

# Press Release

Utrecht, January 24, 2014  
Ziggo N.V. Full-year and Q4 2013 results

## Continued RGU growth supported by broadband internet and business bundles

- Solid growth in internet and mobile telephony
- Customer churn down compared to last year
- Ziggo Mobile on track with 33,000 subscriptions by year-end 2013
- Successful B2B sales campaigns with 7,000 bundle net adds
- Further investments in marketing and retention, product development and network
- Discussions with Liberty Global on-going and progressing

### Operational highlights Q4 2013

- Internet subscribers up 32,000 in Q4 to a total of 1.91 million, representing 1.7% sequential growth and 6.8% y-o-y growth
- All-in-1 bundle subscribers up 19,000 (incl. 7,000 triple play business bundles)<sup>1</sup> in Q4 to a total of 1.54 million, resulting in 1.2% q-o-q growth and 8.1% y-o-y growth
- All-in-1 penetration reaches 56.2% of our consumer customer base
- Telephony usage revenue is flat y-o-y and up 1.4% excluding FTA rate reduction
- Digital pay TV revenue decreased y-o-y owing to a 57,000 decline in subscribers, partly offset by an ARPU increase and a strong uptake in VOD
- Consumer ARPU for the quarter grew by 5.5% y-o-y to €42.73

### Financial highlights Q4 2013

- Revenues up 2.8% y-o-y to €394.0 million; up 1.7% y-o-y excl. Esprit and 'other revenue'
- Adjusted EBITDA €222.8 million, up 2.1% y-o-y; up 1.4% y-o-y excl. Esprit
- Net result increased to €79.3 million from €70.4 million in Q4 last year
- Net debt amounts to €3.10 billion compared to €3.01 billion at year-end 2012
- Leverage ratio up to 3.5x compared to 3.4x at year-end 2012

### Operational highlights FY 2013

- All-in-1 bundle subscribers up 115,000<sup>1</sup> or 8.1% for FY 2013 (vs. 145,000 in 2012)
- Total internet subscribers up 122,000 or 6.8% for FY 2013 (vs. 103,000 in 2012)
- Strong increase of Wifi-coverage since launch in April, with over 1.1 million WifiSpots activated
- Rapid adoption of our interactive SGUI since launch in March with 310,000 users by year-end, covering already 40-50% of all VOD transactions

### Financial highlights FY 2013

- Revenues up 1.8% y-o-y to €1,565 million; up 1.2% excl. Esprit and 'other revenue'
- B2B revenues up by 34.2% to €141.7 million; up 10.3% excl. Esprit
- Adjusted EBITDA up 0.7% y-o-y to €886.8 million; up 0.2% excl. Esprit
- Net result increased to €347.3 million in FY 2013 from €192.8 million in FY 2012
- Free cash flow down 25.1% to €470.9 million from €628.7million in FY 2012
- Earnings per share climb from €0.96 in 2012 to €1.74 in 2013

<sup>1</sup> All-in-1 bundle customers includes the triple play business bundles (office basis and office plus) as from Q4 2013. Historic numbers have been adjusted accordingly to facilitate comparison.

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## **CEO Rene Obermann:**

"Being new to Ziggo, I am impressed by the team and their achievements. The company has managed again to show growth in the most important service areas such as triple play and broadband internet. This was supported by a revised marketing strategy adopted early 2013 with higher investments in sales and promotions and particularly customer retention.

In a market with rapid technological changes, Ziggo managed to enhance and enforce its leading position through the addition of a range of new services. Whereas the launch of Ziggo mobile marked an important step into an increasingly converged world, the most innovative development clearly was the successful roll-out of Ziggo WifiSpots. Very quickly this concept has become very popular with free access to more than 1.1 million WifiSpots and more than 300 thousand unique users per week. These innovations are important steps into a future where all Ziggo customers have access to their personalized content wherever they are at any given time. Whilst we are aware that this strategic objective is a challenging one, I am confident that Ziggo is rightly positioned to get it done and continue its leading position in the market."

## **Outlook**

Based on our strong network and appealing product offerings, we will continue to focus on our top-line in 2014. This will predominantly be facilitated by ongoing growth in broadband internet, Ziggo Mobile and our B2B activities.

As we anticipate no substantial change in the current competitiveness in the market, we intend to make further investments in sales and promotions, customer retention and product development to strengthen our position and improve our services. We expect these additional investments, which will be skewed towards the first half of the year, will result in a flat EBITDA for 2014 compared to last year. Following increased network investments to stay ahead of ever increasing customer demand for bandwidth, the investments in set top boxes to support customer experience and the continuation of investments to upgrade our IT systems to enable converged services, Capex will increase to around €370 million in 2014.

## **Statement on discussions with Liberty Global**

Following our announcement on December 12, we have continued discussions with Liberty Global regarding a potential acquisition of the Company. These discussions have progressed. Further announcements will be made if and when relevant. There is no certainty that any agreement will be reached.

## **Statement on proposal for final dividend for financial year 2013**

In view of on-going discussions with Liberty Global on a potential acquisition of our company, we cannot propose a final dividend for the financial year 2013 at this moment. We will announce a statement regarding any final dividend before the AGM.

## **Important dates**

This year, Ziggo expects to publish its quarterly results on the following dates:

Q1 2014	April 16, 2014
Q2 2014	July 17, 2014
Q3 2014	October 16, 2014

The Annual General Meeting of Shareholders will be held on April 17, 2014.

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## Financial highlights (unaudited)

€ million	Q4			YTD December		
	2013	2012	Change	2013	2012	Change
Subscriptions + usage	348.7	346.0	0.8%	1,391.3	1,383.8	0.5%
Other revenues	4.7	9.8	(52.3%)	31.8	47.5	(33.0%)
<b>Total consumer revenues</b>	<b>353.4</b>	<b>355.8</b>	<b>(0.7%)</b>	<b>1,423.1</b>	<b>1,431.3</b>	<b>(0.6%)</b>
Business services revenues	40.5	27.4	47.9%	141.7	105.6	34.2%
<b>Total revenues</b>	<b>394.0</b>	<b>383.2</b>	<b>2.8%</b>	<b>1,564.8</b>	<b>1,536.9</b>	<b>1.8%</b>
Cost of goods sold	72.2	69.0	4.6%	289.1	294.4	(1.8%)
<b>Gross margin</b>	<b>321.8</b>	<b>314.3</b>	<b>2.4%</b>	<b>1,275.7</b>	<b>1,242.5</b>	<b>2.7%</b>
% of total revenues	81.7%	82.0%		81.5%	80.8%	
Operating expenses	83.1	77.9	6.7%	312.0	301.5	3.5%
Marketing & Sales	15.9	18.2	(12.5%)	76.9	60.5	27.0%
<b>Total operating expenses</b>	<b>99.0</b>	<b>96.1</b>	<b>3.1%</b>	<b>388.9</b>	<b>362.0</b>	<b>7.4%</b>
% of total revenues	25.1%	25.1%		24.9%	23.6%	
<b>Adjusted EBITDA<sup>1</sup></b>	<b>222.8</b>	<b>218.2</b>	<b>2.1%</b>	<b>886.8</b>	<b>880.4</b>	<b>0.7%</b>
% of total revenues	56.5%	56.9%		56.7%	57.3%	
IPO related costs	0.0	0.0		0.0	39.7	
<b>EBITDA<sup>2</sup></b>	<b>222.8</b>	<b>218.2</b>	<b>2.1%</b>	<b>886.8</b>	<b>840.8</b>	<b>5.5%</b>
Depreciation and amortization	71.7	68.3	4.9%	277.2	279.1	(0.7%)
<b>Operating income</b>	<b>151.1</b>	<b>149.8</b>	<b>0.8%</b>	<b>609.6</b>	<b>561.6</b>	<b>8.5%</b>
Share based payments	0.5	0.2		0.5	20.2	(97.5%)
Movement in provisions	0.2	0.0	(923.0%)	(4.1)	(1.0)	305.4%
Change in net working capital	(47.4)	20.8	(327.9%)	(46.1)	61.1	(175.4%)
<b>Cash flow from operating activities</b>	<b>176.0</b>	<b>239.2</b>	<b>(26.4%)</b>	<b>837.1</b>	<b>921.0</b>	<b>(9.1%)</b>
Capital expenditure (Capex)	96.2	97.4	(1.2%)	342.6	279.7	22.5%
% of total revenues	24.4%	25.4%		21.9%	18.2%	
Acquisition				15.2		
Interest received		0.0		0.0	(0.4)	
Change in financial assets	0.4	0.4		0.4	0.2	
Funding joint venture		2.8	(100.0%)	7.9	13.0	(38.6%)
<b>Free cash flow</b>	<b>79.4</b>	<b>138.7</b>	<b>(42.7%)</b>	<b>470.9</b>	<b>628.7</b>	<b>(25.1%)</b>
% of total revenues	20.2%	36.2%		30.1%	40.9%	
Adjusted EBITDA - Capex	126.6	120.8	4.8%	544.2	600.8	(9.4%)
% of total revenues	32.1%	31.5%		34.8%	39.1%	
<b>Net result</b>	<b>79.3</b>	<b>70.4</b>	<b>12.6%</b>	<b>347.3</b>	<b>192.8</b>	<b>80.2%</b>
Outstanding shares (# m)	200.0	200.0		200.0	200.0	
Earnings per share (€)	0.40	0.35	12.6%	1.74	0.96	80.2%

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## Operational highlights (unaudited)

<i>Footprint</i> <sup>3</sup> (thousands)	31 Dec 2013	30 Sep 2013	Change	31 Dec 2012	Change
Homes passed	4,247	4,237	10	4,213	0.8%
Analog TV only	505	532	(27)	637	(20.7%)
Analog and digital TV <sup>4</sup>	2,291	2,280	12	2,256	1.6%
<b>Total TV customers</b>	<b>2,796</b>	<b>2,811</b>	<b>(15)</b>	<b>2,892</b>	<b>(3.3%)</b>
Digital pay TV subscribers	872	863	8	929	(6.2%)
Internet subscribers	1,910	1,878	32	1,788	6.8%
Telephony subscribers	1,608	1,590	19	1,493	7.7%
<b>Total RGUs<sup>5</sup></b>	<b>7,186</b>	<b>7,142</b>	<b>44</b>	<b>7,102</b>	<b>1.2%</b>
<i>of which bundle subscribers</i> <sup>6</sup>	<i>1,538</i>	<i>1,520</i>	<i>19</i>	<i>1,423</i>	<i>8.1%</i>
<b>Total RGUs consumer</b>	<b>6,935</b>	<b>6,914</b>	<b>20</b>	<b>6,908</b>	<b>0.4%</b>
<i>of which bundle subscribers</i> <sup>6</sup>	<i>1,495</i>	<i>1,483</i>	<i>12</i>	<i>1,395</i>	<i>7.1%</i>
Out of home subscribers	33				
RGUs per customer (#) <sup>7</sup>	2.56	2.53	0.03	2.45	4.6%
ARPU in Q (€ per month) <sup>8</sup>	42.73	42.09	0.64	40.48	5.5%
ARPU YTD (€ per month) <sup>8</sup>	42.10	41.88	0.22	39.74	5.9%
<b>Total RGUs B2B</b>	<b>251</b>	<b>228</b>	<b>23</b>	<b>194</b>	<b>29.7%</b>
<i>of which bundle subscribers</i> <sup>6</sup>	<i>43</i>	<i>37</i>	<i>7</i>	<i>28</i>	<i>53.4%</i>

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## Note

Please note that the results published in this press release are the consolidated results of Ziggo N.V. ("Ziggo") and not those of Ziggo Bond Company B.V., the entity that we reported on prior to Q1 2012. As a consequence of the initial public offering of 25% of its ordinary shares on March 21, 2012, Ziggo is now reporting quarterly results at the level of the entity that issued the ordinary shares at NYSE Euronext Amsterdam, referred to as "Ziggo". A reconciliation of the results of Ziggo N.V. with Ziggo Bond Company B.V. is attached as a separate schedule to this earnings release, and an explanation of the most important reconciling items is provided at the end of this release. Ziggo was incorporated on April 1, 2011 and indirectly acquired all of the issued and outstanding shares of Ziggo Bond Company B.V. on March 20, 2012.

## Definitions/Footnotes

- (1) Adjusted EBITDA refers to EBITDA adjusted to eliminate the effects of operating expenses incurred in connection with the initial public offering of ordinary shares of the company on March 21, 2012, which were €0.0 million and €0.0 million respectively for the quarter and twelve months ended December 31, 2013 and €0.0 million and €39.7 million respectively for the quarter and twelve months ended December 31, 2012.
- (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 relating to our footprint and RGUs are presented as at the end of the period indicated.
- (4) Digital television RGUs equals the total number of standard TV subscribers who activated a smart card as at the end of the periods indicated. As a result, digital TV RGUs represents the number of subscribers who have access to our digital TV services. In any given period, not all of these digital TV RGUs will have subscribed to additional digital pay TV services. As at December 31, 2013, 872,000 of our total digital TV RGUs subscribed to one or more of our digital pay TV services.
- (5) Total RGUs are calculated as the sum of total standard TV subscribers, digital pay TV subscribers, internet subscribers and telephony subscribers which are serviced by our coaxial products for both the consumer and the business markets. Total consumer RGUs excludes the subscriptions for our products Office Basis (41,800), Office Plus (1,600) and Internet Plus (11,300) targeted at SOHO and small businesses and our collective TV contracts TOM and TOMi (representing 80,000 RGUs), as these coaxial products are serviced by our business division and revenues generated through these products are recognized as business service revenues. These products represent 135,000 TV RGUs, 18,000 digital pay TV RGUs, 55,000 internet RGUs and 43,000 telephony RGUs.
- (6) Besides 1,495,000 subscribers who subscribed to the All-in 1 bundle, 11,000 customers subscribed to standard TV, internet and telephony on an individual product basis instead of an All-in-1 bundle. However, the reported number for All-in-1 bundle customers includes 35,000 customers who are serviced through cable networks owned by third parties. The calculation of the penetration of All-in-1 in our consumer customer base excludes the All-in-1 bundle customers serviced through cable networks owned by third parties.
- (7) Total RGUs includes 27,000 digital pay TV RGUs, 50,000 internet RGUs and 39,000 telephony RGUs which are serviced by Ziggo through certain cable networks owned by third parties. The customers to whom we provide internet, telephony services and digital pay TV services through cable networks owned by third parties are not reported as standard TV subscribers as standard TV service is provided by the third party. Therefore these internet, digital pay TV and telephony RGUs are excluded in the calculation of the RGUs per customer.
- (8) RGUs per customer is the total number of consumer RGUs excluding RGUs in cable networks owned by third parties (6,819,000 as at December 31, 2013) divided by the total number of consumer standard TV subscribers (2,661,000 as at December 31, 2013).
- (9) Average Revenue per User (ARPU) for the consumer market is calculated as the sum of total standard TV, digital pay television, internet, telephony (including call charges and interconnection revenue) and All-in-1 bundle subscription revenues generated in the consumer market for the period divided by the number of months used and divided by the period's average monthly total standard TV RGUs. It excludes revenue from other sources, including installation fees and set-top box sales. The calculated ARPU excludes revenue generated from RGUs in cable networks owned by third parties.
- (10) As of Q2 2013 we changed the definition of net debt for the calculation of the leverage. Net debt is defined as the outstanding balance of the principal amount of our borrowings plus the accrued interest on these borrowings and the market-to-market value of the derivative financial instruments, reduced by the balance for cash and cash equivalents. Before Q2 2013 the balance of accrued interest and the market-to-market value of the derivative financial instruments was not included in the calculation of net debt.
- (11) As of Q4 2013 we have reclassified certain costs elements which relates to the rent of datacenters from cost of goods sold to office expenses. This reclass had been processed in prior period results as well for comparative purposes.

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## About Ziggo

Ziggo is a Dutch provider of entertainment, information and communication through television, internet and telephony services. The company serves around 2.8 million households, with 1.9 million internet subscribers, almost 2.3 million subscribers to digital television and 1.6 million telephony subscribers. Business-to-business subscribers 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](http://www.ziggo.com).

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## Not for publication

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## Consumer products & services

### Detail consumer

thousands

	31 Dec 2013	30 Sep 2013	Change	31 Dec 2012	Change
Analog TV only	408	436	(28)	545	(25.0%)
Analog and digital TV	2,253	2,247	6	2,231	1.0%
<b>Total TV customers</b>	<b>2,661</b>	<b>2,683</b>	<b>(22)</b>	<b>2,776</b>	<b>(4.1%)</b>
Digital pay TV subscribers	853	848	6	917	(6.9%)
Internet subscribers	1,855	1,831	25	1,751	6.0%
Telephony subscribers	1,565	1,553	12	1,464	6.9%
<b>Total RGUs</b>	<b>6,935</b>	<b>6,914</b>	<b>20</b>	<b>6,908</b>	<b>0.4%</b>
<i>of which bundle subscribers</i>	<i>1,495</i>	<i>1,483</i>	<i>12</i>	<i>1,395</i>	<i>7.1%</i>
<i>of which in 3rd party networks<sup>9</sup></i>	<i>116</i>	<i>114</i>	<i>2</i>	<i>109</i>	<i>6.6%</i>
RGUs per customer (#)	2.56	2.53	0.03	2.45	4.6%
ARPU for the quarter (€ per month)	42.73	42.09	0.64	40.48	5.5%
ARPU YtD (€ per month)	42.10	41.88	0.22	39.74	5.9%

The fourth quarter of 2013 again showed RGU growth compared to the previous quarter and the same quarter last year. Whereas RGU growth was recorded in both the consumer and B2B segments, relative growth in B2B was particularly strong with 23,000 net RGU adds during the quarter to a total of 251,000 as at year-end. The main reasons for the overall RGU growth are higher investments in sales and customer retention with the continuation of a number of campaigns from the previous quarter, combined with an increased attractiveness of our bundle and internet product through the addition of WifiSpots and increased internet speeds.

In particular, churn improved compared to last year. Customer churn in Q4 2013 was 9.2%, down from 11.4% in Q4 2012, but up from 8.4% in the previous quarter. However, the first and fourth quarters are typically the quarters with relatively high 'seasonality' churn compared to the other two quarters.

At year-end 2013, total RGUs in the consumer market reached 6.94 million, up 20,000 during Q4 versus a gain of 69,000 in Q3. Internet subscribers in particular recorded strong growth, resulting in the second consecutive quarter in which growth exceeded subscriber growth of our All-in-1 bundle. Higher growth for broadband internet relative to the All-in-1 bundle in consumer is primarily the result of our increased focus on the dual-play bundle (TV + Internet) to specifically address the group of mobile-only telephony households. In addition, the popularity of WifiSpots supported growth in the number of internet customers during the quarter.

Subscribers to digital Pay TV recovered slightly with a limited subscriber growth of 6,000 during the quarter versus a decline in the prior-year quarter and the first quarters of 2013. For the full year, the number of subscribers to digital Pay TV is still down by 64,000, partly due to the difficult macro-environment and the switch from subscription based to on-demand based video consumption.

In Q4, the number of subscribers to the All-in-1 bundle grew by 12,000 (or 0.8%) to 1.495 million and by 7.1% compared to the prior-year quarter. All-in-1 bundle customer churn in Q4 was 5.1%, up from 4.7% in the previous quarter and down from 5.7% compared to the same quarter last year. These percentages are based on annual churn rates. The number of consumer internet subscribers grew by 25,000 or 1.4% during Q4 to a total of 1.86 million at year-end 2013 and by 6.0% compared to last year.

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The number of digital TV subscribers increased by 6,000 in Q4 to 2.25 million, representing a penetration of 84.7% of our consumer customer base. The number of TV-only subscribers decreased by 23.0% compared to the same quarter last year, to a total of 747,000 as at December 31, 2013. The decrease was mainly due to the upsell of the dual play and triple play bundle to our TV-only subscribers as well as churn. Among TV-only subscribers, churn came down compared to the end of last year and the first half of 2013, following higher investments in customer retention.

However, we expect to continue to experience churn among our TV-only customers as a result of a market moving towards triple-play and increased competition. Churn on all other product lines, and for the All-in-1 bundle in particular, is significantly lower than churn among TV-only subscribers. Therefore, we will continue to focus on upgrading customers to our dual and triple play bundles.

The total number of consumer telephony subscribers rose to 1.56 million at year-end 2013, an increase of 6.9% compared to a year ago. This increase is mainly the result of the increase in All-in-1 subscriptions, partly mitigated by a number of customers who churn their fixed-line telephony subscription and switched from triple to dual play.

RGUs per customer grew to 2.56, up 4.6% compared to last year, following a growth in RGUs combined with a lower number of customers. Excluding digital Pay TV as a separate RGU, Ziggo recorded an average of 2.24 RGUs per customer or a 5.8% growth compared to the previous year.

Blended ARPU for the quarter rose by 5.5% y-o-y, benefiting from a further penetration of dual and triple play bundles in our customer base, churn among lower ARPU TV-only customers and ARPU growth for digital pay TV, partly offset by a limited decline in the ARPU for telephony usage.

Finally, following the launch in mid-September, Ziggo Mobile is on track with 33,000 subscribers as at December 31, which is slightly ahead of plan.

## Marketing and sales

During the fourth quarter we continued most of our sales and retention campaigns from the third quarter. For instance, we continued the existing All-in-1 campaign where new customer can choose their own promotional offer, varying from a discount on the subscription for the first six months, a free tablet, an interactive HD receiver or an interactive HD recorder for an initial contribution of €49. All new subscribers to our dual play or triple play service have a minimum contract term of 12 months and the same terms apply to our retention offers.

Also a continuation from previous quarters, Fiber-to-the-Home (FttH) counter campaigns were introduced in the areas where FttH initiatives were announced. The retention campaigns in these areas were supported by an attractive offer for a high-quality product and service compared to the FttH experience. In addition, a special retention was offered providing an interactive receiver or recorder, in combination with a one-year contract extension. Besides these FttH counter campaigns, we also continued our customer win back campaigns in FttH areas where FttH was rolled out some time ago.

Furthermore, the launch of Ziggo Mobile in the 2<sup>nd</sup> half of September was followed up by promotions through TV and radio commercials, online banners and direct mail campaigns. The two Sim-Only subscriptions for consumers and the two for business clients were well received.

In early November we presented the Ziggo MTV Music Week. In the week prior to the MTV EMA Awards ceremony - which was held in the Ziggo Dome -, several artists gave small concerts which were broadcasted through our own Ziggo Event TV channel. In addition to this Music Week, Ziggo sponsored the MTV EMA Awards and live broadcasted the ceremony to its customers.



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At the Ziggo Congress of November 7, it was announced that Bits of Freedom had won the Ziggo Open Society Award 2013. Bits of Freedom is the Dutch digital rights organization focusing on privacy and communications freedom in the digital age. Bernard Dijkhuizen –Ziggo's former CEO - presented the award, a trophy and €15,000. The other finalists were NoXqs and Internet Protection Lab. According to the jury, both organizations fulfill an important role in Dutch (open) society.

On November 21, Ziggo and the Ziggo Dome won a prestigious award at the 'SponsorRing' event. The SponsorRing is a yearly event where the best sponsor promotions are rewarded in several categories. Ziggo and the Ziggo Dome were praised for the successful partnership and won the award in the innovation and entertainment categories.

In December, a special campaign was launched called the 'Ziggo Decemberdagen'. Besides the typical bundle promotional offers for new customers, existing customers were offered several free movies on our event channel and a live cooking workshop with Rudolf van Veen in cooperation with the 24Kitchen channel. During the broadcast, participants had the option to ask advice and share photos of their home cooked meals via social media.

## Products and services

On November 5, we introduced the CI+ 1.3 module, enabling interactive services such as on-demand movies, television series or missed TV programs, without the use of a SetTop Box and using the remote control of the television set. Ziggo is the first in the world to enable interactive television via such a CI+ module. Since the beginning of 2013, an increasing number of televisions has been enabled for usage of this CI+ 1.3 module. Many Samsung, LG and Philips televisions have already been certified by Ziggo for this service and many more brands are to be expected in 2014. The CI+ 1.3 module makes use of the streaming graphical user interface (SGUI) which was deployed earlier this year.

By December 31, the number of activated decoders with this new SGUI had grown to over 310,000 (excl. CI+ 1.3), from 229,000 at the end of Q3. Today, the SGUI already accounts for 40-50% of total VOD activity. On December 31, we had over 566,000 customers with an interactive device.

Since the launch of WifiSpots in April 2013, Ziggo has activated over 1.1 million WifiSpots. In the fourth quarter, we started a pilot with WifiSpots in street cabinets in cooperation with a number of municipalities to enhance outdoor WiFi coverage.

In September 2013, Ziggo launched its first mobile proposition. The basic consumer subscription is available for €15 per month (incl. VAT). This subscription offers 300 minutes call time/text messages, 1,000 MB data and unlimited access to more than 1 million Ziggo WifiSpots, a number that will continue to grow. There is an introductory subscription for business clients of €20 (excl. VAT), with 400 minutes call time/text messages, 1,000 MB data and unlimited access to the Ziggo WifiSpots. All Ziggo Mobile propositions come with one-month notice periods, rather than 1- or 2-year contracts, which is currently common in the market. By December 31, 2013, Ziggo recorded 33,000 subscribers.

# Press Release

## B2B products & services

### Detail B2B

thousands

	31 Dec 2013	30 Sep 2013	Change	31 Dec 2012	Change
Analog TV only	96.4	95.7	0.7	92.0	4.9%
Analog and digital TV	38.3	32.7	5.6	24.3	57.9%
<b>Total TV customers</b>	<b>134.7</b>	<b>128.4</b>	<b>6.3</b>	<b>116.3</b>	<b>15.8%</b>
Digital pay TV subscribers	18.4	15.8	2.6	12.4	48.7%
Internet subscribers	54.8	47.3	7.5	36.9	48.8%
Telephony subscribers	43.5	36.6	6.9	28.3	53.7%
<b>Total RGUs</b>	<b>251.4</b>	<b>228.1</b>	<b>23.3</b>	<b>193.8</b>	<b>29.7%</b>
<i>of which bundle subscribers</i>	43.4	36.5	6.9	28.3	53.4%
<i>Of which:</i>					
- Office Basis	41.8	35.0	6.8	27.5	52.4%
- Office Plus	1.6	1.5	0.1	0.8	96.4%
- Internet Plus	11.3	10.8	0.5	8.6	32.5%

During Q4, over 7,000 new subscribers were added to our 'Office Basis', 'Office Plus' and 'Internet Plus' business bundles, bringing the total B2B bundle subscribers to more than 55,000. Our focus on small and home offices with business bundles continues to drive growth for B2B.

Esprit Telecom, which was acquired earlier this year and consolidated as per May 1, was smoothly integrated while strengthening its position as a challenger in the business market. During the quarter, Esprit Telecom realized strong performance and was successful with several new contract wins for voice and data services in the midmarket.

# Press Release

## Financial performance

### Revenue

In Q4 2013 Ziggo generated revenues of €394.0 million, an increase of 2.8% compared to the same quarter of 2012 (€383.2 million) and up 0.3% excluding the revenue contribution from Esprit Telecom. Esprit Telecom was consolidated as of May 1, 2013 and contributed €9.6 million in revenues during the fourth quarter. Excluding Esprit Telecom and 'revenue from other sources', revenues increased by 1.7%, up from 0.9% for the previous quarter. The most important drivers for revenue growth were:

1. continued growth in RGUs for internet and telephony, partly driven by a further uptake of the All-in-1 bundle and an increased focus on the dual play bundle;
2. a price increase for the consumer market effective February 1;
3. the revenue contribution from Ziggo Mobile, launched in September of this year; and
4. continued growth in subscriptions to business bundles.

Revenue growth was partly offset by lower RGUs for standard TV and a revenue decline from subscriptions to digital pay TV. Business services again reported strong organic growth of 12.9% in the business market, fully driven by the sale of business bundles to the SME and SoHo markets.

Consumer revenues for Q4 2013 amounted to €353.4 million, down 0.7% on Q4 2012. Excluding 'revenue from other sources', consumer revenues were up by 0.8%. This was mainly driven by a further uptake of our All-in-1 bundle and broadband internet subscriptions during the year and the February price increase, partly offset by a decline in revenues from subscriptions to digital pay TV and churn among TV-only customers in particular. In addition, as part of our promotional offers, new subscribers can opt for an introduction discount for a six-month period, which is recognized net of revenues in each of the first six months of the contract period. This discount represents a value of approximately €1.7 million and resulted in 0.5% lower growth of consumer revenues from subscription and usage.

Subscriptions to All-in-1 grew by 12,000 during the quarter, and 7.1% y-o-y. In addition, subscriptions to broadband internet grew even faster by 25,000 additions, or 6.0%, y-o-y, partly supported by an increased focus on our dual-play proposition TV plus internet and an enrichment of our internet product and dual play bundle through the addition of WifiSpots and higher internet speeds. Telephony RGUs grew by 12,000 or 6.9% y-o-y. RGUs for standard TV reported a net decline of 22,000 RGUs during the quarter and 4.1% y-o-y, while customer churn came down from 11.4% in Q4 2012 to 9.2% in Q4 2013. Although the sequential decline of 22,000 was up compared to the 11,000 decline in Q3, it was a considerable improvement compared to the first half of 2013 and the fourth quarter in 2012 with average sequential declines of approximately 40,000 RGUs in each of those quarters. The first and fourth quarter are typically the quarters with relative high churn compared to the other two quarters. During Q4 of 2012 we saw a decline of 46,000 RGUs for standard TV. Churn came down compared to previous quarters as a result of our increased focus on retention, our successful sales campaigns and product innovations, like the introduction of Ziggo WifiSpots.

Revenue from subscriptions to standard TV, internet and telephony increased by 1.6%, up from 0.9% in Q3. The February 1 price increase and positive revenue effect from the increase in All-in-1 subscriptions and broadband internet subscriptions, in particular, were partly offset by the 3.4% decline in revenue for standard TV subscriptions. Taking into account the promotional discount with a net value of €1.7 million, revenue from subscriptions grew by 2.3%, up from 1.5% in Q3.

Driven by a decline in the number of subscribers to digital pay TV from 917,000 in the prior-year fourth quarter to 853,000 by the end of Q4 2013, revenue from digital pay TV (including VOD) declined by 4.6% y-o-y, despite a strong increase in the number of VOD transactions by 25.2% in that same period and an increase in ARPU for digital pay TV by 4.1%, from €15.38 in Q4 2012 to €16.01 in Q4 2013.

# Press Release

The decline in RGUs for digital pay TV was driven by (a) the depressed consumer confidence given the macro environment, (b) the growing popularity of VOD which does not count as an RGU, and (c) our marketing focus on customer retention and All-in-1, and the launch of Ziggo Mobile instead of premium pay TV. The growth in VOD transactions was negatively impacted by the price increase for watching live football per match from €6.95 to €11.95. The number of VOD transactions for watching live football declined by approximately 85%. If we exclude these transactions, the number of VOD transactions increased by 39.1%.

In addition to the growing popularity of VOD, growth was also supported by the rise in the number of customers with an interactive set-top box to 566,000 at the end of Q4 2013, compared to 359,000 at the end of Q4 2012.

Revenues from telephony usage stabilized compared to Q4 last year. Excluding revenues from interconnection, telephony usage revenues were up by approximately 1.4%. The February price increase for telephony usage contributed approximately 4% to revenue growth.

Growth in the number of telephony subscribers of 6.9% was largely offset by a lower ARPU for telephony usage, due to (1) an FTA rate reduction as at September 1, 2013 from €0.0037 to €0.00302, (2) more subscribers selecting a flat-fee subscription, and (3) a higher share of free on-net calls following the growth in the number of All-in-1 subscribers. When a Ziggo telephony customer makes a fixed line call to another Ziggo telephony customer, the call qualifies as on-net and no costs are charged. Both trends result in a higher percentage of non-billable call minutes compared to the previous year, in addition to an overall decline in average call minutes per telephony subscriber.

In the fourth quarter, call minutes decreased by approximately 2.7% compared to the same quarter last year, whereas on-net calling increased by 2.7%. However, average call minutes per user (AMPU) decreased by 9.7%. The reduction in FTA rates at September 1, 2013 negatively affected ARPU and revenues by €0.16 and €0.6 million respectively compared to Q4 2012.

Despite flat revenues from telephony usage, the gross margin on total telephony improved slightly, in absolute terms by over 5%, due to growth in the number of subscribers and reduced FTA and MTA rates.

Revenues generated through our All-in-1 bundle increased by 7.6%, from €172.7 million in Q4 2012 to €185.8 million in Q4 2013, now representing 53.3% of total consumer revenues from subscriptions and usage, versus 49.9% in Q4 2012.

Revenue from other sources, predominantly consisting of set-top box sales, collection fees and revenues from service numbers, declined by 52.3% y-o-y to €4.7 million in Q4 2013. Part of this decline was the result of a change in accounting for costs of tablets. Based on IFRS guidelines, we changed the accounting for tablets provided to customers during the first nine months resulting from our sales promotions in combination with a one-year contract. The costs of these tablets are now deferred and allocated as a discount for the contract period to other revenues, rather than being expensed and included in marketing & sales as we did prior to Q4. This resulted in a discount as a result of deferred tablet costs of €1.2 million for the first nine months and €2.0 million for the fourth quarter. Excluding this adjustment, revenue from other sources decreased by €1.9 million, or 19.5%. Although we shipped a higher number of set-top boxes, we recorded a decline in revenues due to a lower average sales price per set-top box and the capitalization of set-top boxes covered by a subscription period of 12 months for which the ownership of the set-top boxes remains with Ziggo.

# Press Release

		Q4 2013	Q4 2012	change
<b>expensed</b>	Interactive recorders	25,000	36,000	-11,000
	Interactive receivers	16,000	23,000	-7,000
	CDI+ modules	4,000	3,000	1,000
		45,000	62,000	-17,000
<b>capitalized</b>	Interactive recorders	33,000		33,000
	Interactive receivers	17,000		17,000
		50,000	0	50,000
<b>total</b>		<b>95,000</b>	<b>62,000</b>	<b>33,000</b>

Blended ARPU for consumers in Q4 2013 was €42.73, up €2.25, or 5.5%, from Q4 2012. This increase was driven by growth in the number of subscribers to the All-in-1 bundle and broadband internet which, combined with churn in TV-only subscribers, resulted in a 4.6% increase in RGUs per customer to 2.56 (based on a maximum of 4 RGUs per customer). Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.24 RGUs per customer, or an increase of 5.8% y-o-y. Additionally, blended ARPU was positively affected by (1) the price increase which became effective on February 1, and (2) an increase in ARPU for digital pay TV by 4.1%, partly offset by (3) a decline in ARPU for telephony usage by 6.9%. Blended ARPU in Q4 showed an increase of 1.5% compared to Q3 2013, due to 1.1% growth in RGUs per customer.

Our business market activities generated revenues of €40.5 million in Q4 2013, up 47.9% compared to €27.4 million in the same period last year. Esprit Telecom contributed €9.6 million in revenue. Excluding revenues from Esprit Telecom, the acquisition which has been consolidated since May 1, business revenues grew by 12.9%. Growth was fully attributable to the increase in the number of subscriptions to our business bundles for home offices and small enterprises. In Q4, Ziggo B2B added 7,500 new subscribers to its main B2B bundles products, 'Internet Plus', 'Office Basis' and 'Office Plus', reaching a total of 54,800 subscribers by December 31, 2013. Total revenues from the coaxial products TOM and TOMi, our collective TV contracts and business bundles in Q4 2013 grew by €3.7 million, or 36.0%, compared to the same quarter in 2012, landing at €13.8 million, now representing 44.7% of total B2B revenues (compared to 37.1% in Q4 2012). The revenue growth for B2B was negatively affected by declining revenue from a number of sizeable legacy contracts, as well as the reduction in FTA rates. The reduction in FTA rates as at September 1, 2013 negatively affected revenues by almost €0.1 million per quarter.

## Cost of goods sold and gross margin

Cost of goods sold includes the costs of materials and services directly related to revenues. It consists of copyrights, signal costs and royalties paid to procure our content, interconnection fees that we pay to other network operators, materials and logistics costs and costs of guarantee relating to the sale of set-top boxes and other products and materials used to connect customers to our network. The set-top boxes are typically sold at a negative gross margin as part of our promotional campaigns to support further penetration of digital TV and triple play and are therefore considered an investment in our customer base.

In Q4 2013, cost of goods sold increased to €72.2 million, up 4.6% from Q4 2012. The gross margin in Q4 was 81.7% of revenues versus 82.0% in the prior-year quarter. Excluding the acquisition of Esprit Telecom (Q4 COGS of €5.9 million), which has been consolidated since May 1, cost of goods sold would have declined by 3.9% and the gross margin would have been 82.8%.

Margin improvement was mainly the result of higher gross margins on internet, telephony and business services (excluding Esprit Telecom) and a lower negative margin contribution realized on the sale of set-top boxes. The lower negative margin contribution from the sales of set-top boxes is the result of a lower volume of set-top boxes recognized as sales (41,000 in Q4 2013 versus 59,000 in Q4 2012) at a lower negative margin contribution per set-top box.

# Press Release

A lower average sales price during the quarter compared to Q4 2012 was more than offset by a lower average purchase price. In addition, 50,000 set-top boxes were capitalized, as these boxes were provided to customers as part of our sales and retention promotions covered by a one-year contract, with the ownership of the set-top boxes remaining with Ziggo. These capitalized set-top boxes in Q4 represent a total value of €6.7 million.

## Operating expenses (Opex)

Operating expenses increased by €2.9 million, or 3.1%, to €99.0 million in Q4 2013, compared to €96.1 million in Q4 2012. As a percentage of revenue, operating expenses were flat at 25.1%, which included a decrease in marketing & sales expenses by 12.5%, from €18.2 million in Q4 2012 to €15.9 million in Q4 2013. The decline was the result of an adjustment for costs of tablets of €5.5 million recognized as promotions under marketing and sales during the first nine months. These costs of tablets were deferred in line with IAS 18 and multiple-element arrangements and IFRIC 13, to be allocated as a discount under other revenues over the period of the underlying contract, which is twelve months. Excluding this adjustment, marketing & sales expenses would have increased by €3.2 million, or 18.0%. The majority of marketing & sales expenses were spent on sales and customer retention campaigns and on the launch of Ziggo Mobile, which was supported by an advertisement and sales campaign throughout the quarter. Compared to Q4 2012, the increase was predominantly driven by an increased spend on retention and the launch of Ziggo Mobile.

Excluding marketing & sales, operating expenses increased by 6.7% compared to Q4 2012. Excluding the acquisition of Esprit Telecom (€2.2 million), operating expenses were €80.9 million, up 3.9% compared to Q4 2012 and up €7.3 million, or 9.9%, compared to Q3 2013 (€73.7 million).

Personnel costs increased by 1.8% compared to Q4 2012. Excluding Esprit Telecom (€1.7 million), personnel costs decreased by 1.6%, or €0.8 million.

Total headcount excluding Esprit Telecom increased by 7.7% and average personnel costs increased by approximately 3.4% which was offset by lower accrued bonuses of approximately €3.5 million. In Q4 2012, an additional amount of €1.7 million had been accrued for employee bonuses as a result of the achievement of certain company targets at the end of the year. This year, the quarterly accrual is approximately €1.8 million less than the prior-year quarter. During the year, it became clear that certain company targets for 2013 would not be achieved, resulting in a reduced accrual for employee bonuses compared to the prior year.

The increase in average personnel costs of approximately 3.4% was driven by both discretionary individual salary increases and a general salary increase in line with the collective labor agreement, including an increased employer contribution to the pension premium, which was partly offset by a decrease in employer charges for social security. The increase in headcount was more than offset by an increase in capitalized personnel costs of approximately €10.6 million, or 68%. The increased headcount is the result of an increase in external personnel for projects relating to investments in innovation and our core infrastructure and service platforms, facilitating the addition of new services such as mobility and converged services and TV Everywhere.

At the end of Q4, we recorded 3,354 FTEs. Excluding Esprit Telecom, we recorded 3,248 FTEs, compared to 3,018 FTEs at the end of Q4 2012 and 3,126 at the end of Q3 2013. Excluding external and temporary call center agents, the company had 2,500 employees versus 2,502 in the previous year (average for the quarter: 2,500 FTEs versus 2,488 for Q4 2012). The number of external resources increased from 278 FTEs at the end of Q4 2012 to 521 at the end of Q4 2013 (average for the quarter: 542 external FTEs versus 301 for Q4 2012). The number of temporary call center agents decreased slightly from 238 FTEs at the end of Q4 2012 to 226 at the end of Q4 2013 (average for the quarter: 234 temporary call center agents versus 224 for Q4 2012).



# Press Release

Costs of contracted work, excluding Esprit Telecom, increased by 36.6% compared to Q4 2012 (37.1% including Esprit Telecom). This increase was entirely driven by higher costs of our external call centers and costs of customer maintenance & visits. As a result of a strong growth in RGUs in the third quarter and the roll-out of Ziggo WifiSpots, call volumes rose sharply by over 24% compared to Q4 2012, in line with what we experienced in the third quarter. In combination with an increase in the average handling time and a relatively higher percentage of the call volume being outsourced, external call center costs and costs of customer maintenance & visit rose by almost 85%. Consultancy costs and costs of maintenance of network and technology were stable.

Office expenses in Q4 decreased by 4.6% to €13.2 million compared to Q4 2012. Excluding Esprit Telecom, office expenses decreased by 6.8%. Costs of housing and sites increased by almost 7% as the result of the opening of a new data center in the third quarter to support the new IT infrastructure and service platforms, facilitating the addition of new services such as mobility and converged services and TV Everywhere. In addition, investments in innovations for our converged platform and business applications resulted in additional license and maintenance costs on top of recurring costs of existing IT business applications. The increase was more than offset by a refund of energy tax for prior years and an increase in the coverage for office expenses as a result of the increase in the headcount and hours capitalized. If the coverage for office expenses and the refund for energy tax are excluded, office expenses increased by over 4.9%.

Other expenses increased by 22.7% compared to Q4 2012. Excluding Esprit Telecom, other expenses increased by 20.0%. Other expenses include the proceeds and gain of €6.9 million from the sale of our transmission towers and an impairment of €6.5 million. This impairment was due to our decision to replace certain components of a project to build our new video platform. Excluding the balance of these one-offs and excluding Esprit Telecom, other expenses increased by €0.7 million, or 47.6%, compared to the prior year quarter. An increase in costs related to the provision for bad debts and debt collection was partly offset by lower costs related to repairs of customer equipment, such as set-top boxes. In the prior year quarter, we recognized a release from the provision for bad debts.

## **Adjusted EBITDA and operating profit**

In Q4 2013, we achieved adjusted EBITDA of €222.8 million, up 2.1% compared to Q4 2012. The EBITDA margin was 56.5% compared to 56.9% in Q4 2012. Excluding the EBITDA contribution of €1.5 million from Esprit Telecom, EBITDA increased by 1.4%, resulting in an EBITDA margin of 57.6% compared to an EBITDA margin of 57.3% in the prior-year quarter. EBITDA was positively impacted by €4.4 million as a result of the adjustment for costs of tablets of €5.5 million recognized as promotions for the first nine months. These costs of tablets were deferred in line with IAS 18 and multiple-element arrangements and IFRIC 13, to be allocated as discount under other revenues over the period of the underlying contract, which is twelve months. Excluding this adjustment and excluding the EBITDA contribution of Esprit Telecom, EBITDA would have declined by 0.6%.

Depreciation expenses and amortization of software and intangibles in Q4 2013 increased by €3.5 million to €71.7 million from €68.3 million in Q4 2012. Excluding the acquisition of Esprit Telecom and excluding the amortization of other intangible fixed assets, depreciation and amortization of software increased by €2.8 million. This increase is the result of the current investment program in our core infrastructure and systems facilitating the addition of new services such as mobility and TV Everywhere. Based on this investment program, depreciation and amortization will grow in the future. During the quarter, we recognized €0.3 million in amortization of other intangible assets, due to the recognition of the amortization of the Esprit customer list.

Operating income (EBIT) for the fourth quarter increased by 0.8% to €151.1 million compared to €149.8 million for the prior-year quarter. Excluding the acquisition of Esprit Telecom, operating income increased to €149.9 million, due to the increase in EBITDA by 1.4%, which was partly offset by an increase in depreciation and amortization expenses.

# Press Release

## Net income

Interest expense decreased by €1.2 million, or 2.4%, to €50.2 million in Q4 2013, compared to €51.4 million in Q4 2012. In Q4 2013, €3.4 million was allocated as borrowing costs on work in progress, resulting in an interest credit, compared to €2.8 million in Q4 2012. Excluding borrowing costs, interest expense decreased by 0.4%, or €0.2 million. The average debt during the quarter (approximately €3,131 million) was slightly below the average debt in Q4 2012 (€3,159 million), resulting in a small decrease in interest expense. The blended interest rate for the fourth quarter was 6.8%, similar to Q4 2012.

Banking and financing fees increased by €0.1 million, from €0.2 million in Q4 2012 to €0.3 million in Q4 2013. This increase is mainly attributable to the new revolving credit facility of €400 million, which was put in place in March of this year and which replaced a revolving credit facility of €50 million.

The amortization of funding costs decreased by €2.5 million to €1.6 million in Q4 2013 compared to Q4 last year. In the prior year quarter a backlog amortization charge of €0.9 million has been recognized to cover prior periods. As a result of the refinancing of the €1.1 billion senior credit facility by the new €750 million 3.625% senior secured notes issue and the new €550 million senior credit facility in March of this year, capitalized financing fees have come down by approximately €31.0 million, reducing the quarterly amortization charge to €1.6 million.

As Ziggo does not comply with hedge accounting rules for interest rate swaps under IFRS, any change in fair value is recognized as financial income and expense. In Q4 2013, Ziggo recorded a €3.1 million gain on other income, due to (1) the periodic amortization of its negative hedge reserve of €1.2 million, (2) a fair value gain on IRS contracts of €4.4 million as a result of negative value running out of ST hedges through periodic settlements of underlying hedges, (3) an increase in the underlying interest rates during the quarter, and (4) a foreign exchange loss on USD denominated purchases of €0.1 million. In the same quarter of 2012, Ziggo had reported a fair value gain of €2.6 million and a foreign exchange gain of €0.3 million.

In Q4 2013, Ziggo recorded a net loss from joint ventures of €4.2 million compared to a net loss of €2.2 million in the prior-year quarter. The €4.2 million net loss from joint ventures predominantly related to Ziggo's 50% share in the results of HBO NL, the joint venture with HBO. The 50% share in the loss increased by €3.1 million as a result of a reversal of the deferred tax asset as it is unsure whether losses can be offset against future profits for tax purposes. Investments in and results from the joint venture are accounted for using the equity method. Ziggo's share in the funding of this joint venture during the fourth quarter amounted to nil.

In Q4 2013, Ziggo reported an income tax expense of €18.5 million, compared to €24.3 million in the same quarter in 2012. The result before income taxes of €102.0 million would have led to a corporate income tax charge of €25.5 million at an effective tax rate of 25% versus €24.3 million in the prior-year quarter. However, as a result of the innovation box tax facility which was agreed with the Dutch tax authorities in the first quarter, the effective tax rate is approximately 18.1%, resulting in an income tax expense of €18.5 million.

The innovation box is a tax facility under Dutch corporate income tax law which taxes profits attributable to innovation at an effective tax rate of 5% instead of the statutory rate of 25%.

In Q4 2013, Ziggo posted net profit of €79.3 million, versus €70.4 million in Q4 2012. Adjusted for (1) amortization of financing fees, and (2) changes in fair value on our interest rate hedges (all adjustments net of income taxes taking into consideration a tax rate for these items of 25%), net profit would have increased from approximately €71.6 million in Q4 2012 to €78.1 million in Q4 2013, representing an increase of 9.2%.



# Press Release

## Working capital, cash flow and liquidity

### Working capital

Net working capital excluding accrued interest and corporate income tax due increased by €47.1 million, from €270.5 million negative at the end of Q3 2013 to €223.5 million negative at the end of December 2013. The increase in working capital in Q4 2013 is mainly due to an increase in (1) trade accounts receivable by €10.7 million as a result of a one-off delay of the collection of part of the December bill run, due to the implementation of Sepa in December, (2) a decrease in taxes and social security by €20.7 million as a result of dividend tax paid of €20.8 million and (3) a decrease in Other current liabilities of €12.3 million.

Working capital excludes corporate income tax due of €4.7 million as at December 31, 2013. This is the result of an intragroup transaction as part of which certain assets were transferred in 2012 in order to renew part of Ziggo's tax loss carry-forward position so as to avoid expiry of these losses. One of its subsidiaries is required to report profit for tax purposes based on a percentage of the value of transferred assets, which cannot be offset against the remaining losses of the fiscal unit according to Dutch carry-forward rules.

### Cash flow from operating activities

Cash flow from operating activities decreased by €63.2 million, or 26.4%, to €176.0 million compared to €239.2 million in Q4 2012. This decline came from a cash outflow of €47.4 million in Q4 2013, compared to a cash inflow of €20.8 million in the prior-year quarter, both arising from a change in working capital..

### Capital expenditure (Capex)

Capital expenditure and investments relate primarily to extending, upgrading and maintaining the network, installation of new service equipment at customer premises, cost of modems and investments in the core infrastructure, service platforms and systems facilitating the addition of new services such as mobility and TV Everywhere. They also include increases in intangible assets, primarily expenditures on software, which are capitalized. Set-top boxes are capitalized if these boxes are provided to customers covered by a 1- or 2-year subscription.

In Q4 2013, Ziggo recorded capital expenditure of €96.2 million, a decrease of 1.2% compared to Q4 2012 (€97.4 million). In the prior-year quarter, almost 35% of the Capex spend for the year was actually spent in the fourth quarter, versus 28% in the fourth quarter in 2013. This relatively high spend in the prior-year quarter was mainly driven by projects to increase the capacity of the infrastructure with a relatively high spend on materials and equipment, which peaked in the prior-year fourth quarter. In addition, in Q4 we impaired €6.5 million reflecting part of the actual spend, during the first six months, on a project to build a new video platform, since we decided to change certain components of this project.

€ million	Q4				YTD December			
	2013	% of total	2012	% of total	2013	% of total	2012	% of total
Customer installation	22.5	23%	15.1	16%	75.3	22%	63.2	23%
Network growth	40.7	42%	53.2	55%	147.0	43%	120.1	43%
Maintenance and other	33.0	34%	29.1	30%	120.3	35%	96.4	34%
<b>Total Capex</b>	<b>96.2</b>	<b>100%</b>	<b>97.4</b>	<b>100%</b>	<b>342.6</b>	<b>100%</b>	<b>279.6</b>	<b>100%</b>

In Q4 2013, capital expenditure of €22.5 million (representing 23% of the total Capex spend for the quarter and compared to €15.1 million, or 16%, in Q4 2012) related to installations at customer premises, modem installations and set-top boxes covered by a one-year subscription and the ownership of the set-top boxes remaining with Ziggo, whereas 42% related to newly build network and homes connected, as well as growth of the network capacity and service platforms in order to accommodate Ziggo's increased internet subscriber base and continuously increasing internet speed and bandwidth requirements (€53.2 million, or approximately 55% in Q4 2012).

# Press Release

Capital expenditure on customer installations of €22.5 million represented an increase of €7.4 million, or 48.7%. The main reasons for the increase compared to the prior-year quarter were the capitalization of set-top boxes (which were not capitalized in the prior-year quarter) and the number of modems installed at customer premises. During Q4 Ziggo capitalized 33,400 interactive recorders and 17,100 interactive receivers, representing a total value of €6.1 million. In addition, almost 116,000 modems were shipped, versus 101,000 in the same quarter of 2012, reflecting a continuous upgrade of internet subscribers to a Wifi-enabled EuroDocsis 3.0 modem and growth in the number of internet subscribers. At the end of Q4, Ziggo had activated 1,566,000 EuroDocsis 3.0 modems at customer premises, of which 1,165,000 were Wifi enabled, representing an increase of 94,000 Wifi enabled modems compared to the third quarter and a growth of 343,000 compared to December 31, 2012.

The decrease in capital expenditure on network growth of €12.5 million compared to Q4 2012 was mainly driven by the timing of spending in 2012. The relatively high spend in the prior-year quarter was mainly driven by projects to increase the capacity of our infrastructure through a relatively high spend on materials and equipment, which peaked in the prior-year fourth quarter. On a year-to-date basis, capital expenditure on network growth grew by 22.4% as a result of the increase in the capacity of our infrastructure and service platforms to deal with our increased subscriber base for internet and the continuously increasing internet speed and bandwidth requirements, as well as from the roll-out of Ziggo WifiSpots. For the full year, we generated the additional capacity required to process an increase in internet traffic of approximately 41% (2012 – 40%).

The remainder of capital expenditure represented maintenance and replacement of network equipment and recurring investments in our IT platform and systems, as well as other investments in core infrastructure, service platforms and systems facilitating the addition of new services such as mobility and TV Everywhere. In Q4 2013, investments in this category increased by €3.9 million, or 13.5%, to €33.0 million (or 34% of total capital expenditure for the quarter) compared to €29.1 million for the prior-year quarter. If we exclude the impairment of €6.5 million on the project to build a new video platform, the actual increase amounted to €10.4 million, or 35.9%. The amount spent on capitalized hours and contracted work increased by over €9 million compared to Q4 2012, reflecting our investment in the replacement of our business support systems to facilitate new services and the investment in our new video platform. In addition, the increase in this category was partly driven by the program to upgrade our office automation and equipment and data centers, which was started in Q2 of this year, using the latest technology in order to prepare the organization for the new services we are rolling out.

Capital expenditure in 2013 landed at €342.6 million which, as indicated previous quarter, was around the high end of the €330-340 million range. The higher spend is the result of increased investments in customer premises and equipment to support customer retention, mainly set-top boxes and Wifi-enabled modems, and investments made in the launch of Ziggo Mobile and WifiSpots.

## **Operational free cash flow**

Operational free cash flow (OpFCF, or adjusted EBITDA minus Capex) increased by €5.8 million, or 4.8%, to €126.6 million in Q4 2013, compared to €120.8 million for the prior-year quarter. This was driven by an improved EBITDA of €4.6 million and reduced capital expenditure by €1.2 million.

## **Free cash flow and net cash used in financing activities**

During Q3, free cash flow (cash flow before financing activities) decreased to €79.4 million, down €59.3 million, or 42.7%, compared to Q4 2012. The reduction in free cash flow follows from the decrease in cash flow from operating activities of €63.2 million, partly offset by a lower spend on capital expenditure of €1.2 million and a decrease in the funding of joint ventures of €2.8 million.

Net cash used in financing activities for the quarter comprises interest expense, banking and financing fees related to our loan facilities, prepayments and drawings on the revolving credit facility.

# Press Release

During Q4 2013, cash interest decreased by 8.5%, and €25.0 million was repaid on our revolving credit facility. Cash interest paid in Q4 2013 amounted to €82.3 million, representing a €7.6 million drop from the prior-year period. The difference is due to a slightly lower average debt and a different timing of interest payments following the refinancing in March. Our senior credit facility with interest payable monthly was partly replaced by a new senior secured note of €750 million with an annual interest payment. Interest on both the 6.125% senior secured and 8.0% senior unsecured notes is payable semi-annually, in May and November, and interest on the 3.625% senior secured note is payable annually in March.

At the end of Q4 2013, accrued interest on the senior secured and senior unsecured notes was €38.8 million, compared to €17.8 million at the end of Q4 2012. The increase is due to a different timing of interest payments following the refinancing in March. Our senior credit facility with interest payable monthly was partly replaced by a new senior secured note of €750 million with an annual interest payment.

At the end of Q4 2013, Ziggo held €77.4 million in cash and cash equivalents, compared to €92.4 million at the end of Q4 2012.

Ziggo has a revolving credit facility of €400.0 million in place, expiring in March 2018. As at December 31, 2013, €255.0 million had been drawn under this facility.

## Net debt and financing structure

As at December 31, 2013, we carried a total debt balance of €3,073.5 million, including principal amount, capitalized funding costs and discount on the issuance date. An amount of €405.0 million is owed under our senior credit facility (term loan A and revolving credit facility), €750.0 million was lent on by Ziggo Finance B.V. (term loan E), which had issued senior secured notes for a similar amount in 2010, €750.0 million related to senior secured notes issued in March 2013 and €1,208.9 million related to senior unsecured notes issued in 2010. A summary of the capital structure with notional amounts outstanding as at December 31, 2013 is provided below.

€ million	31 Dec 2013	x LTM EBITDA	Margin/Coupon	Maturity
Senior Credit Facility	405.0	0.46	E + 1.75%	Mar 2018
6.125 % Senior Secured Notes	750.0	0.85	6.125%	Nov 2017
3.625 % Senior Secured Notes	750.0	0.85	3.625%	Mar 2020
<b>Total Senior Secured Debt</b>	<b>1,905.0</b>	<b>2.15</b>		
8.000% Senior Unsecured Notes	1,208.9	1.36	8.000%	May 2018
<b>Total Debt</b>	<b>3,113.9</b>	<b>3.51</b>		
Accrued interest	38.8	0.04		
MtM SWAPS	29.5	0.03		
Cash and cash equivalents	(77.4)	(0.09)		
<b>Total Net Debt</b>	<b>3,104.8</b>	<b>3.50</b>		

As at December 31, 2013, the outstanding balance of the senior credit facility and revolving credit facility amounted to €399.6 million, including principal amount (€150.0 million plus €255.0 million drawn under the revolving credit facility of €400.0 million) and capitalized financing fees. Financing fees for the senior credit facility and revolving credit facility amounted to €6.4 million, to be amortized over a period of five years. As at December 31, 2013 an amount of €0.9 million was amortized, resulting in capitalized financing fees as at the end of Q4 2013 of €5.4 million.

As at December 31, 2013, senior unsecured notes (8.0%, May 2018) amounted to €1,187.4 million. This item is carried at amortized cost, including principal amount (€1,208.9 million), capitalized funding costs and discount on the issuance date. Financing fees for the notes issuance amounted to €25.8 million, to be amortized over a period of eight years. The capitalized discount upon issuance amounted to €8.8 million, to be amortized as interest expense over a period of eight years.

# Press Release

As at December 31, 2013, an amount of €13.2 million was amortized, resulting in capitalized financing fees as at the end of Q4 2013 of €16.0 million and a capitalized discount of €5.5 million. The unsecured notes become callable on May 15, 2014 at a premium of 4.0% of the principal value.

As at December 31, 2013, the balance of senior secured notes (6.125%, March 2017) amounted to €743.6 million, stated at amortized cost, including principal amount (€750.0 million) and capitalized funding costs. Financing fees for the senior secured notes issuance amounted to €10.6 million, to be amortized over a period of seven years. As at December 31, 2013, a total amount of €4.2 million had been amortized since issuance, resulting in capitalized financing fees of €6.4 million as at the end of Q4 2013. The secured notes became callable on November 15, 2013 at a premium of 3.063% of the principal value.

As at December 31, 2013, the balance of senior secured notes (3.625%, March 2020) amounted to €742.9 million, stated at amortized cost, including principal amount (€750.0 million), capitalized funding costs and capitalized discount. Financing fees for the notes issuance amounted to €6.3 million, to be amortized over a period of seven years. The capitalized discount upon issuance amounted to €1.5 million, to be amortized as interest expense over a period of seven years. As at December 31, 2013, an amount of €0.7 million was amortized, resulting in capitalized financing fees as at the end of Q3 2013 of €5.7 million and a capitalized discount of €1.4 million. These secured notes are non-callable.

Interest on the 6.125% senior secured notes and 8.0% senior unsecured notes is due semi-annually. The coupon for the new 3.625% is due annually in March. As at December 31, 2013, an amount of €38.8 million was accrued under current liabilities (December 31, 2012 - €17.8 million).

As at December 31, 2013, the fair value of the interest rate swaps (IRS) amounted to €29.5 million negative, compared to €33.9 million negative as at September 30, 2013. Since the issuance of the senior secured notes on October 28, 2010, any change in fair value has been recognized as financial income and expense, as Ziggo does not satisfy the IFRS requirements for hedge accounting. Before the issuance of the senior secured notes, any changes in fair value were recorded in the hedge reserve as part of equity. As at December 30, 2013, the hedge reserve amounted to €0.9 million negative, which will be charged to profit or loss during the remaining term of the outstanding IRS.

During the quarter we increased the forward starting interest rate swaps for the period May 2014 to May 2024 by an amount of €300 million to €900 million. Using this instrument we have hedged the base interest rate and consequently reduced our interest rate exposure for the period 2014-2024, assuming we will call our unsecured notes ultimately at the first call date in May 2014.

As at December 30, 2013, our Net Debt to Adjusted LTM EBITDA leverage ratio was 3.50, up from 3.42x as at year-end 2012 and down from 3.55x as at September 30, 2013. The leverage of 3.50x is in line with our stated leverage target of around 3.5x. With the publication of the Q2 results, we changed the definition of net debt for the calculation of the leverage ratio. Net debt is now defined as the outstanding balance of the principal amount of our borrowings, plus interest accrued on those borrowings (€38.8 million as at December 31, 2013) and the market-to-market value of the interest rate swaps (€29.5 million negative as at December 31, 2013), reduced by the balance of cash and cash equivalents. The balance of accrued interest and the mark-to-market value of the interest rate swaps were not previously included when calculating net debt. The leverage as at year-end 2012 has been restated to reflect this change.

The average debt maturity was 4.7 years as at December 31, 2013, down from 4.9 years as at the end of December 31, 2012. The refinancing in March 2013 of our senior credit facility with a maturity in 2017 by a new senior secured note of €750 million with a maturity in March 2020 extended the average debt maturity.

# Press Release

## Reconciliation of results of Ziggo N.V. with those of Ziggo Bond Company B.V.

As a result of the restructuring which took place ahead of the IPO of Ziggo N.V. ("Ziggo"), Ziggo indirectly acquired all issued and outstanding shares of Ziggo Bond Company B.V. ("Ziggo BondCo"). A reconciliation of the results of Ziggo with those of Ziggo BondCo is attached as a separate schedule to this press release.

The main differences with Ziggo BondCo related to the outstanding loans to shareholders until Ziggo went public on March 21, 2012, at which moment the shareholder loans were fully converted into equity. The shareholder loans amounted to €2,334 million at the time Ziggo went public. The proceeds of these shareholder loans were invested, during the period 2005-2007, as equity in Amsterdamse Beheer en Consultingmaatschappij B.V. (ABC), a direct subsidiary of Ziggo BondCo. As a result, Ziggo recognized interest expenses on the shareholder loans until Q1 2012, whereas Ziggo BondCo had not done so. Ziggo recognized interest expense on the shareholder loans to an amount of €52.2 million in Q1 2012.

Other reconciliations between the results of Ziggo and Ziggo BondCo are as follows.

- Until December 31, 2013, Ziggo recognized €4.0 million in personnel costs for the Management Board and Supervisory Board. As a result of the allocation of costs of the Management Board, Ziggo charged €3.2 million as management fees to Ziggo BondCo. As a result, operating income for 2013 reported for Ziggo was €0.9 million lower than that reported for Ziggo BondCo.
- The term facility of €150.0 million for Ziggo N.V., which had been put into place in January 2013, was cancelled in Q2 2013 as we agreed on a new revolving credit facility of €400.0 million with the refinancing of the €1.1 billion credit facility in March. The remaining balance of the capitalized financing fees was fully amortized to an amount of €0.8 million in Q2 2013. The banking and financing fees of €0.6 million relate to the commitment fees paid for the term facility. The costs associated with the €150.0 million term facility are recognized in the results of Ziggo but not in those of Ziggo BondCo.
- As a result of the allocation of costs of the Management Board of €0.8 million to Ziggo, the commitment fees of €0.6 million and the amortization of financing fees of €0.8 million, the result before income tax realized by Ziggo BondCo was €2.3 million higher than the result realized by Ziggo. The corporate income tax charge recognized by Ziggo BondCo was €0.6 million higher than the amount recognized by Ziggo.
- Mainly as a result of the accrued interest costs of €969.5 million recognized on shareholder loans since 2006, the tax loss carry-forward at the time of the conversion of the shareholder loans into equity on March 21, 2012 was €1,015.5 million higher than the amount realized by Ziggo BondCo. The resulting deferred tax asset for Ziggo as at the end of Q4 2013 amounted to €202.1 million, while the deferred tax asset recognized by Ziggo BondCo relates to (1) the fair value of the interest rate swaps as at December 31, 2013 of €7.4 million, (2) the deferred tax asset recognized as a result of the tax renewal transaction of €69.5 million and (3) the deferred tax assets of €0.2 million as a result of the acquisition of Esprit Telecom.
- During the first quarter of 2012, ABC distributed €53.0 million in dividend to Ziggo Bond Company Holding B.V. (through Ziggo BondCo). Certain IPO-related costs were paid by Ziggo BondCo on behalf of Ziggo. In addition, Ziggo BondCo had an intercompany income tax liability to Ziggo, as the tax to be paid by Ziggo BondCo was netted against the deferred tax assets of the Ziggo fiscal unit. In Q3 2013, Ziggo BondCo paid €22.7 million on the intercompany income tax liability to Ziggo and €53.0 million on the intercompany current account to Ziggo. As a result, the balance of other current assets reported by Ziggo BondCo amounted to €40.0 million while the balance reported by Ziggo amounted to €34.5 million. The difference of €5.4 million is predominantly the result of IPO-related costs paid by Ziggo BondCo on behalf of Ziggo and costs for the Management Board and Supervisory Board allocated to Ziggo and paid by Ziggo BondCo.
- The equity attributable to equity holders reported by Ziggo was €118.6 million higher than the equity reported by Ziggo BondCo. This difference is mainly the result of the tax benefit realized on the total accrued interest on shareholder loans since 2006, which amounted to €969.5 million, the difference being recognized in the net result for the year.

# Press Release

## Consolidated income statement for Ziggo N.V. (unaudited)

€ million	Q4			YTD December		
	2013	2012	Change	2013	2012	Change
<b>Total Revenues</b>	<b>394.0</b>	<b>383.2</b>	<b>2.8%</b>	<b>1,564.8</b>	<b>1,536.9</b>	<b>1.8%</b>
Cost of goods sold	72.2	69.0	4.6%	289.1	294.4	(1.8%)
Personnel	51.1	50.2	1.8%	193.0	225.5	(14.4%)
Contracted work	17.0	12.4	37.1%	57.5	51.5	11.5%
Marketing & Sales	15.9	18.2	(12.5%)	76.9	61.5	25.0%
Office expense	13.2	13.9	(4.6%)	53.5	55.4	(3.5%)
Other operating expenses	1.8	1.4	22.7%	8.1	7.8	4.4%
Depreciation	65.9	61.5	7.1%	253.1	250.7	0.9%
Amortization of software	5.6	6.8	(18.5%)	23.4	28.4	(17.7%)
Amortization of other intangible assets	0.3	0.0		0.8	0.0	
<b>Total</b>	<b>242.9</b>	<b>233.4</b>	<b>4.1%</b>	<b>955.2</b>	<b>975.2</b>	<b>(2.1%)</b>
<b>Operating income</b>	<b>151.1</b>	<b>149.8</b>	<b>0.8%</b>	<b>609.6</b>	<b>561.6</b>	<b>8.5%</b>
<b>Net financial income (expense)</b>						
- Interest	(50.2)	(51.4)	(2.4%)	(199.1)	(259.5)	(23.3%)
- Banking and financing fees	(0.3)	(0.2)	28.6%	(2.0)	(1.0)	94.9%
- Amortization of funding costs	(1.6)	(4.1)	(60.0%)	(51.8)	(13.2)	291.6%
- Other income	3.1	2.9	6.4%	29.3	(11.0)	(366.1%)
<b>Result from normal business before income taxes</b>	<b>102.0</b>	<b>97.0</b>	<b>5.2%</b>	<b>385.9</b>	<b>276.8</b>	<b>39.4%</b>
Net result of joint ventures and associates	(4.2)	(2.2)	88.7%	(9.1)	(9.4)	(3.0%)
Income tax benefit (expense)	(18.5)	(24.3)	(24.1%)	(29.5)	(74.7)	(60.5%)
<b>Net result</b>	<b>79.3</b>	<b>70.4</b>	<b>12.6%</b>	<b>347.3</b>	<b>192.8</b>	<b>80.2%</b>

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

# Press Release

## Consolidated balance sheet for Ziggo N.V. (unaudited)

€ million

### ASSETS

Intangible assets	3,336.9	3,321.2
Capitalized software	79.6	37.2
Property and equipment	1,473.3	1,434.1
Other financial assets	1.1	0.7
Investments in joint ventures	3.4	3.6
Deferred income tax asset	202.1	223.7

<b>Total non-current assets</b>	<b>5,096.4</b>	<b>5,020.5</b>
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Inventories	40.0	27.9
Trade accounts receivable	37.9	18.2
Other current assets	34.5	24.9
Cash and cash equivalents	77.4	92.4

<b>Total current assets</b>	<b>189.8</b>	<b>163.5</b>
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<b>TOTAL ASSETS</b>	<b>5,286.2</b>	<b>5,183.9</b>
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### EQUITY AND LIABILITIES

Issued share capital	200.0	200.0
Share premium	3,204.5	3,500.0
Treasury stock	0.0	0.0
Retained earnings	(2,391.6)	(2,513.8)
Net income (loss) for the period	347.3	192.8

<b>Equity attributable to equity holders</b>	<b>1,360.2</b>	<b>1,378.9</b>
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Loans from financial institutions	144.6	1,018.2
Revolver facility	255.0	0.0
Unsecured Bond	1,187.4	1,183.4
Secured Bonds	1,486.6	742.2
Derivative financial instruments	21.2	63.2
Provisions	19.8	23.1
Deferred income tax liability	414.8	407.8
Other non current liabilities	2.0	0.2

<b>Total non-current liabilities</b>	<b>3,531.3</b>	<b>3,438.1</b>
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Trade accounts payable	89.5	85.6
Deferred revenue	120.2	109.7
Derivative financial instruments	8.3	0.0
Provisions	7.1	7.5
Corporate income tax	4.7	2.3
Taxes and social security	49.5	52.8
Personnel related liabilities	12.4	17.5
Accrued interest	38.8	18.0
Other current liabilities	64.3	73.6

<b>Total current liabilities</b>	<b>394.7</b>	<b>366.9</b>
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<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,286.2</b>	<b>5,183.9</b>
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Financial Information - The condensed consolidated balance sheet has been prepared in accordance with the International Financial Reporting Standards, (IFRS), as adopted by the European Union.



# Press Release

## Consolidated cash flow statement for Ziggo N.V. (unaudited)

€ million

	Q4			YTD December		
	2013	2012	Change	2013	2012	Change
<b>Operating activities:</b>						
<b>Operating income</b>	<b>151.1</b>	<b>149.8</b>	<b>0.8%</b>	<b>609.6</b>	<b>561.6</b>	<b>8.5%</b>
<i>Adjustments for:</i>						
Share-based payments	0.5	0.2	147.5%	0.5	20.2	(97.5%)
Depreciation	65.9	61.5	7.1%	253.1	250.7	0.9%
Amortization	5.9	6.8	(14.4%)	24.1	28.4	(15.1%)
Movement in provisions	0.2	(0.0)	(923.0%)	(4.1)	(1.0)	305.2%
<i>Working capital adjustments for:</i>						
(Increase)/Decrease in current assets	(13.7)	17.6	(178.1%)	(35.9)	13.7	(362.2%)
Increase/(Decrease) in current liabilities	(33.7)	3.2	(1,143.1%)	(10.2)	47.4	(121.4%)
Change in working capital (excl. accrued interest)	(47.4)	20.8	(327.9%)	(46.1)	61.1	(175.4%)
<b>Net cash flow from operating activities</b>	<b>176.0</b>	<b>239.2</b>	<b>(26.4%)</b>	<b>837.1</b>	<b>921.0</b>	<b>(9.1%)</b>
<b>Investing activities:</b>						
Capital expenditures	(96.2)	(97.4)	(1.2%)	(342.6)	(279.7)	22.5%
Acquisition				(15.2)		
Funding of joint venture		(2.8)	(100.0%)	(7.9)	(13.0)	(38.6%)
Interest received		0.0		0.0	0.4	(98.4%)
Change in financial assets	(0.4)	(0.4)	17.3%	(0.4)	(0.2)	113.7%
<b>Net cash flow from (used in) investing activities</b>	<b>(96.6)</b>	<b>(100.5)</b>	<b>(3.9%)</b>	<b>(366.2)</b>	<b>(292.4)</b>	<b>25.2%</b>
<b>Financing activities:</b>						
3.625% Senior Secured Notes				748.5		
Term Loan A (new)				150.0		
Revolver facility	(25.0)			255.0		
Financing Fees				(13.4)		
Dividend				(370.0)	(110.0)	236.4%
Repayment of loans		(167.2)		(1,063.3)	(320.0)	232.3%
Interest	(82.3)	(89.9)	(8.5%)	(190.7)	(217.9)	(12.5%)
Other financing activities	(0.1)	0.1	(181.5%)	(1.9)	(1.0)	86.2%
<b>Net cash flow from (used in) financing activities</b>	<b>(107.4)</b>	<b>(257.0)</b>	<b>(58.2%)</b>	<b>(485.9)</b>	<b>(648.9)</b>	<b>(25.1%)</b>
<b>NET INCREASE (DECREASE) IN CASH (EQUIVALENTS)</b>	<b>(28.0)</b>	<b>(118.4)</b>	<b>(76.4%)</b>	<b>(15.0)</b>	<b>(20.3)</b>	<b>(25.8%)</b>

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

Free cash flow = Net cash flow from operating activities + net cash flow from (used in) investing activities. For the Q4 ending December 31, 2013 the free cash flow amounts to €470.9M (December 31, 2012: €628.7M)



# Press Release

## Details on consolidated income statement (unaudited)

€ million	Q4			YTD December		
	2013	2012	Change	2013	2012	Change
<b>Revenue by segment<sup>1</sup></b>						
Standard cable subscription revenue	110.3	114.2	(3.4%)	447.4	464.5	(3.7%)
Digital pay television services revenue	41.0	43.0	(4.6%)	167.5	168.1	(0.4%)
<b>Total video revenues</b>	<b>151.3</b>	<b>157.2</b>	<b>(3.7%)</b>	<b>614.9</b>	<b>632.7</b>	<b>(2.8%)</b>
Broadband Internet subscription revenue	118.2	112.0	5.6%	464.4	442.4	5.0%
Telephony subscription revenue	35.0	33.1	5.6%	137.0	129.0	6.1%
Telephony usage revenue	43.7	43.7	0.0%	174.7	179.7	(2.8%)
<b>Total telephony revenues</b>	<b>78.7</b>	<b>76.8</b>	<b>2.4%</b>	<b>311.6</b>	<b>308.7</b>	<b>0.9%</b>
Out-of-home	0.5			0.5		
Revenue from other sources	4.7	9.8	(52.3%)	31.8	47.5	(33.0%)
<b>Total consumer market</b>	<b>353.4</b>	<b>355.8</b>	<b>(0.7%)</b>	<b>1,423.1</b>	<b>1,431.3</b>	<b>(0.6%)</b>
<i>Of which All-in-1 bundle revenues</i>	<i>185.8</i>	<i>172.7</i>	<i>7.6%</i>	<i>727.5</i>	<i>672.0</i>	<i>8.3%</i>
Business services revenues	40.5	27.4	47.9%	141.7	105.6	34.2%
<b>Total revenues</b>	<b>394.0</b>	<b>383.2</b>	<b>2.8%</b>	<b>1,564.8</b>	<b>1,536.9</b>	<b>1.8%</b>
Cost of goods sold	72.2	69.0	4.6%	289.1	294.4	(1.8%)
Personnel	51.1	50.2	1.8%	193.0	189.9	1.6%
Contracted work	17.0	12.4	37.1%	57.5	50.9	12.9%
Marketing & Sales	15.9	18.2	(12.5%)	76.9	60.5	27.0%
Office expense	13.2	13.9	(4.6%)	53.5	53.9	(0.8%)
Other expenses	1.8	1.4	22.7%	8.1	6.8	19.6%
<b>Total expenses</b>	<b>171.2</b>	<b>165.1</b>	<b>3.7%</b>	<b>678.0</b>	<b>656.4</b>	<b>3.3%</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>222.8</b>	<b>218.2</b>	<b>2.1%</b>	<b>886.8</b>	<b>880.4</b>	<b>0.7%</b>
IPO related costs <sup>3</sup>				0.0	39.7	(100.0%)
<b>EBITDA</b>	<b>222.8</b>	<b>218.2</b>	<b>2.1%</b>	<b>886.8</b>	<b>840.8</b>	<b>5.5%</b>
Depreciation and amortization	71.7	68.3	4.9%	277.2	279.1	(0.7%)
<b>Operating income</b>	<b>151.1</b>	<b>149.8</b>	<b>0.8%</b>	<b>609.6</b>	<b>561.6</b>	<b>8.5%</b>
Net financial income (expense)	49.0	52.8	(7.2%)	223.7	284.8	(21.5%)
<b>Result from normal business before income taxes</b>	<b>102.0</b>	<b>97.0</b>	<b>5.2%</b>	<b>385.9</b>	<b>276.8</b>	<b>39.4%</b>
Net result of joint ventures and associates	(4.2)	(2.2)	88.7%	(9.1)	(9.4)	(3.0%)
Income tax benefit (expense)	(18.5)	(24.3)	(24.1%)	(29.5)	(74.7)	(60.5%)
<b>Result after income taxes</b>	<b>79.3</b>	<b>70.4</b>	<b>12.6%</b>	<b>347.3</b>	<b>192.8</b>	<b>80.2%</b>

Financial Information - The condensed consolidated income statement has been prepared in accordance with the 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, amortization and impairment. Adjusted EBITDA is defined as EBITDA before extraordinary costs.

(3) Operating expenses incurred in connection with the IPO of Ziggo in Q1 2012.

# Press Release

## Details on working capital YTD 2013 \*

€ million

	31 Dec 2013	31 Dec 2012
Inventories	40.0	28.0
Trade accounts receivable	37.9	20.0
Other current assets	34.5	27.6
	<b>112.4</b>	<b>75.6</b>
Trade accounts payable	89.5	88.5
Deferred revenue	120.2	111.0
Corporate income tax	4.7	2.3
Taxes and social securities	49.5	53.2
Personnel related liabilities	12.4	17.8
Accrued interest	38.8	18.0
Other current liabilities	64.3	75.5
	<b>379.3</b>	<b>366.3</b>
<b>Net working capital</b>	<b>(266.9)</b>	<b>(290.7)</b>
Change in net working capital	(23.8)	
<b>Net working capital excl. Accrued interest and corp. inc. tax</b>	<b>(223.5)</b>	<b>(270.4)</b>
Change in net working capital excl. accrued interest and corp. inc. tax	(46.9)	

## Details on working capital for the 4th quarter 2013

€ million

	31 Dec 2013	30 Sep 2013	31 Dec 2012	30 Sep 2012
Inventories	40.0	38.0	28.0	37.5
Trade accounts receivable	37.9	27.2	20.0	25.3
Other current assets	34.5	33.5	27.6	26.3
	<b>112.4</b>	<b>98.7</b>	<b>75.6</b>	<b>89.0</b>
Trade accounts payable	89.5	89.9	88.5	59.6
Deferred revenue	120.2	120.5	111.0	118.1
Corporate income tax	4.7	4.1	2.3	0.0
Taxes and social securities	49.5	70.2	53.2	65.7
Personnel related liabilities	12.4	12.1	17.8	19.4
Accrued interest	38.8	67.7	18.0	53.9
Other current liabilities	64.3	76.6	75.5	66.0
	<b>379.3</b>	<b>441.0</b>	<b>366.3</b>	<b>382.7</b>
<b>Net working capital</b>	<b>(266.9)</b>	<b>(342.3)</b>	<b>(290.7)</b>	<b>(293.6)</b>
Change in net working capital	(75.4)		(2.9)	
<b>Net working capital excl. Accrued interest and corp. inc. tax</b>	<b>(223.5)</b>	<b>(270.5)</b>	<b>(270.4)</b>	<b>(239.7)</b>
Change in net working capital excl. accrued interest and corp. inc. tax	(47.1)		30.7	

\* The closing balances as per December 31 2012 and 31 March 2013 have been adjusted for the opening balance for the working capital of the acquisition of Esprit

# Press Release

## Details Loans

€ million

	31 Dec 2013	30 Sep 2013	31 Dec 2012	30 Sep 2012
Senior Credit Facility	405.0	430.0	1,063.3	1,230.6
Capitalized financing fees	(5.4)	(5.7)	(45.1)	(40.6)
<b>Loans from financial institutions</b>	<b>399.6</b>	<b>424.3</b>	<b>1,018.2</b>	<b>1,190.0</b>
8.000% Senior unsecured Notes (principal amount)	1,208.9	1,208.9	1,208.9	1,208.9
Capitalized discount at issuance (price 99.271)	(5.5)	(5.7)	(6.5)	(6.7)
Capitalized financing fees	(16.0)	(16.8)	(19.0)	(19.7)
<b>Senior Notes</b>	<b>1,187.4</b>	<b>1,186.3</b>	<b>1,183.4</b>	<b>1,182.4</b>
3.625% Senior Secured Notes (principal amount)	750.0	750.0	0.0	0.0
Capitalized discount at issuance (price 99.800)	(1.4)	(1.4)	0.0	0.0
Capitalized financing fees	(5.7)	(5.9)	0.0	0.0
<b>Senior Notes</b>	<b>742.9</b>	<b>742.7</b>	<b>0.0</b>	<b>0.0</b>
Facility E (6.125% Secured Bond; principal amount)	750.0	750.0	750.0	750.0
Capitalized financing fees	(6.4)	(6.7)	(7.8)	(8.1)
<b>Senior Notes</b>	<b>743.6</b>	<b>743.3</b>	<b>742.2</b>	<b>741.9</b>
<b>Total Loans</b>	<b>3,073.5</b>	<b>3,096.5</b>	<b>2,943.8</b>	<b>3,114.3</b>

# Press Release

## Consolidated income statement for Ziggo N.V compared with Ziggo Bondco BV (unaudited)

€ million

	YTD December 2013			YTD December 2012		
	Ziggo	Delta	Bondco	Ziggo	Delta	Bondco
<b>Total revenue</b>	<b>1,564.8</b>		<b>1,564.8</b>	<b>1,536.9</b>		<b>1,536.9</b>
Cost of goods sold	289.1		289.1	294.4		294.4
Personnel	193.0	4.0	189.0	225.5	38.1	187.4
Contracted work	57.5		57.5	51.5	0.7	50.9
Marketing & Sales	76.9		76.9	61.5	1.0	60.5
Office expense	53.5	0.0	53.4	55.4	1.5	53.9
Other operating expenses	8.1	(3.2)	11.3	7.8	(1.1)	8.8
Depreciation	253.1		253.1	250.7		250.7
Amortization of software	23.4		23.4	28.4		28.4
Amortization of other intangible assets	0.8		0.8			
<b>Total operating expenses</b>	<b>955.2</b>	<b>0.9</b>	<b>954.4</b>	<b>975.2</b>	<b>40.1</b>	<b>935.1</b>
<b>Operating income</b>	<b>609.6</b>	<b>(0.9)</b>	<b>610.5</b>	<b>561.6</b>	<b>(40.1)</b>	<b>601.8</b>
<b>Net financial income (expense)</b>						
- Interest	(199.1)	0.0	(199.1)	(259.5)	(52.2)	(207.3)
- Banking and financing fees	(2.0)	(0.6)	(1.4)	(1.0)		(1.0)
- Amortization of funding costs	(51.8)	(0.8)	(51.0)	(13.2)		(13.2)
- Other income (i.e. fair value gains / (losses) on derivative fin. instruments)	29.3		29.3	(11.0)		(11.0)
<b>Result from norm. business before income taxes</b>	<b>385.9</b>	<b>(2.3)</b>	<b>388.2</b>	<b>276.8</b>	<b>(92.3)</b>	<b>369.1</b>
Net result of joint ventures and associates	(9.1)		(9.1)	(9.4)		(9.4)
Income tax benefit (expense)	(29.5)	0.6	(30.1)	(74.7)	17.6	(92.3)
<b>Net result</b>	<b>347.3</b>	<b>(1.7)</b>	<b>349.0</b>	<b>192.8</b>	<b>(74.7)</b>	<b>267.4</b>

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

# Press Release

## Consolidated balance sheet for Ziggo N.V. compared with Ziggo Bondco BV (unaudited)

€ million

	31 December 2013			31 December 2012		
	Ziggo	Delta	Bondco	Ziggo	Delta	Bondco
<b>ASSETS</b>						
Intangible assets	3,336.9		3,336.9	3,321.2		3,321.2
Capitalized software	79.6		79.6	37.2		37.2
Property and equipment	1,473.3		1,473.3	1,434.1		1,434.1
Other financial assets	1.1		1.1	0.7		0.7
Investments in joint ventures	3.4		3.4	3.6		3.6
Deferred income tax asset	202.1	125.0	77.1	223.7	129.8	94.0
<b>Total non-current assets</b>	<b>5,096.4</b>	<b>125.0</b>	<b>4,971.4</b>	<b>5,020.5</b>	<b>129.8</b>	<b>4,890.7</b>
Inventories	40.0		40.0	27.9		27.9
Trade accounts receivable	37.9		37.9	18.2		18.2
Other current assets	34.5	(5.4)	40.0	24.9		24.9
Cash and cash equivalents	77.4	0.2	77.2	92.4	0.1	92.4
<b>Total current assets</b>	<b>189.8</b>	<b>(5.2)</b>	<b>195.0</b>	<b>163.5</b>	<b>0.1</b>	<b>163.4</b>
<b>TOTAL ASSETS</b>	<b>5,286.2</b>	<b>119.8</b>	<b>5,166.4</b>	<b>5,183.9</b>	<b>129.8</b>	<b>5,054.1</b>
<b>EQUITY AND LIABILITIES</b>						
Issued share capital	200.0	200.0	0.0	200.0	200.0	0.0
Share premium	3,204.5	2,363.5	841.0	3,500.0	2,659.0	841.0
Treasury stock	0.0	0.0		(0.0)	(0.0)	
Retained earnings	(2,391.6)	(2,443.2)	50.7	(2,513.8)	(2,496.6)	(17.2)
Net income (loss) for the period	347.3	(1.7)	269.3	192.8	(74.7)	267.4
<b>Equity attr. to equity holders</b>	<b>1,360.2</b>	<b>118.6</b>	<b>1,241.6</b>	<b>1,378.9</b>	<b>287.7</b>	<b>1,091.2</b>
Loans from financial institutions	144.6		144.6	1,018.2		1,018.2
Revolver facility	255.0		255.0			
Unsecured Bond	1,187.4		1,187.4	1,183.4		1,183.4
Secured Bonds	1,486.6		1,486.6	742.2		742.2
Derivative financial instruments	21.2		21.2	63.2		63.2
Provisions	19.8		19.8	23.1		23.1
Deferred income tax liability	414.8		414.8	407.8	(123.9)	531.8
Other non current liabilities	2.0		2.0	0.2		0.2
<b>Total non-current liabilities</b>	<b>3,531.3</b>		<b>3,531.3</b>	<b>3,438.1</b>	<b>(123.9)</b>	<b>3,562.1</b>
Trade accounts payable	89.5		89.5	85.6		85.6
Deferred revenue	120.2		120.2	109.7		109.7
Current liabilities related parties					(34.1)	34.1
Derivative financial instruments	8.3		8.3	(0.0)		(0.0)
Provisions	7.1		7.1	7.5		7.5
Current taxes	4.7		4.7	2.3		2.3
Taxes and social securities	49.5	0.1	49.4	52.8		52.8
Personnel related liabilities	12.4	0.9	11.5	17.5		17.5
Accrued interest	38.8		38.8	18.0		18.0
Other current liabilities	64.3	0.2	64.0	73.6	0.2	73.3
<b>Total current liabilities</b>	<b>394.7</b>	<b>1.2</b>	<b>393.5</b>	<b>366.9</b>	<b>(33.9)</b>	<b>400.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,286.2</b>	<b>119.8</b>	<b>5,166.4</b>	<b>5,183.9</b>	<b>129.8</b>	<b>5,054.1</b>

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

# Press Release

## Consolidated cash flow statement for Ziggo N.V. compared with Ziggo Bondco BV (unaudited)

€ million	YTD December 2013			YTD December 2012		
	Ziggo	Delta	Bondco	Ziggo	Delta	Bondco
<b>Operating income</b>	<b>609.6</b>	<b>(0.9)</b>	<b>610.5</b>	<b>561.6</b>	<b>(40.1)</b>	<b>601.8</b>
<b>Adjustments for:</b>						
Share based payments	0.5	0.5		20.2	20.2	
Depreciation	253.1		253.1	250.7		250.7
Amortization	24.1		24.1	28.4		28.4
Movement in provisions	(4.1)		(4.1)	(1.0)		(1.0)
<b>Working capital adjustments for:</b>						
(Increase)/Decrease in current assets	(35.9)	20.3	(56.2)	13.7	(0.0)	13.7
Increase/(Decrease) in current liabilities	(10.2)	149.5	(159.6)	47.4	(33.0)	80.4
Change in working capital (excl. accrued interest)	(46.1)	169.8	(215.9)	61.1	(33.0)	94.1
<b>Net cash flow from operating activities</b>	<b>837.1</b>	<b>169.4</b>	<b>667.7</b>	<b>921.0</b>	<b>(52.9)</b>	<b>974.0</b>
<b>Investing activities:</b>						
Capital expenditures	(342.6)		(342.6)	(279.7)		(279.7)
Acquisition	(15.2)		(15.2)			
Funding of joint venture	(7.9)		(7.9)	(13.0)		(13.0)
Interest received	0.0		0.0	0.4	0.1	0.5
Change in financial assets	(0.4)		(0.4)	(0.2)	0.0	(0.2)
<b>Net cash flow from (used in) investing activities</b>	<b>(366.2)</b>	<b>0.0</b>	<b>(366.2)</b>	<b>(292.4)</b>	<b>0.0</b>	<b>(292.3)</b>
<b>Financing activities:</b>						
3.625% Senior Secured Notes	748.5		748.5			
Term Loan A	150.0		150.0			
Revolver facility	255.0		255.0			
Financing Fees	(13.4)	(0.8)	(12.7)			
Dividend	(370.0)	(167.9)	(202.1)	(110.0)	53.0	(163.0)
Repayment of loans	(1,063)		(1,063.3)	(320.0)		(320.0)
Interest	(190.7)		(190.7)	(217.9)		(217.9)
Other financing activities	(1.9)	(0.6)	(1.3)	(1.0)		(1.0)
<b>Net cash flow from (used in) financing activities</b>	<b>(485.9)</b>	<b>(169.2)</b>	<b>(316.7)</b>	<b>(648.9)</b>	<b>53.0</b>	<b>(701.9)</b>
<b>Net increase (decrease) in cash (equivalents)</b>	<b>(15.0)</b>	<b>0.2</b>	<b>(15.2)</b>	<b>(20.3)</b>	<b>0.0</b>	<b>(20.3)</b>

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