

Press release

Ziggo third quarter 2011 results

Successful campaigns drive accelerated growth
Continued double digit annual growth in B2B

Utrecht, 14 October 2011

- **Pre-summer campaigns resulted in high third quarter All-in-1 bundle uptake**
- **Successful launch and migration to the new TV proposition including more HD channels and standard interactive functionality**
- **Delivery of 149,000 iTV/PVR and HD boxes supports rapid growth in Digital TV customers**
- **Cooperation with the Dutch SME association (MKB) and targeted advertising campaigns raise Ziggo's profile in B2B market**

Operational Highlights Q3 2011

- Accelerated growth in number of customers with Digital TV (+130,000) resulting in a penetration of 70% of our customer base
- All-in-1 Bundle remains driver for strong RGU growth in third quarter adding 58,000 triple play customers to a total of 1.236 million (41% of customer base)
- Growth in All-in-1 bundles drives increased subscriptions to Fixed Telephony (+59,000)
- Highest quarterly growth in Broadband Internet subscribers (+39,000) since the company formed in 2007
- B2B revenue continues to grow strongly at 11% y-o-y with more than 2,800 new business bundles sold during the quarter

Financial Highlights Q3 2011

- Revenue of €375.6 million, up 9.7% vs. Q3 2010; up 6.9% excluding decoder sales
- Adjusted EBITDA of €210.0 million, up 5.5% versus Q3 2010
- Gross margin and EBITDA include increased investments in digitization of customer base through campaigns including the promotion of decoders
- Capex of €73.9, up 52.3% vs. Q3 2010 due to higher growth in new subscribers, higher investments in backbone capacity and the modem swap
- Free operating cash flow of €140.8 million, up 3.6% versus Q3 2010
- Net Debt to adjusted LTM EBITDA leverage ratio down to 3.98x at September 30, 2011 compared to 4.50x at December 31, 2010



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Free video footage of Ziggo
is available on
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Ziggo CEO Bernard Dijkhuizen:

"As anticipated, we experienced a very busy summer that started with successful marketing campaigns in June and July driving the addition of many new bundle customers. These campaigns have resulted in strong third quarter market share gains in triple play, internet, telephony and B2B. We also successfully introduced our new TV proposition early September and migrated more than 3 million TV customers to our new TV proposition. Last but not least, we have further invested in the growth of the capacity and quality of our network including the roll-out of our WiFi enabled Docsis 3.0 modems, which enable our customers to benefit from our High Speed Internet services today and in the future.

With the further improvement of our TV proposition and by offering the highest Internet speeds available in our market, we expect to continue our growth in triple play and our strong financial performance."

Outlook

Building on our achievements in the first nine months of 2011, we expect further revenue growth during the remainder of the year. Given the momentum we currently have in the market we will continue to invest in our marketing & sales efforts by offering attractive campaigns, including promotions for set-top boxes. We expect to show a modest increase in operating costs driven by the growth of our customer base and increased activities in customer service and support as we are focussed to improve service levels following the busy summer period in our customer services department.

Total Capex for 2011 is expected to be around €240 million. Longer term we expect Capex between 14% and 15% of revenue per annum, with 2012 and 2013 Capex approximately one percentage point higher (15-16%) due to the modem swap program.

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Financial Highlights (€ million) (unaudited)

(in € thousands)	Q3 2011	Q3 2010	Change %	Sep 2011 YTD	Sep 2010 YTD	Change %
Revenues	375.6	342.3	9.7%	1,100.2	1,019.0	8.0%
Cost of goods sold	79.0	62.5	26.3%	221.8	190.1	16.7%
Gross margin	296.7	279.8	6.0%	878.4	828.9	6.0%
	79.0%	81.7%		79.8%	81.3%	
Operating expenses	86.6	80.7	7.3%	256.2	241.2	6.2%
Adjusted EBITDA⁽¹⁾	210.1	199.0	5.5%	622.2	587.7	5.9%
Adjusted EBITDA as a % of revenue	55.9%	58.1%		56.6%	57.7%	
Integration costs	0.0	2.2	-100.0%	0.0	4.0	-100.0%
EBITDA^(2, 9)	210.1	196.8	6.7%	622.2	583.6	6.6%
Depreciation and Amortization ⁽¹⁰⁾	75.5	130.2	-42.0%	269.3	376.8	-28.5%
Operating income	134.6	66.7	101.8%	352.9	206.8	70.6%
Movement in provisions	-0.8	-0.7	4.0%	-3.2	-6.1	-47.0%
Change in net working capital	5.5	-11.7	-147.2%	5.1	-48.6	-110.6%
Cash flow from operating activities	214.8	184.4	16.5%	624.1	528.9	18.0%
Capital expenditure	73.9	42.9	72.5%	175.8	114.9	53.0%
As a % of revenue	19.7%	12.5%		16.0%	11.3%	
Capital expenditure spend on integration	0.0	5.7	-100.0%	0.0	18.6	-100.0%
Total capital expenditure (Capex)	73.9	48.5	52.3%	175.8	133.5	31.7%
Other cash used in investing activities	0.0	-0.1	-124.1%	0.1	0.0	
Free cash flow	140.9	136.0	3.6%	448.2	395.4	13.3%
As a % of revenue	37.5%	39.7%		40.7%	38.8%	
EBITDA-Capex	136.1	148.3	-8.2%	446.4	450.1	-0.8%
As a % of revenue	36.2%	43.3%		40.6%	44.2%	

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Operational Highlights (in thousands) (unaudited)

Footprint ⁽³⁾	Sep 2011	Sep 2010	Change %
Homes passed	4,193	4,123	1.7%
Analog TV only	920	1,368	-32.7%
Analog and Digital TV ⁽⁴⁾	2,101	1,732	21.3%
Total TV customers	3,021	3,100	-2.5%
Digital pay TV subscribers	944	851	10.9%
Internet subscribers	1,643	1,518	8.2%
Telephony subscribers	1,311	1,117	17.4%
Total RGUs⁽⁶⁾	6,919	6,586	5.1%
<i>Of which bundle subscribers⁽⁵⁾</i>	<i>1,218</i>	<i>858</i>	<i>42.0%</i>
<i>Total triple play</i>	<i>1,236</i>	<i>1,045</i>	<i>18.2%</i>
RGUs per customer ⁽⁷⁾	2.29	2.12	8.0%
ARPU Q3 (€ per month) ⁽⁸⁾	36.66	33.42	9.7%
ARPU YTD (€ per month) ⁽⁸⁾	35.93	32.92	9.1%

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Please note that the results published are the consolidated results of Ziggo Bond Company B.V., hereafter 'Ziggo'. As a consequence of the issue of the Senior Notes in 2010, Ziggo is now reporting quarterly results on the level of the entity which has issued the Senior Notes, being Ziggo. The main differences are caused by the fact that the reports of Zesko Holding B.V. include shareholder loans outstanding, which amounted to €2,227 million as per September 30, 2011. The proceeds of these shareholder loans have been invested in 2005-2007 as equity in the Amsterdamse Beheer and Consultingmaatschappij B.V., hereafter 'ABC', which is now a direct subsidiary of Ziggo. As a result thereof, Zesko Holding B.V. recognizes interest costs on the shareholder loans whilst Ziggo does not recognize these interest costs. Zesko Holding B.V. recognized interest costs on the shareholders loans for an amount of €54.4 million in the third quarter of 2011 and €161.5 million year to date. Please also note that Ziggo was incorporated on March 30, 2010. Ziggo acquired all of the issued and outstanding shares of ABC on March 30, 2010.

As from the first quarter 2011 onwards, we have adjusted the definition for RGUs in such a way that digital pay TV subscribers are included in total RGUs as a digital pay TV subscriber is adding extra revenue based on its subscription to our digital pay services on top of standard TV. All comparable numbers have been adjusted in line with this adjusted definition for RGUs.

As from the second quarter 2011 onwards, we have adjusted the way we report the breakdown of our revenues in such a way that we report revenues from our All-in-1 bundle within each of standard TV, broadband internet and telephony revenues on a pro rata basis and in proportion to the subscription fees of each product charged on a standalone basis.

Definitions/Footnotes

- (1) Adjusted EBITDA refers to EBITDA, as adjusted to remove the effects of operating expenses incurred in connection with the integration of our predecessor businesses, which were €0.0 million and €2.2 million for the quarter ended on September 30, 2011 and September 30, 2010 respectively;
- (2) EBITDA represents operating income plus depreciation and amortization. Although EBITDA should not be considered a substitute for operating income and net cash flow from operating activities, we believe that it provides useful information regarding our ability to meet future debt service requirements;
- (3) Operating data related to our footprint and RGUs are presented as of the end of the period indicated;
- (4) Digital television RGUs equals the total number of standard cable subscribers who have activated a smart card as of the periods indicated. As a result, digital television RGUs represents the number of subscribers who have access to our digital television services. In any given period, not all of these digital television RGUs will have subscribed to additional pay television services. As per September 30, 2011 944,000 of our total digital television RGUs subscribed to one or more of our digital pay television services;
- (5) Besides the 1,218,000 customers who have taken up the All-in 1 Bundle, we have approximately another 18,000 customers who have subscribed to Analog TV and/or Digital TV, Broadband Internet and Telephony on an individual product basis instead of an All-in-1 Bundle;
- (6) Total RGUs are calculated as the sum of total standard TV subscribers, digital pay TV subscribers, broadband internet subscribers and telephony subscribers;
- (7) RGUs per customer is the total number of RGUs divided by the total number of TV subscribers;
- (8) Average Revenue per User (ARPU) is calculated as the sum of total standard TV, digital pay television, broadband Internet, telephony (including call charges) and All-in-1 subscription revenues for the period divided by the number of months used and divided by the period's average monthly total standard TV RGUs. It excludes installation fees and set-top box sales;
- (9) Ziggo acquired @Home in February 2007 via its subsidiary Amsterdamse Beheer- en Consultingmaatschappij B.V. Employees of @Home were entitled to a long-term employee benefit plan called PRES-arrangement. Upon acquisition, this specific employee benefit was continued by Ziggo and made available – under the same conditions – to former Multikabel and Casema employees born before 1957 or born before 1959 with 25 years of service at the Company, to prevent discrepancies. In accordance with IFRS (IAS 19 – IFRS treatment for long term employee benefits) Ziggo recognizes this liability in the balance sheet. As a result thereof Ziggo has adjusted in its financial statements for 2010 the balance sheet as per January 1st, 2009 and as per December 31st, 2009 Provisions increased by €14.4 million and retained earnings decreased by an amount of €10.7 million. In order to reflect the quarterly changes in this liability, the Income statement for 2010 has been adjusted on a quarterly basis. The impact of this recognition on EBITDA for the 3rd quarter of 2010 compared to previously disclosed results amounts to +€0.3 million and year-to-date +€0.9 million.

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(10) As of the second quarter in 2011 we no longer amortize our customer list. The capitalized customer list resulted from the acquisition of the three predecessor businesses. Based on a renewed analysis we updated the assessment of the attrition of customer relationships connected to our network. It was concluded that the useful life of customer relationships connected to our network is indefinite as the attrition is marginal. As a consequence, we will no longer incur amortization expenses related to our customer relationships which are now subject to annual impairment testing. Hence, during the third quarter the amortization on other intangibles amounted to nil whilst in Q3 2010 this was €45.0 million.

About Ziggo

Ziggo is a Dutch provider of entertainment, information and communication through television, broadband internet and telephony services. The company serves around 3.0 million households, with 1.6 million broadband internet customers, more than 2.1 million customers for digital television and 1.3 million telephony subscribers. Business to business customers use services such as data communication, telephony, television and internet. The company owns a next-generation network capable of providing the bandwidth required for all future services currently foreseen. More information on Ziggo can be found on: www.ziggo.com

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Operations

In the third quarter of 2011 Ziggo added 120,000 new subscriptions on a net basis in the consumer market. This growth in RGUs was driven by the continued upselling of our All-in-1 bundle supported by the 'switching weeks' campaign which ran into the first week of July. Additionally, growth in RGUs in the third quarter was supported by an increase in Digital Pay TV subscribers following the start of the football season in August and a campaign from Eredivisie Live, the owner of the football rights, with a two-months free viewing period for new subscribers. At the end of September 2011, total RGUs reached 6.92 million, an increase of 5.1% compared to the prior year. Driven by successful marketing campaigns and supported by an attractive offer for set-top boxes, 130,000 subscribers activated their digital smartcard in the third quarter, bringing the total number of customers with Digital TV to 2.10 million, an increase of 21.3% compared to last year. This reflects a penetration of approximately 70% of our customer base versus 56% at the same time last year.

Products & Services

In July, we launched a pilot for new mobile data services for tablets and laptops. This trial marks Ziggo's first step in offering mobile services and is intended to build up know-how and experience in order to prepare ourselves for our mobile offering expected to be launched in the second half of 2012.

The "overstapweken" campaign (switching weeks), which was relaunched in June and ran into the first week of July, was supported by a broad marketing program and was again very successful with many new subscribers for the All-in-1 bundle. This strong growth in RGUs resulted in increased customer services activities during the summer period.

In August, Ziggo opened its third, and largest Ziggo Studio in The Hague. This store, with a strong focus on services, sales, entertainment and customer experience, is a valuable addition to the existing service and sales channels. The Ziggo Studios offer our customers an excellent opportunity to experience the possibilities of our products and services.

On September 1, Ziggo launched the new TV proposition to all Ziggo's TV customers. The new TV offering has a simplified structure and, similar to our bundled product, is centered around three main packages: TV Standard, TV Plus and TV Extra. All three packages provide more HD channels, catch-up TV functionality and a VoD library. The TV Plus and TV Extra packages provide a broader range of content: more channels, our current theme packages, and a larger VoD library. On top of these three main packages, Ziggo will continue to provide additional premium TV packages like Eredivisie Live (live Dutch Premier League football), Sport 1, Film1 and more.

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As part of the launch, the number of analogue channels was reduced from 30 to 25 in order to free up capacity to further improve and extend the quality (more HD channels) and breadth of our digital TV offering in line with the preference of our customers. Although the analogue channel reduction attracted some negative media attention over the summer period, the majority of our customers welcomed the new TV proposition, which added HD and interactivity to their standard TV package whilst keeping prices unchanged.

The launch of the new TV proposition was supported by a promotional and introductory campaign in which Ziggo offered HD and iTV boxes at an attractive price to its customers.

Also in September, Ziggo announced the introduction of new functionality in its TV app; the opportunity to watch live television on a tablet. The introduction of this new service is scheduled in the fourth quarter of this year.

In the B2B market, Ziggo announced, together with UPC Nederland, a cooperation with the Dutch sector association for small and medium enterprises (MKB Nederland). One of the purposes of this cooperation is to raise awareness for the added value of broadband internet connections. The three parties will jointly support small and mid-sized companies in the Netherlands by showing the attractive opportunities of services such as VoIP, cloud services, online payment possibilities for retail and videoconferencing.

Ziggo announced the launch of the Entertainment Experience. This unique project, initiated and supported by Ziggo, will bring the first user generated movie of its kind in the Netherlands; a movie composed and made by the audience. A team of professionals, led by the internationally renowned film director Paul Verhoeven, will select scriptwriters, musicians, moviemakers and editors, and will also make its own version. This film project will result in two different versions; one directed and casted by the team led by Paul Verhoeven and one version fully made and created by the audience. The premiere of the movie will be held in the Ziggo Dome in May 2012 and broadcast on TV.

Earlier this year, Ziggo announced plans to increase internet speeds for a large proportion of its customers, thereby further widening the gap with DSL providers. As part of the speed increase, approximately 430,000 EuroDocsis 3.0 were scheduled to be swapped in 2011. Due to an enormous increase in call centre activity as a result of the success of our 'switching weeks' campaign as well as the assistance required by our customers to activate WiFi functionality and the introduction of the new TV proposition, it was decided to slow down the modem swap to a total number of approximately 330,000 by the end of this year.

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Financial performance

Revenue

In the third quarter of 2011 Ziggo generated a revenue of €375.6 million, an increase of 9.7% compared to the same quarter last year (€342.3 million). Excluding the sale of decoders, revenue increased by 6.9%. Revenue growth was mainly driven by continued growth in RGUs, blended ARPU and growth in the business market. In the first nine months of 2011 we generated revenues of €1,100.2 million, an increase of 8.0% compared to the first nine months of 2010 (€1,019.0 million).

In the consumer market, revenue for the third quarter of 2011 amounted to €353.9 million, an increase of 9.7% compared to the third quarter of 2010. Excluding the sale of decoders, consumer revenue increased by 6.6%. This was mainly driven by a further uptake of our All-in-1 bundle which increased the number of triple-play customers by 18.2% compared to the third quarter of 2010, driving growth in both internet- and telephony subscriptions by 8.2% and 17.4% respectively. In addition, the company recorded strong growth in revenue from Digital Pay TV (20.8% y-o-y) and telephony usage (8.5% y-o-y). Revenue generated through subscriptions to our All-in-1 bundle increased by 47.2% from €102.3 million in Q3 of 2010 to €150.6 million in Q3 of 2011, now representing 42.6% of total consumer revenues.

Blended ARPU in the third quarter of 2011 was €36.66, an increase of €3.24 or 9.7% compared to the prior year. The increase in blended ARPU is driven by the growth in the number of subscribers for our All-in-1 bundle (leading to an increase in RGUs per customer) and Digital Pay TV services compared to the prior year period. Additionally, ARPU also increased following the annual general price increases of €0.50 including VAT (€0.42 excluding VAT) for our standard TV subscription as per February 1, 2011 and for our All-in-1 bundle as per March 1, 2011.

In the third quarter, the number of Digital Pay TV subscriptions increased by 48,000 subscribers to 944,000 following the start of the football season in August. This growth is comparable to last year's quarter and was supported by a promotional offer from Eredivisie Live to subscribe with a two-month free viewing period.

Our business services activities generated a revenue of €21.7 million in Q3 2011, an increase of 11.1% compared to a revenue of €19.5 million for the same period last year and a growth of 2.9% compared to the previous quarter. In Q3, Ziggo added 2,841 new subscribers to its two main B2B bundle products 'Internet Plus' and 'Office Basis', to a total of 19,753 by 30 September 2011.

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Cost of goods sold and gross margin

Cost of goods sold includes the costs for materials and services directly related to revenues and consists of author rights, signal costs and royalties that we pay to procure our content, interconnection fees that we pay to other network operators, materials and logistics costs relating to the sale of set-top boxes and other products and materials used to connect customers to our network.

In Q3 2011 cost of goods sold increased by 26.3% compared to Q3 2010 to €79.0 million. The gross margin for Q3 was 79.0% versus 81.7 % in the prior year quarter. The lower gross margin percentage was entirely the result of the high volume of set-top boxes shipped during the quarter which were sold against a negative gross margin to support our marketing campaigns. During the third quarter we shipped 161,000 iTV and HD set-top boxes and CI+ modules (Q3 2010 – 70,000) with a relatively large number of more expensive HD and iTV boxes compared to Q3 2010, at which time the majority consisted of SD boxes versus HD and iTV set-top boxes today. These large numbers were the result of the successful 'switching weeks' campaign, which was focused on the sale of our All-in-1 bundle, and the campaign to support the introduction of our new TV-proposition, making digital and interactive TV more attractive for our customers. Due to the success of these campaigns we experienced a shortage of interactive set-top boxes and were not able to fulfill all sales orders for these boxes. Furthermore, our gross margin is slightly impacted by higher content costs for Standard TV and a relatively higher growth in our Digital Pay TV services, which carries a lower gross margin than our other services.

Operating expenses

Operating expenses increased by €5.9 million or 7.3% to €86.6 million in the third quarter of 2011 compared to €80.7 million in Q3 2010. As a percentage of revenue, operating expenses decreased from 23.6% to 23.1%. Whereas average salary costs increased by 4%, total personnel costs increased by only 1.4% due to a relatively high number of vacation days taken during the summer period. The costs for contracted work have increased by 25.9% compared to Q3 2010, mainly as a result of the enormous increase in activities in customer services department, customer installations and inbound sales following the successful campaigns this summer, and the introduction of the new TV proposition and migration of all our customers to this new proposition in September 2011. The peak activity level with our customer services negatively affected our customer service performance. We are executing a program to improve these service levels following the busy summer period.

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Adjusted EBITDA and operating profit

In Q3 2011 we achieved an adjusted EBITDA of €210.1 million, an increase of 5.5% compared to the adjusted EBITDA for Q3 last year. The EBITDA margin was 55.9% compared to 58.2% for Q3 last year. The decrease in EBITDA margin is primarily the result of a lower gross margin percentage due to the large number of decoders sold and higher costs for contracted work caused by the increased activities in customer services and inbound sales. Adjusted EBITDA excludes integration expenses. As per the end of 2010, the integration of the three predecessor companies of Ziggo was finalized. Therefore we did not incur any integration expenses in the third quarter of 2011 versus €2.2 million in Q3 2010.

Depreciation expenses and amortization on software in the third quarter of 2011 decreased by €9.6 million to €75.5 million from €85.1 million in the comparable period last year. This decrease is the result of high historical network and infrastructure investments and investments related to the merger which led to relatively high depreciation expenses in recent years.

As of the second quarter of 2011 we no longer amortize our customer list. The capitalized customer list resulted from the acquisition of the three predecessor businesses. Based on a renewed analysis we updated the assessment of the attrition of customer relationships connected to our network. It was concluded that the useful life of customer list connected to our network is indefinite as the attrition is marginal. As a consequence, we will no longer incur amortization expenses related to our customer relationships which are now subject to annual impairment testing. Hence, during the third quarter the amortization on other intangibles amounted to nil whilst in Q3 2010 this was €45.0 million.

As a result of the improved EBITDA, lower depreciation expenses, lower amortization on software and the elimination of the amortization on our customer list, operating income (EBIT) improved to €134.6 million, an increase of 101.8% compared to €66.7 million in Q3 2010.

Net Income

Interest costs decreased by 2.4% to €65.8 million in the third quarter of 2011 compared to €67.5 million last year. An amount of €2.5 million was allocated in Q3 2011 as borrowing costs on Work-in-Process during the quarter, resulting in an interest credit, while in Q3 2010 an amount of €1.7 million was recognized as borrowing costs on Work-in-Process. Excluding borrowing costs, interest costs decreased by €0.8 million.

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A reduction of our average debt level by €318 million reduced our interest expenses compared to Q3 2010. This reduction was partly mitigated as our debt was hedged against an average interest which was higher than the EURIBOR spot rate.

The blended interest rate for the third quarter was 8.1% versus approximately 7.5% for prior year period. As per the end of Q3 the offsetting swaps and some of our regular IRS have expired. As a result the blended interest rate will come down by approximately 1 percentage point in the fourth quarter (assuming constant EURIBOR rates) and the percentage of our floating rate borrowings hedged will come down to approximately 70% in Q4 2011 from approximately 100% in the third quarter.

Banking and financing fees decreased to €0.5 million in Q3 2011 from €0.7 million in the prior year quarter. For the first nine months, banking and financing fees decreased by €15.4 million compared to last year as we paid €15.1 million consent fees to the lenders of the senior debt in order to obtain consent for the issuance of the senior unsecured notes to refinance the mezzanine facility in Q2 2010.

The amortization of funding cost has decreased to €3.0 million in Q3 2011 from €4.7 million in the prior year quarter. For the first nine months, amortization of funding costs decreased by €13.8 million compared to last year as we fully amortized the remaining balance of the capitalized funding costs for the mezzanine facility of €11.4 million as this facility was refinanced by the issuance of the senior unsecured notes in Q2 2010.

As Ziggo no longer complies with hedge accounting for interest rate swaps under IFRS since the issuance of the senior secured notes, any future change in fair value must be recognized as financial income and expense. In the third quarter of 2011 Ziggo recorded a loss of €12.6 million on fair value gains and losses on our IRS following a decrease of the interest rates during the third quarter.

For the third quarter of 2011 Ziggo reported an income tax expense of €13.2 million, whereas in the same quarter last year Ziggo recognized an income tax benefit of €0.4 million.

In Q3 2011 Ziggo posted a net profit of €39.5 million versus a net loss of €1.2 million in Q3 2010.

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Cash flow and liquidity

Cash flow from operating activities

EBITDA including integration costs in Q3 2011 increased by 6.7% to €210.1 million, whereas net cash flow from operating activities increased by 16.5% to €214.9 million compared to €184.4 million in the comparable period last year. This difference between the increase in net cash flow from operating activities and increase in EBITDA is mainly due to the decrease in net working capital during Q3 by €5.5 million compared to an increase of €11.7 million in the third quarter of 2010.

Capital expenditure (Capex)

Our capital expenditure and investments relate primarily to extending, upgrading and maintaining our network, installation of new customers and the cost of modems. Capital expenditure also includes increases in intangible assets, primarily expenditures on software, which we capitalize. Set-top boxes are sold to customers and therefore recognized as cost of goods sold and not capitalized.

During the third quarter of 2011 Ziggo made Capex investments of €73.9 million, an increase of 52.3% compared to Capex for Q3 2010 of €48.5 million. The increase is primarily due to the accelerated growth in new subscribers for our high speed internet, the continuing roll-out of new EuroDocsis 3.0 modems and investments in backbone capacity to accommodate increasing demand for bandwidth capacity. During the third quarter we swapped approximately 73,000 Eurodocis 2.0 modems for dual band Eurodocsis 3.0 modems, that enable the highest internet speeds for our customers and have integrated WiFi functionality. By the end of September we had 851,000 EuroDocsis 3.0 modems at customer premises of which 266,000 were WiFi enabled. During the remainder of the year we anticipate to swap an additional 100,000 modems. We have reduced the speed of the roll-out of the modem swap by 100,000 modems for the full year in order to facilitate support to our customers to install the new modems in line with their requirements. Total estimated spending on Capex for the full year is approximately €240 million.

In Q3 2011, 31% of the capital expenditure was related to customer installations and modem installations at customer premises (approximately 22% in Q3 2010), whereas 59% was related to new build and growth of our network capacity to accommodate our increased subscriber base for broadband internet and continuously increasing broadband speed requirements (approximately 58% in Q3 2010). This implies that approximately 90% of our capital expenditure in the third quarter of 2011 was scalable and directly capacity growth and subscriber related versus approximately 80% in the third quarter of 2010. The remainder represents maintenance and replacements of network equipment and recurring investments in our IT platform and systems and other investments. In the third quarter of 2010 an amount of €5.7 million (11.7% of total Capex in that quarter) was spend on integration.

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Free cash flow and net cash used in financing activities

During the third quarter free cash flow showed an increase of 3.6% to €140.9 million. Although capital expenditure increased by 72.5%, the growth in free cash flow was supported by an increase in EBITDA of 6.7% in combination with a cash inflow due to a decrease in working capital of €5.5 million versus a cash outflow from an increase in working capital of €11.7 million in Q3 2010. For the first nine months free cash flow increased by 13.3%.

Operational free cash flow (OpFCF, or EBITDA minus Capex) decreased by 8.2% to €136.1 million in the third quarter of 2011 compared to €148.3 million for the prior year quarter. Although EBITDA improved by 6.7%, the investments in the modem swap and the network capacity to accommodate increasing demand for bandwidth capacity, resulted in a stronger increase in capital expenditure in absolute terms. For the first nine months operational free cash flow decreased by 0.8% compared to the same period last year as a result of higher Capex which more than offset the EBITDA increase.

Net cash used in financing activities for the year comprises interest costs, banking and financing fees related to our loan facilities, repayments on the senior credit facilities and the refinancing of the mezzanine facility and part of the senior debt by the issuance of senior unsecured and secured notes. During the third quarter of 2011 we have made voluntary prepayments of €71.2 million on our senior credit facility.

Cash interest paid in the third quarter 2011 amounted to €32.6 million and decreased by €11.4 million compared to the prior year period. The difference comes from the accrued €35.7 million coupon interest on our senior secured and unsecured notes in the 3rd quarter while in Q3 2010 we only accrued €22.2 million on the unsecured notes as the €750 million senior secured notes were issued in October 2010. Interest on the senior secured and unsecured notes is payable semi-annually, in May and November.

By the end of September 30, 2011 we report an amount of accrued interest for senior secured and unsecured notes of €54.1 million versus €38.9 million accrued interest for senior unsecured notes by the end of the prior year period.

At the end of the third quarter 2011, Ziggo held €85.0 million in cash and cash equivalents, compared to €67.0 million at the end of 2010.

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Working Capital

The net working capital excluding accrued interest decreased from -€203.6 million as per end of the second quarter to -€209.1 million as per the end of the third quarter of 2011. This decrease is mainly the result of an increase in trade accounts payable and other current liabilities, primarily due to increased spending on set-top boxes and capital expenditure. Current liabilities excluding accrued interest increased by €6.7 million during the 3rd quarter of 2011 while current assets increased by €1.2 million, resulting in a positive cash effect from the decrease in net working capital of €5.5 million.

During the 3rd quarter we replaced our committed revolving credit facility of €144 million for a committed bi-lateral ancillary facility of €50 million expiring in September 2014. In addition, we have an uncommitted €100 million revolving credit facility available under our credit facility, which expires in September 2017. We have not drawn any amounts under both facilities during the quarter.

Net debt and financing structure

On September 30, 2011 the outstanding balance of our senior credit facility amounted to €1,383 million, a reduction compared to €1,455 million as of June 30, 2011 due to voluntary prepayments on our Senior Credit Facility of €71.2 million during the third quarter.

The balance for senior credit facilities (loans from financial institutions) amount to €1,334.6 million as at September 30, 2011. This includes €48.7 million of capitalized financing fees.

As per September 30, 2011, the unsecured notes amount to €1,178.8 million and is stated at amortized costs, including principal amount, capitalized funding costs and discount on issuance date. The financing fees for the notes issuance amount to €25.8 million and are amortized over 8 years. The capitalized discount at issuance amount to €8.8 million and is amortized as interest costs over 8 years. As per September 30, 2011 an amount of €4.6 million has been amortized resulting in capitalized financing fees per end of Q3 2011 of €22.4 million and a capitalized discount of €7.6 million.

As per September 30, 2011 the balance for the senior secured notes amounts to €740.5 million and is stated at amortized costs, including principal amount and capitalized funding cost. The financing fees for the senior secured notes issuance amount to €10.6 million and are amortized over 7 years. As per September 30, 2011 a total amount of €1.1 million has been amortized since issuance resulting in capitalized financing fees per September 30, 2011 of €9.5 million.

Interest on the senior secured notes and senior unsecured notes is due semi-

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annually and as per September 30, 2011 an amount of €53.5 million has been accrued under current liabilities.

Exposure to the risk of changes in interest rates relates primarily to Ziggo's long-term debt obligation with a floating interest rate. Ziggo manages its exposure to changes in interest rates and its overall cost of financing by using interest rate swap (IRS) agreements. These are used to (partly) hedge the interest exposure on the senior credit facility loans.

After the expiration of a number of IRS contracts on September 30, 2011, approximately 70% of Ziggo's floating-rate interest borrowings is swapped. The fair value of the IRS amounts to -€57.0 million, compared to -€49.1 million as per June 30, 2011. Since the issuance of the senior secured notes on October 28, 2010 any change in fair value must be recognized as financial income and expense as Ziggo does not comply with the requirements for hedge-accounting according to IFRS. Until the issuance of the senior secured notes changes in fair value were recorded in the hedge reserve (equity). The hedge reserve per September 30, 2011 amounts to -€9.2 million and is charged to the profit and loss during the remaining term of the outstanding IRS.

In the third quarter of 2011, financial income and expenses include a loss of €12.6 million for value gains and losses on IRS in fair value changes of financial derivatives.

As per September 30, 2011, our Net Debt to Adjusted LTM EBITDA leverage ratio (as defined under our Senior Credit Facilities) was 3.98x, down from 4.50x as at year-end 2010 due to our strong EBITDA performance and strong cash generation. The average debt maturity is 6.1 years as of September 30, 2011.

The summary of the capital structure at September 30, 2011 is:

As per September 30, 2011	in €m	x LTM EBITDA	Margin/ Coupon	Maturity
Term loan B (extended)	923	1.13	E + 3.25%	Mar-17
Term loan E (Senior Secured Notes)	750	0.92	6.125%	Nov-17
Term loan F	460	0.56	E + 3.25%	Sep-17
Total Senior Debt	2,133	2.61		
Senior Unsecured Notes	1,209	1.48	8.000%	May-18
Total Debt	3,342	4.09		
Cash and cash equivalents	85	0.10		
Total Net Debt	3,257	3.98		

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Subsequent events

On October 13, Ziggo has acquired Breezz, a provider of innovative VoIP telephony services for the SME market, such as hosted PBX and SIP Trunking. Breezz caters to an extensive network of resellers. Through this acquisition, Ziggo broadens its product portfolio for the SME market as it can now add VoIP multiline telephony services to its business bundles and service the growing market for cloud services to SMEs. Synergy benefits can be realized from increased traffic on the Ziggo network.

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Consolidated income statement for Ziggo Bond Company B.V. (unaudited)

(in € thousands)	Q3 2011	Q3 2010	Change %	Sep 2011 YTD	Sep 2010 YTD	Change %
Total Revenues	375,628	342,285	9.7%	1,100,207	1,018,959	8.0%
Cost of goods sold	78,953	62,503	26.3%	221,811	190,100	16.7%
Personnel	42,362	41,790	1.4%	129,454	125,017	3.5%
Contracted work	13,427	10,667	25.9%	36,147	31,300	15.5%
Marketing & Sales	16,510	15,716	5.1%	48,108	45,109	6.6%
Office expense	12,360	12,307	0.4%	37,829	37,635	0.5%
Other operating expenses	1,948	2,460	-20.8%	4,640	6,154	-24.6%
Depreciation	66,882	71,927	-7.0%	200,032	209,516	-4.5%
Amortisation Software	8,585	13,187	-34.9%	25,157	32,167	-21.8%
Amortisation Other Intangible Assets ⁽¹⁾	0	45,044	-100.0%	44,124	135,132	-67.3%
Total operating expenses	241,027	275,601	-12.5%	747,302	812,130	-8.0%
Operating income	134,601	66,684	101.8%	352,905	206,829	70.6%
Net financial income (expense)						
- Interest	-65,833	-67,482	-2.4%	-201,856	-202,839	-0.5%
- Banking and financing fees	-540	-726	-25.6%	-2,077	-17,526	-88.1%
- Amortization funding costs	-2,988	-4,697	-36.4%	-11,371	-25,121	-54.7%
- Other income (i.e. fair value gains / (losses) on derivative fin. Instruments)	-12,608	4,567	-376.1%	28,739	-7,256	-496.1%
Result before income taxes	52,632	-1,654	-3282.1%	166,340	-45,913	-462.3%
Income tax benefit (expense)	-13,158	410	-3309.3%	-41,585	11,707	-455.2%
Net result	39,474	-1,244	-3273.2%	124,755	-34,206	-464.7%

Financial Information - The condensed consolidated income statement has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union

(1) Amortisation Other Intangible Assets includes amortisation on customer lists. Please note that goodwill and customer list have been capitalized as a result of applying purchase accounting (IFRS 3).

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Consolidated balance sheet for Ziggo Bond Company B.V. (unaudited)

<i>(in € thousands)</i>	30 Sep 2011	31 Dec 2010	30 Sep 2010
ASSETS			
Intangible assets	3,311,823	3,355,947	3,400,039
Capitalized software	40,542	50,454	49,180
Property and equipment	1,426,781	1,459,944	1,466,607
Other financial assets	522	396	343
Deferred income tax asset	77,330	123,819	127,032
Total non-current assets	4,856,998	4,990,560	5,043,201
Inventories	26,965	18,546	25,119
Trade accounts receivable	25,450	20,086	32,256
Other current assets	31,867	32,331	24,189
Cash and cash equivalents	84,978	66,994	62,533
Total current assets	169,260	137,957	144,097
TOTAL ASSETS	5,026,258	5,128,517	5,187,298
EQUITY AND LIABILITIES			
Issued share capital	18	18	18
Share premium	840,982	840,982	840,982
Retained earnings	-37,331	7,924	6,695
Net Income (loss) for the period	124,755	-51,189	-34,204
Equity attributable to equity holders	928,424	797,735	813,491
Loans from financial institutions	1,334,637	1,581,127	2,356,508
Unsecured Bond	1,178,843	1,176,530	1,176,003
Facility E (Secured Bond)	740,541	739,604	-
Derivative financial instruments	57,030	92,986	94,901
Deferred income tax liability	405,202	408,127	424,366
Total non-current liabilities	3,716,253	3,998,374	4,051,778
Trade accounts payable	74,300	80,165	52,507
Deferred revenue	114,139	97,751	107,051
Current liabilities related parties	302	338	313
Provisions	34,058	37,307	31,991
Taxes and social securities	19,689	15,129	17,453
Personnel related liabilities	13,315	12,975	12,981
Accrued interest	54,140	20,179	38,916
Other current liabilities	71,638	68,564	60,817
Total current liabilities	381,581	332,408	322,029
TOTAL EQUITY AND LIABILITIES	5,026,258	5,128,517	5,187,298
Financial Information - The condensed consolidated balance sheet has been prepared in accordance with International Financial Reporting Standards, (IFRS), as adopted by the European Union.			

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Consolidated cash flow statement for Ziggo Bond Company B.V. (unaudited)

<i>(in € thousands)</i>	Q3 2011	Q3 2010	Change %	Sep 2011 YTD	Sep 2010 YTD	Change %
Operating Activities						
Operating Income	134,601	66,684	101.8%	352,905	206,829	70.6%
Adjustments to reconcile operating profit to net cash flow						
Depreciation	66,882	71,927	-7.0%	200,032	209,516	-4.5%
Amortisation	8,585	58,231	-85.3%	69,281	167,299	-58.6%
Movement in provisions	-759	-730	4.0%	-3,247	-6,123	-47.0%
Working Capital adjustments						
(Increase)/Decrease in Current assets	-1,205	8,117	-114.8%	-13,319	14,754	-190.3%
Increase/(Decrease) in Current liabilities	6,722	-19,816	-133.9%	18,461	-63,369	-129.1%
Change in Working Capital (excl. Accrued Interest)	5,517	-11,699	-147.2%	5,142	-48,615	-110.6%
Net cash flow from operating activities	214,826	184,413	16.5%	624,113	528,906	18.0%
Investing activities:						
Capital expenditures	-73,945	-48,540	52.3%	-175,815	-133,488	31.7%
Change in financial assets	-27	112	-124.1%	-126	25	-604.0%
Net cash flow from (used in) investing activities	-73,972	-48,428	52.7%	-175,941	-133,463	31.8%
Financing activities:						
Financing activities	0	0		-6,631	-25,800	-74.3%
Unsecured Bond	0	0		0	1,200,037	-100.0%
Repayment Mezzanine	0	0		0	-1,181,143	-100.0%
Term Loan F	0	0		460,431	0	
Repayment on Senior Credit Facility loans	-71,207	-100,000	-28.8%	-708,858	-219,949	222.3%
Interest	-32,550	-43,989	-26.0%	-173,757	-153,704	13.0%
Other financing activities	-2,232	-551	305.1%	-1,374	-17,624	-92.2%
Net cash flow from (used in) financing activities	-105,989	-144,540	-26.7%	-430,189	-398,183	8.0%
Net increase (decrease) in cash and cash equivalents	34,865	-8,555	-507.5%	17,983	-2,740	-756.3%
<p>Financial Information - The condensed consolidated cash flow statement has been prepared in accordance with International Financial Reporting Standards, (IFRS), as adopted by the European Union.</p> <p>Free Cash flow = Net Cash flow from operating activities + net cash flow from (used in) investing activities. For the Q3 ending September 30, 2011 the free cash flow amounts to €448,172 (September 30, 2010: €395,443)</p>						

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Details consolidated Income Statement (unaudited)

(in € thousands)	Q3 2011	Q3 2010	Change %	Sep 2011 YTD	Sep 2010 YTD	Change %
(A) Income Statement						
Revenue by segment⁽¹⁾						
Standard cable subscription revenue	120,441	122,039	-1.3%	362,958	368,849	-1.6%
Digital pay television services revenue	37,465	31,011	20.8%	109,799	91,214	20.4%
Total video revenues	157,906	153,050	3.2%	472,757	460,063	2.8%
Broadband Internet subscription revenue	105,328	95,783	10.0%	308,971	282,347	9.4%
Telephony subscription revenue	29,059	24,494	18.6%	83,469	70,373	18.6%
Telephony usage revenue	41,705	38,443	8.5%	122,801	114,523	7.2%
Total telephony revenues	70,764	62,937	12.4%	206,270	184,896	11.6%
Revenue from other sources	19,943	10,994	81.4%	49,070	34,444	42.5%
Total Consumer Market	353,941	322,764	9.7%	1,037,068	961,750	7.8%
<i>Of which All-in-1 Bundle revenues</i>	<i>150,616</i>	<i>102,303</i>	<i>47.2%</i>	<i>431,345</i>	<i>285,106</i>	<i>51.3%</i>
Business services revenues	21,687	19,521	11.1%	63,139	57,209	10.4%
Total revenues	375,628	342,285	9.7%	1,100,207	1,018,959	8.0%
Cost of goods sold	78,953	62,503	26.3%	221,811	190,100	16.7%
Personnel	42,362	41,790	1.4%	129,454	125,017	3.5%
Contracted work	13,427	10,667	25.9%	36,147	31,300	15.5%
Marketing & Sales	16,510	15,716	5.1%	48,108	45,109	6.6%
Office expense	12,360	12,307	0.4%	37,829	37,635	0.5%
Other expenses	1,948	2,460	-20.8%	4,640	6,154	-24.6%
Total operating expenses	165,560	145,443	13.8%	477,989	435,315	9.8%
EBITDA	210,068	196,842	6.7%	622,218	583,644	6.6%
Integration operating expenses ⁽³⁾	0	2,195	-100.0%	0	4,011	-100.0%
Adjusted EBITDA⁽²⁾	210,068	199,037	5.5%	622,218	587,655	5.9%
Depreciation and amortisation	75,467	130,158	-42.0%	269,313	376,815	-28.5%
Operating income	134,601	66,684	101.8%	352,905	206,829	70.6%
Net financial income (expense)	81,969	68,338	19.9%	186,565	252,742	-26.2%
Result before income taxes	52,632	-1,654	-3282.1%	166,340	-45,913	-462.3%
Income tax benefit (expense)	-13,158	410	-3309.3%	-41,585	11,707	-455.2%
Net result	39,474	-1,244	-3273.2%	124,755	-34,206	-464.7%

Financial Information - The condensed consolidated income statement has been prepared in accordance with International Financial Reporting Standards, (IFRS), as adopted by the European Union.

(1) Revenue for each of our segments is derived from our internal accounts and is not presented in audited financial statements.

(2) EBITDA is defined as profit before net finance expense, income taxes, depreciation, amortisation and impairment. Adjusted EBITDA is defined as EBITDA before Integration operating expenses.

(3) Integration operating expenses are operating expenses incurred in connection with the integration of our predecessor businesses.

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Details on Working Capital YtD (unaudited)

<i>(in € thousands)</i>	As of Sep. 30, 2011	As of Dec. 31, 2010	As of Sep. 30, 2010	As of Dec. 31 2009
(C) Change in net working capital				
Inventories	26,965	18,546	25,119	25,542
Trade accounts receivable	25,450	20,086	32,256	43,592
Other current assets	31,867	32,331	24,189	27,184
	84,282	70,963	81,564	96,318
Trade accounts payable	74,300	80,165	52,507	102,951
Deferred revenue	114,139	97,751	107,051	106,247
Current liabilities related parties	302	338	313	948
Taxes and social securities	19,689	15,129	17,453	19,613
Personnel related liabilities	13,315	12,975	12,981	12,003
Accrued interest	54,140	20,179	38,916	1,563
Other current liabilities	71,638	68,564	60,817	72,729
	347,523	295,101	290,038	316,054
Net working capital	-263,241	-224,138	-208,474	-219,736
Change in net working capital	39,103		-11,262	
Net working capital excluding accrued interest	-209,101	-203,959	-169,558	-218,173
Change in net working capital excl. accrued interest	5,142		-48,615	

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Details on Working Capital for the 3rd quarter (unaudited)

<i>(in € thousands)</i>	As of Sep. 30, 2011	As of June 30, 2011	As of Sep. 30, 2010	As of June 30, 2010
(C) Change in net working capital in Q3				
Inventories	26,965	27,325	25,119	27,022
Trade accounts receivable	25,450	26,126	32,256	37,259
Other current assets	31,867	29,626	24,189	25,400
	84,282	83,077	81,564	89,681
Trade accounts payable	74,300	69,780	52,507	71,085
Deferred revenue	114,139	112,606	107,051	106,387
Current liabilities related parties	302	365	313	948
Taxes and social securities	19,689	20,110	17,453	17,962
Personnel related liabilities	13,315	13,079	12,981	10,912
Accrued interest	54,140	18,595	38,916	14,138
Other current liabilities	71,638	70,721	60,817	63,644
	347,523	305,256	290,038	285,076
Net working capital	-263,241	-222,179	-208,474	-195,395
Change in net working capital Q3	41,062		13,079	
Net working capital excluding accrued interest	-209,101	-203,584	-169,558	-181,257
Change in net working capital Q3 excl. accrued interest	5,517		-11,699	

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Details Loans

<i>(in € thousands)</i>	30-Sep-11	30-Jun-11	31-Mar-11	31-Dec-10	30-Sep-10
Senior Debt	1,383,336	1,454,544	1,552,341	1,631,764	2,435,301
Capitalized financing fees	-48,699	-50,729	-46,747	-50,637	-78,793
Loans from financial institutions	1,334,637	1,403,815	1,505,594	1,581,127	2,356,508
Senior Notes (principal amount)	1,208,850	1,208,850	1,208,850	1,208,850	1,208,850
Capitalized discount at issuance (price 99.271)	-7,631	-7,852	-8,067	-8,078	-8,354
Capitalized financing fees	-22,376	-23,023	-23,653	-24,242	-24,493
Senior Notes	1,178,843	1,177,975	1,177,130	1,176,530	1,176,003
Facility E (Secured Bond; principal amount)	750,000	750,000	750,000	750,000	
Capitalized financing fees	-9,459	-9,772	-10,084	-10,396	
Senior Notes	740,541	740,228	739,916	739,604	
Total Loans	3,254,021	3,322,018	3,422,640	3,497,261	3,532,511

Disclaimer

This press release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or any other jurisdiction. Various statements contained in this document constitute "forward-looking statements" as that term is defined by U.S. federal securities laws. Words like "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "potential", "predict", "project", "should", and "will" and similar words identify these forward-looking statements. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond our control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated results or events: general economic trends and trends in the cable television and telecommunications industries; the competitive environment in which we operate; fluctuations in interest rates; consumer disposable income and spending levels, including the availability and amount of individual consumer credit; changes in consumer television viewing preferences and habits; consumer acceptance of existing service offerings, including our standard cable, digital pay television, broadband Internet and telephony services; consumer acceptance of new technology, programming alternatives and broadband services that we may offer; our ability to manage rapid technological changes; our ability to maintain or increase the number of subscriptions to our standard cable, digital pay television, broadband Internet and telephony services and our average monthly revenue per user; our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers; the outcome of any pending or threatened litigation; changes in, or failure or inability to comply with, government regulations in the countries in which we, and the entities in which we have interests, operate and adverse outcomes from regulatory proceedings; government intervention that opens our distribution network to competitors; uncertainties inherent in the development and integration of new business lines and business strategies; capital spending for the acquisition and/or development of telecommunications networks and services; the availability of attractive programming for our digital video services at reasonable costs; the loss of key employees and the availability of qualified personnel; and events that are outside of our control, such as terrorist attacks, natural disasters or other events that may damage our network. We caution readers not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date of this document, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.