growth
- Maintenance & Other

- Accrued capital expenditures for H1 2020 were EUR 297.6 million, down 3% yoy
- Excluding the recognition of the UK Premier League football broadcasting rights in H1 2019, our accrued capital expenditures increased 12% yoy
- Accrued capital expenditures for Q2 2020 reached €124.9 million, down 8% yoy as all our investment buckets, except for products & services, trended lower including lower network-related investments and lower customer-related capital expenditures as a result of the COVID-19 pandemic



# ROBUST INCREASE OF Q2 2020 OPERATING FREE CASH FLOW TO €227.5 MILLION, +8.2% YOY

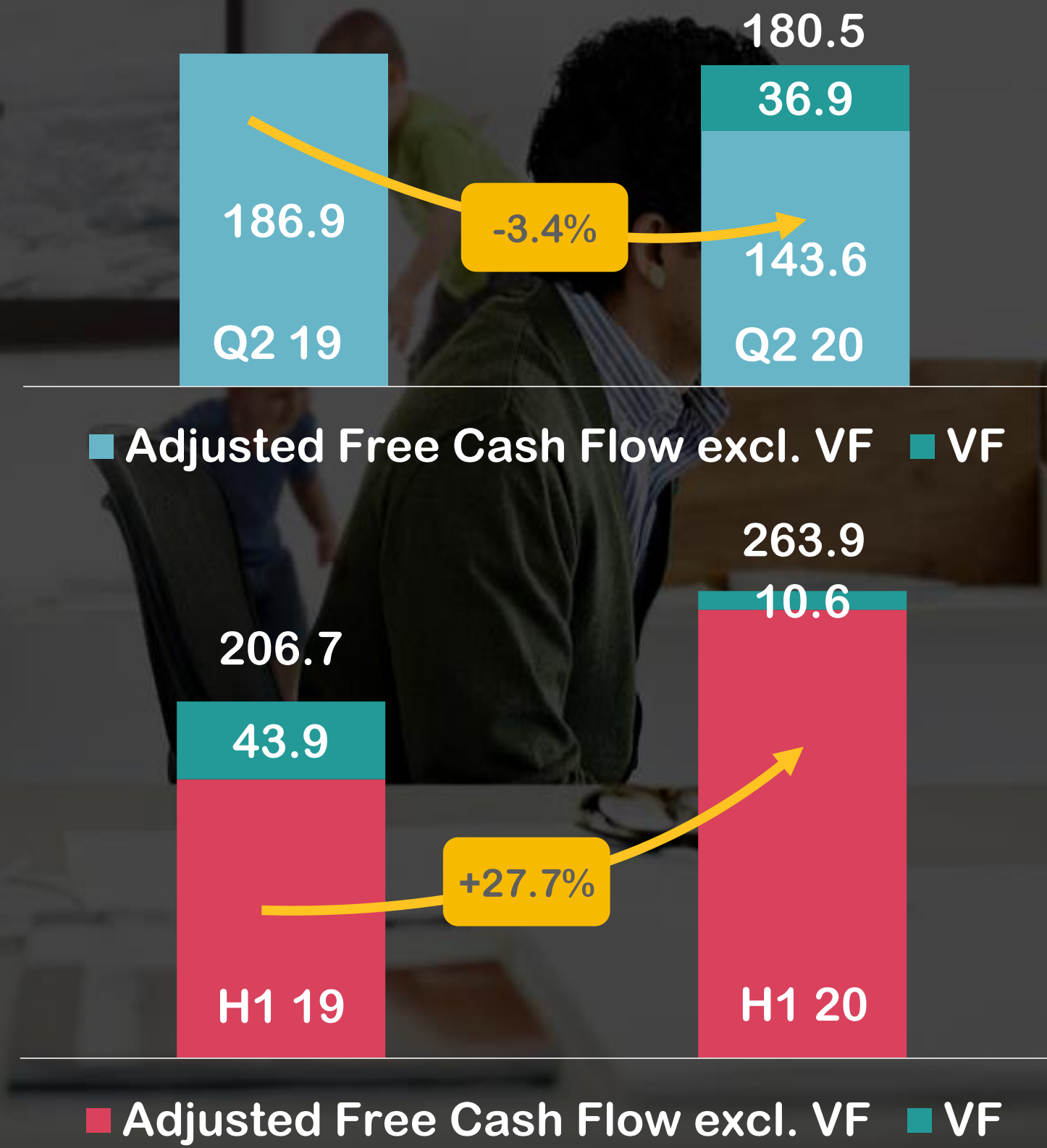
*1 Excluding the recognition of the UK Premier League football broadcasting rights*



- Operating Free Cash Flow increased slightly by 1% yoy in H1 2020 and was up 5% yoy on a rebased basis excluding the impact of IFRS 16
- In Q2 2020, we generated €227.5 million of Operating Free Cash Flow, representing a robust 8% increase yoy on the back of both lower accrued capital expenditures and higher Adjusted EBITDA

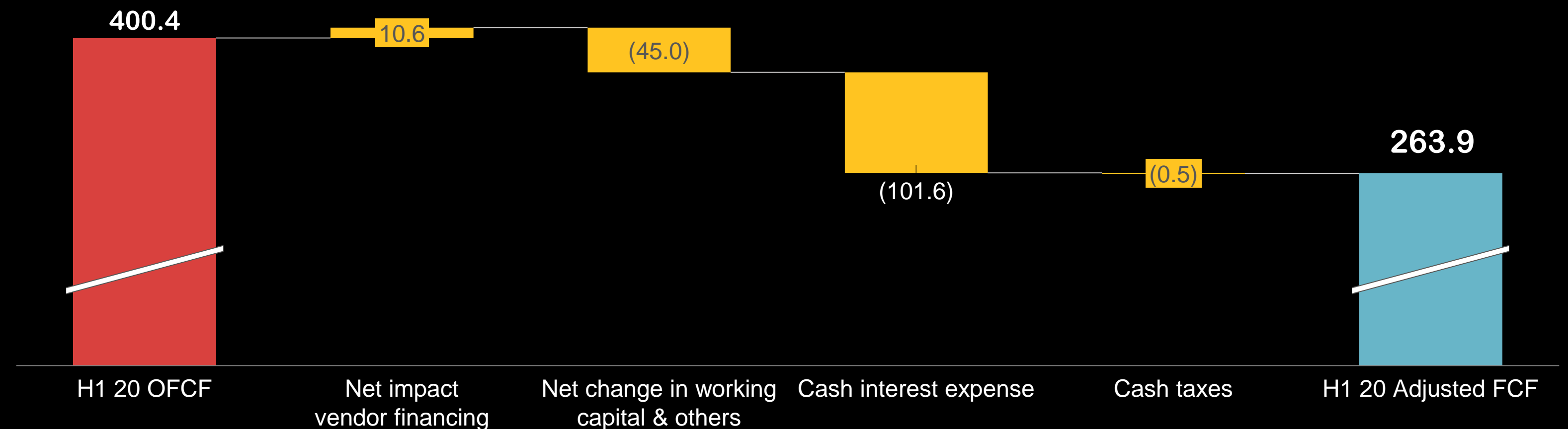


# Q2 2020 ADJUSTED FREE CASH FLOW OF €180.5 MILLION DOWN 3.4% YOY



- Our H1 2020 Adjusted Free Cash Flow increased 28% yoy due to the phasing in our cash tax payment towards Q3 2020 and higher Adjusted EBITDA
- Our H1 2020 Adjusted Free Cash Flow reflected a €33.3 million lower contribution from our vendor financing program
- Q2 2020 Adjusted Free Cash Flow of €180.5 million, including a €36.9 million higher contribution from our vendor financing program as compared to Q2 2019

## H1 20 Adjusted Free Cash Flow<sup>1</sup> conversion (in €m)



<sup>1</sup> See Definitions in Appendix for additional disclosure

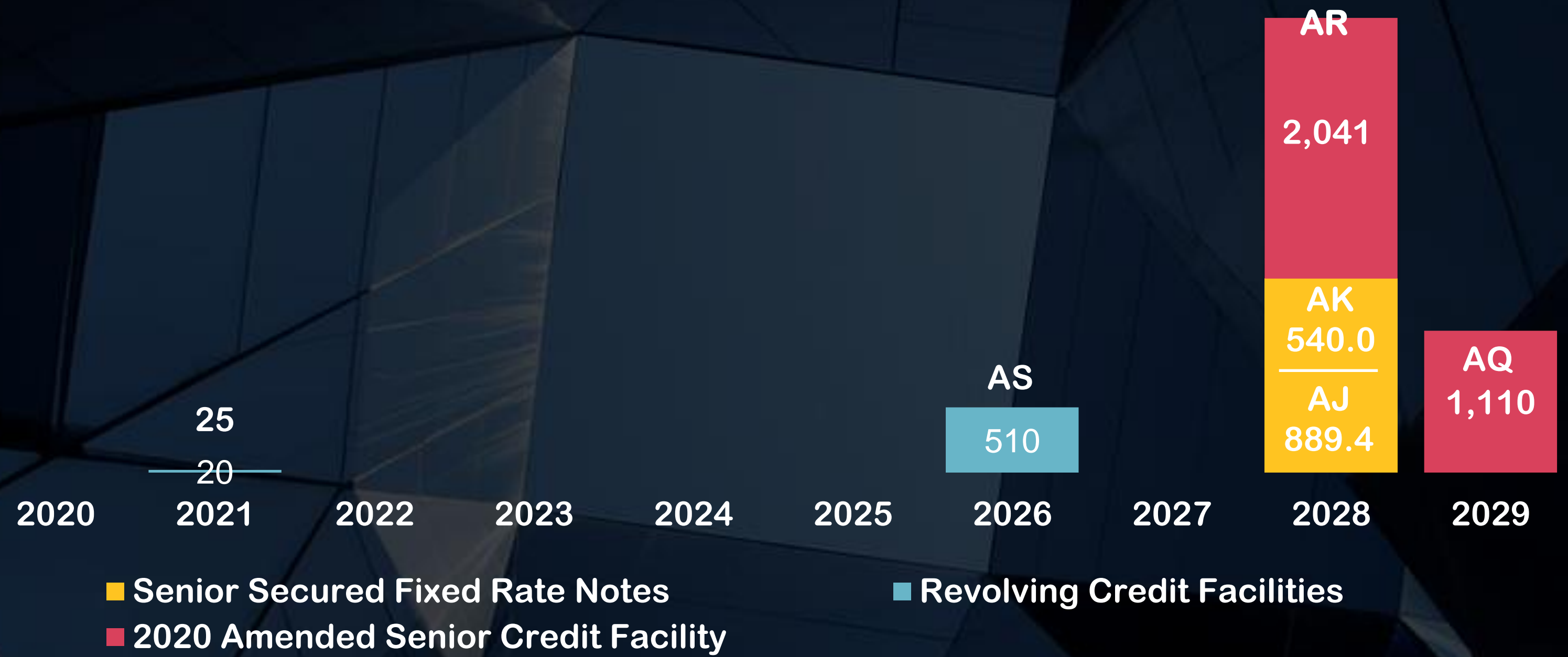


# IMPROVED DEBT MATURITY PROFILE ON BOTH COST AND TENOR

<sup>1</sup> Including derivatives. In the chart above, Telenet's USD-denominated debt has been converted into EUR using the June 30, 2020 EUR/USD exchange rate.

<sup>2</sup> In April 2020, we successfully issued a new 6.2-year €510.0 million revolving credit facility, replacing our current €460.0 million revolving credit facilities with certain availabilities up to June 2023. In addition, Telenet continues to have access to €555.0 million of additional liquidity under separate agreements with certain lenders, on top of the €74.1 million of cash and cash equivalents the Company held on June 30, 2020.

Debt maturity profile (€m)



8.0  
Years

Weighted average maturity

3.1%

Weighted average cost of debt<sup>1</sup>

€626m<sup>2</sup>

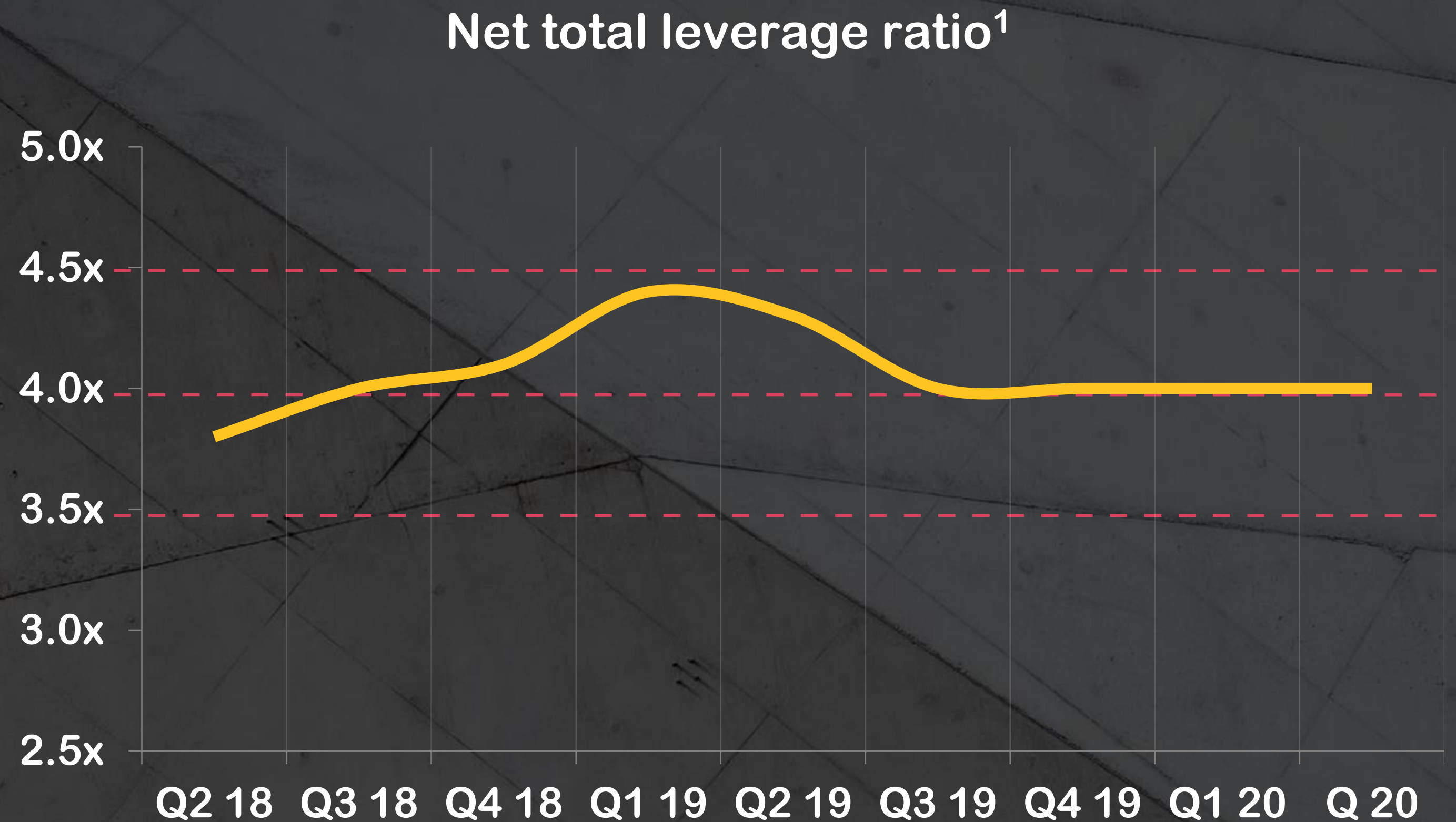
Untapped liquidity, incl. cash

100%

Swapped into fixed rates



**STABLE**  
**NET TOTAL  
 LEVERAGE<sup>1</sup> OF  
 4.0X AT Q2 2020  
 QUARTER-END**



- At June 30, 2020, our net total leverage was 4.0x, which was unchanged compared to March 31, 2020
- This reflected amongst others the gross final dividend payment of €1.3050 per share in May 2020 for an aggregate amount of €142.3 million
- We remain at the mid-point of our 3.5x to 4.5x net total leverage framework as confirmed during the December 2018 Capital Markets Day

<sup>1</sup> See Definitions in Appendix for additional disclosure



**WE RE-CONFIRM 2020 OUTLOOK, REVENUE EXCL. OTHER REVENUE TO REMAIN BROADLY STABLE**

OUTLOOK FY 2020	FY 2019 rebased <sup>(a)</sup>	As presented on Feb 12, 2020	As amended on April 30, 2020
Revenue (rebased) <sup>(b)</sup>	€2,626.0 million	Broadly stable	Around -2%
Revenue, excluding Other revenue (rebased) <sup>(b,c)</sup>	€2,089.4 million	-	Broadly stable
Adjusted EBITDA growth (rebased) <sup>(d)</sup>	€1,394.2 million	Around 1%	Around -1%
Operating Free Cash Flow growth (rebased) <sup>(d,e)</sup>	€838.0 million	Around 2%	1 - 2%
Adjusted Free Cash Flow <sup>(d, f)</sup>	-	€415.0 - 435.0 million	Lower end of the €415.0 - 435.0 million range

*(a) Including the pre-acquisition revenue and Adjusted EBITDA of De Vijver Media (fully consolidated since June 3, 2019) and excluding the revenue and Adjusted EBITDA of Coditel S.à r.l. (deconsolidated as of April 1, 2020). (b) Relative to both our reported revenue for the full year 2019 and our reported revenue excluding other revenue for the full year 2019, our revenue outlook for the full year 2020 would be broadly stable. (c) Other revenue includes (i) interconnect revenue from both our fixed-line and mobile telephony customers, (ii) advertising and production revenue from De Vijver Media NV, which we fully consolidated as of June 3, 2019, (iii) mobile handset sales, including the revenue earned under our "Choose Your Device" programs, (iv) wholesale revenue generated through both our commercial and regulated wholesale businesses, (v) product activation and installation fees and (vi) set-top box sales revenue as detailed under 2.1 Revenue. (d) Quantitative reconciliations to net profit (including net profit growth rates) and cash flows from operating activities for our Adjusted EBITDA, Operating Free Cash Flow and Adjusted Free Cash Flow guidance cannot be provided without unreasonable efforts as we do not forecast (i) certain non-cash charges including depreciation and amortization and impairment, restructuring and other operating items included in net profit, nor (ii) specific changes in working capital that impact cash flows from operating activities. The items we do not forecast may vary significantly from period to period. (e) Excluding the recognition of football broadcasting rights and mobile spectrum licenses and excluding the impact from IFRS 16 on our accrued capital expenditures. (f) Assuming certain payments are made on our current 2G and 3G mobile spectrum licenses in Q4 2020 and the tax payment on our 2019 tax return will not occur until early 2021.*



# 3

## Q&A





# IMPORTANT REPORTING CHANGES

- a. **Rebased growth:** For purposes of calculating rebased growth rates on a comparable basis for the three months ended June 30, 2020 and the six months ended June 30, 2020, we have adjusted our historical revenue and Adjusted EBITDA to (i) include the pre-acquisition revenue and Adjusted EBITDA of De Vijver Media (fully consolidated since June 3, 2019) in our rebased amounts and (ii) exclude the revenue and Adjusted EBITDA of our former Luxembourg cable subsidiary Coditel S.à r.l. (deconsolidated as of April 1, 2020) from our rebased amounts for the three months ended June 30, 2019 and the six months ended June 30, 2019 to the same extent that the revenue and Adjusted EBITDA of such entities was included in our results for the three months ended June 30, 2020 and the six months ended June 30, 2020. See Definitions for more disclosures. For more information regarding the variance between our reported and rebased financial results, we refer to the Appendix in this press release.
- b. **Allocation of bundle-related subscription revenue:** Following the recent revamp of our broadband internet standalone portfolio, a lower revenue share from our fixed and FMC bundles is allocated to broadband internet revenue as of January 1, 2020. This adversely impacts our broadband internet revenue, fully offset by a higher allocation to our video, fixed-line telephony and mobile telephony revenue. The aforementioned change also impacts the ARPU per customer relationship (as this excludes mobile telephony revenue), yet does not impact our total subscription revenue.
- c. **Restated statement of financial position December 31, 2019:** In the course of Q1 2020, Telenet further executed its accounting for the step acquisition of De Vijver Media concluded on June 3, 2019 (“purchase price allocation”), which resulted in the recognition of €4.6 million deferred tax liabilities through goodwill. The condensed consolidated statement of financial position as per December 31, 2019 has been restated accordingly.
- d. **Purchase price allocation for the Native Nation acquisition:** The Company's December 31, 2019 statement of financial position has been restated, reflecting the retrospective impact of the purchase price allocation (“PPA”) and accounting policies alignment for the Native Nation acquisition, which was not yet available at year-end 2019. The fair value adjustment on intangible assets (€6.8 million) mainly related to the acquired trade names (€2.7 million), customer relationships (€2.4 million) and technology (€1.7 million). Together with the deferred tax impact of the above mentioned adjustments (€1.7 million), goodwill was reduced by €5.1 million. The recognition of the fair value of the intangible assets did not result in any material additional amortization expense for the period between the acquisition date (October 18, 2019) and December 31, 2019, for which the consolidated statement of profit or loss and other comprehensive income for the twelve months ended December 31, 2019 needed to be restated.



# DEFINITIONS

- a. For purposes of calculating rebased growth rates on a comparable basis for the three months ended June 30, 2020 and the six months ended June 30, 2020, we have adjusted our historical revenue and Adjusted EBITDA to (i) include the pre-acquisition revenue and Adjusted EBITDA of De Vijver Media (fully consolidated since June 3, 2019) in our rebased amounts and (ii) exclude the revenue and Adjusted EBITDA of our former Luxembourg cable subsidiary Coditel S.à r.l. (deconsolidated as of April 1, 2020) from our rebased amounts for the three months ended June 30, 2019 and the six months ended June 30, 2019 to the same extent that the revenue and Adjusted EBITDA of such entities was included in or excluded from our results for the three months ended June 30, 2020 and the six months ended June 30, 2020. We have reflected the revenue and Adjusted EBITDA of these entities in our 2019 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. Rebased growth is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G and is an additional measure used by management to demonstrate the Company's underlying performance and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure. 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's performance, 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



# DEFINITIONS

- b.** 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 a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G and represents an additional measure used by management to demonstrate the Company's underlying performance and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.
- c.** 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.
- d.** Operating Free Cash Flow ("OFCF") is defined as Adjusted EBITDA minus accrued capital expenditures as reported in the Company's consolidated financial statements. Accrued capital expenditures exclude the recognition of football broadcasting rights and mobile spectrum licenses. Operating Free Cash Flow is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G and represents an additional measure used by management to demonstrate the Company's underlying performance and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.
- e.** 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 a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G and is an additional measure used by management to demonstrate the Company's ability to service debt and fund new investment opportunities and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.



# DEFINITIONS

- f.** 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.
- g.** 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.
- h.** Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over the Combined Network.
- i.** 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.
- j.** 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.
- k.** 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.



# DEFINITIONS

- l. 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.
- m. 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.
- n. 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.
- o. 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.
- p. 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.



# DEFINITIONS

- q. Net total leverage is defined as the sum of loans and borrowings under current and non-current 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 Adjusted EBITDA. In its statement of financial position, Telenet's USD-denominated debt has been converted into € using the June 30, 2020 EUR/USD exchange rate. As Telenet has entered into several derivative transactions to hedge both the underlying floating interest rate and exchange risks, the €-equivalent hedged amounts were €2,041.5 million (USD 2,295.0 million Term Loan AR) and €882.8 million (USD 1.0 billion Senior Secured Notes due 2028), respectively. For the calculation of its net leverage ratio, Telenet uses the €-equivalent hedged amounts given the underlying economic risk exposure. Net total leverage is a non-GAAP measure as contemplated by the U.S. Securities and Exchange Commission's Regulation G.