

Financial Results – First Half of 2008

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Investor & Analyst Presentation
August 6, 2008

Duco Sickinghe, CEO – Renaat Berckmoes, CFO

Safe Harbor Disclaimer



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Agenda



1. Business Review

Duco Sickinghe, CEO

2. Financial Review

Renaat Berckmoes, CFO

3. Outlook 2008

Duco Sickinghe, CEO

4. Q&A

Part 1

Business review



First Half 2008 operational highlights

Solid subscriber growth delivered in a competitive environment

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- Core residential growth products (broadband, telephony and digital TV) all continue to deliver well, adding net aggregate 181,000 subscribers during 1H 2008 and 360,000 year-on-year.
- Solid digital TV uptake under new rental proposition; digitalization of basic TV subscribers close to 30%.
- On-demand usage up to 3.6 transactions per iDTV subscriber per month.
- 44% of customers subscribe to at least two products; growth primarily achieved through triple play.
- ARPU per unique customer relationship for Q2 2008 of €32.6, up by 12%.
- Individual product ARPU trends in line with expectations.
- Churn remains well under control.

First Half 2008 financial highlights

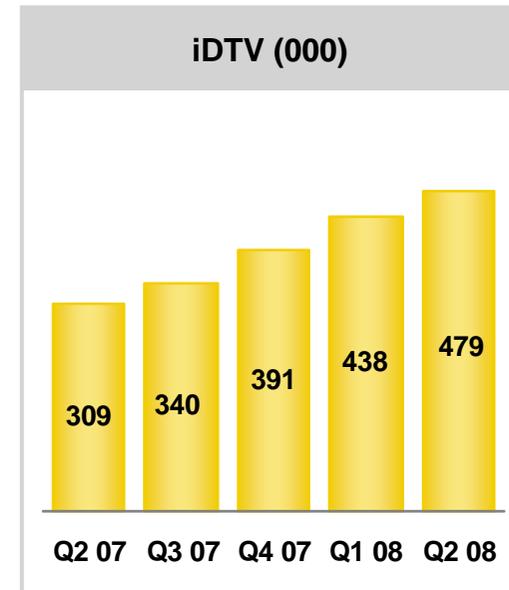
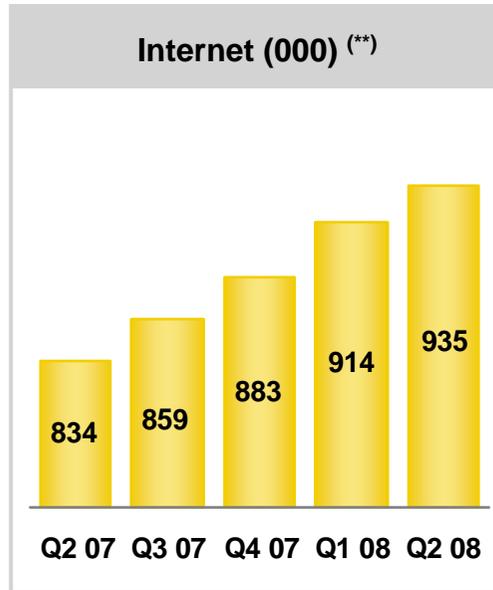
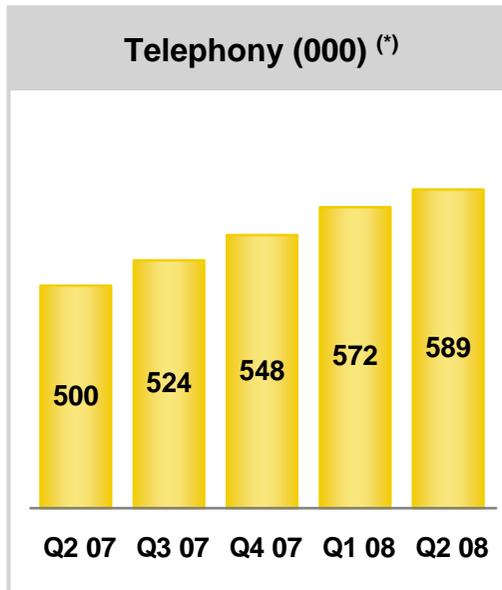
Well on track to reach full year objectives

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- Revenue of €492.5 million, up by 8%.
- EBITDA^(*) of €242.4 million, up by 11%.
- EBITDA^(*) margin improved to 49.2% from 47.8% thanks to continued focus on cost levels and efficiency improvements.
- Net profit of €49.0 million, including significant favorable impact from interest rate hedges of €41.0 million.
- Capital expenditures stable at €98.3 million or 20% of revenue.
- Free cash flow^(*) of €87.6 million, stable versus previous year, despite higher cash interest expenses.
- Leverage ratio decreased to 3.7x at June 30, 2008.
- No notable impact from weakening economic climate yet.

Customer base

Core products continue to grow subscriber base; adding aggregate 181,000 during 1H 2008 and 360,000 YoY



+18%

+12%

+55%

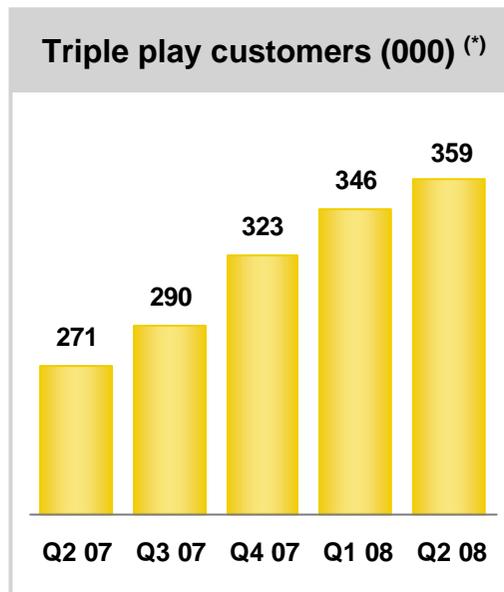
On top of 1.7 million CaTV customers (-3%)

(*) Includes Freephone/FreeSurf bundle customers and business telephony subscribers on coaxial connection

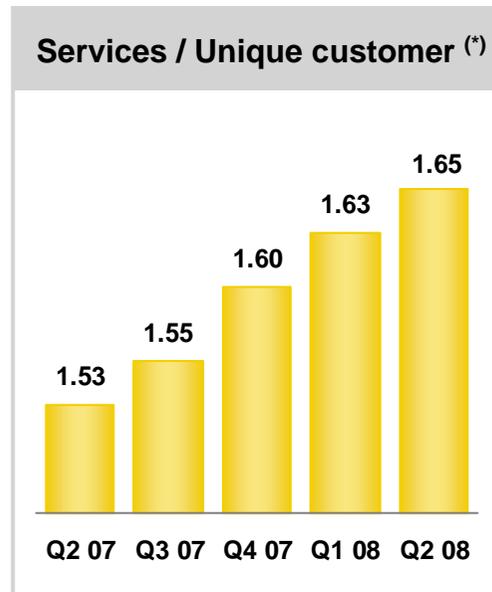
(**) Includes business broadband internet subscribers on coaxial connection

Triple play

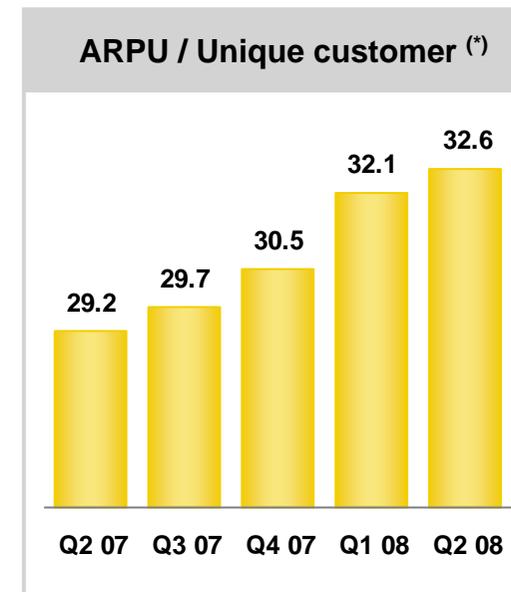
Continued strong progress in triple play statistics



+32%



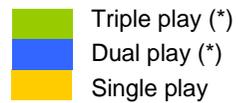
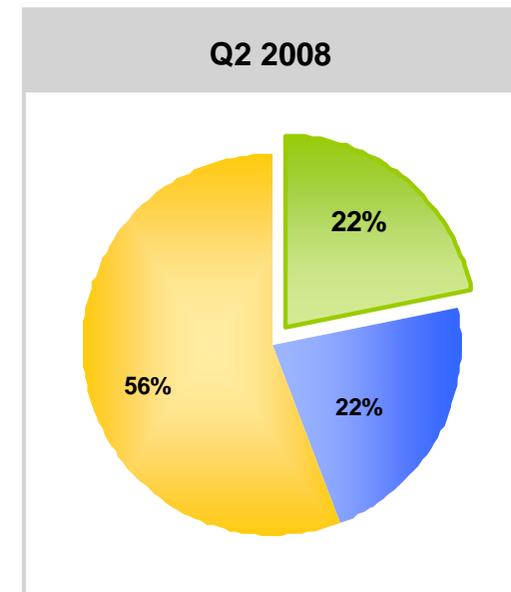
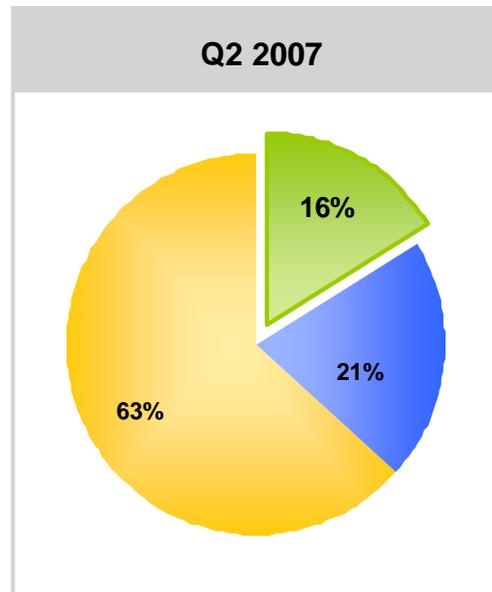
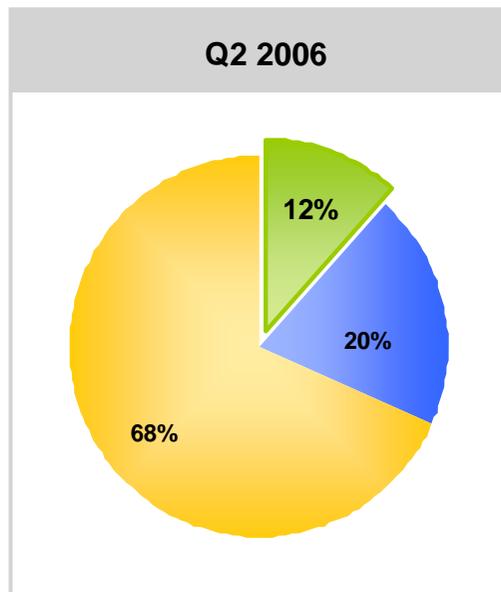
+8%



+12%

Triple play

Bundled offerings boost triple play penetration

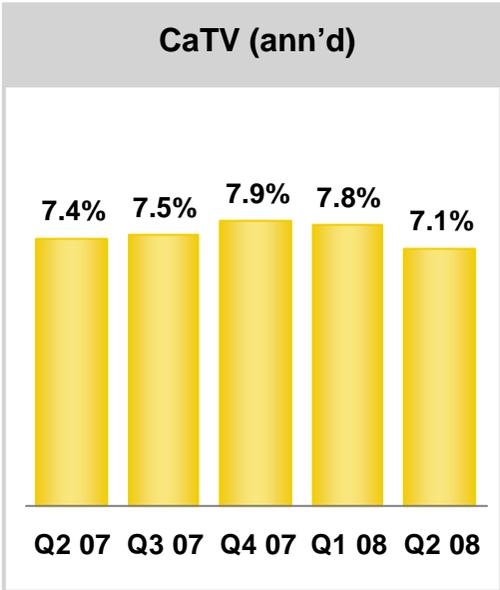
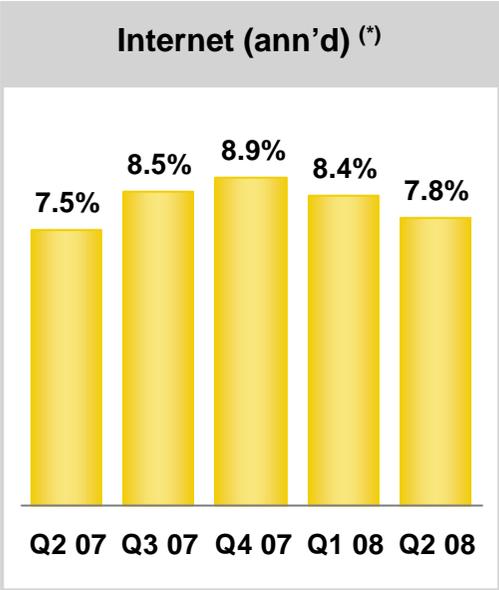
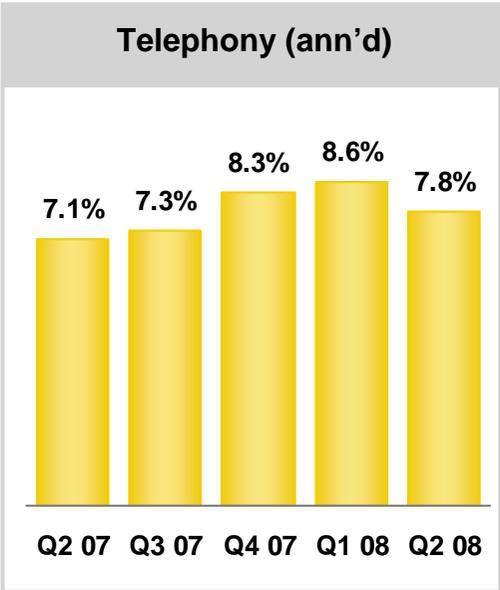


Growth of triple play customers accelerated

- 2007 from 2006: up 4%pts
- 2008 from 2007: up 6%pts

Churn

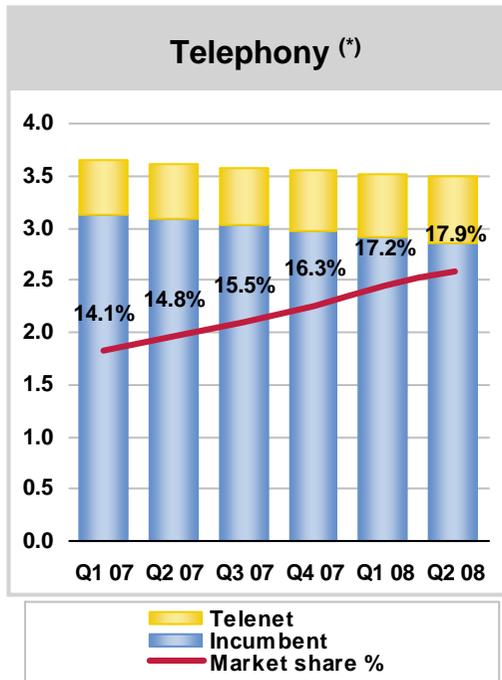
Churn levels remain stable and well under control



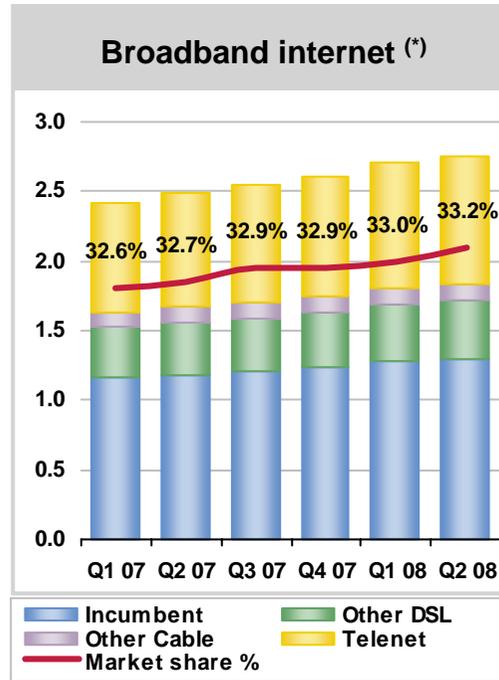
(*) Includes downgrades to FreeSurf

Market shares

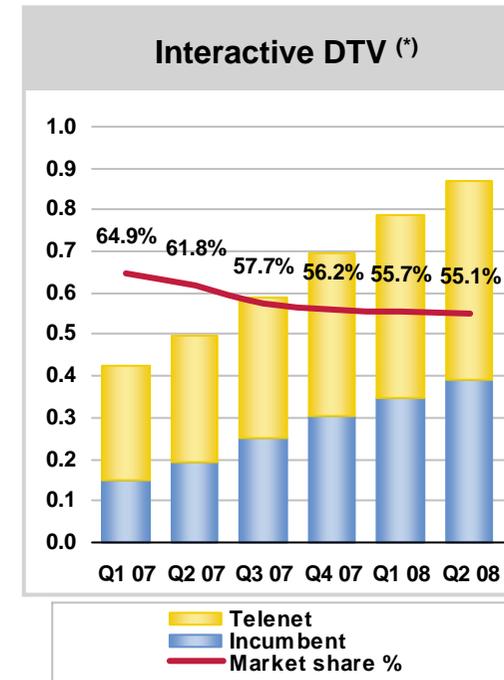
Continued market share growth for telephony and broadband; iDTV stable due to limited footprint



Source: company reports



Source: ISPA; Q2 08 are management estimates



Source: company reports; excludes non-interactive DTV and satellite providers

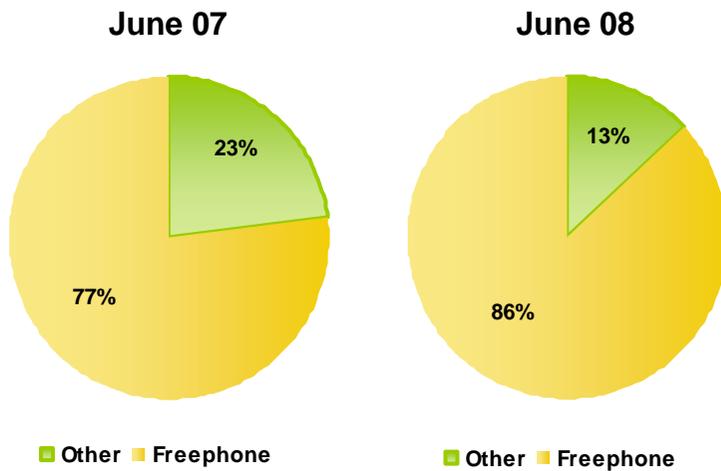
(*) Market shares are on a national basis, while Telenet is only active in approx. 55% of Belgium for telephony and broadband internet and in approx. 38% of Belgium for interactive DTV.

Fixed telephony

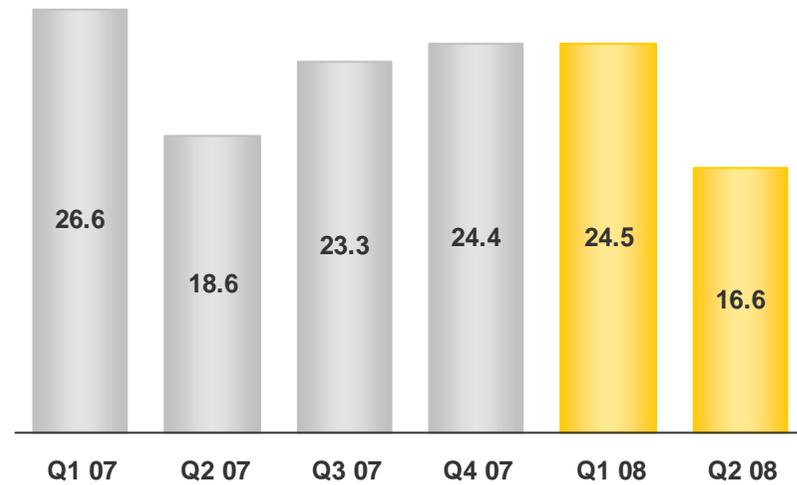
Net additions of 89,000 year-on-year;
second quarter in line with seasonality trends



% tariff plans on telephony customer base



Net additions (000)

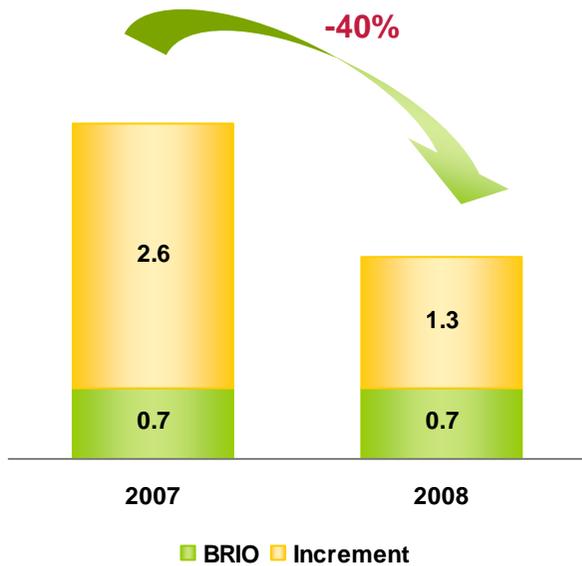


Fixed telephony

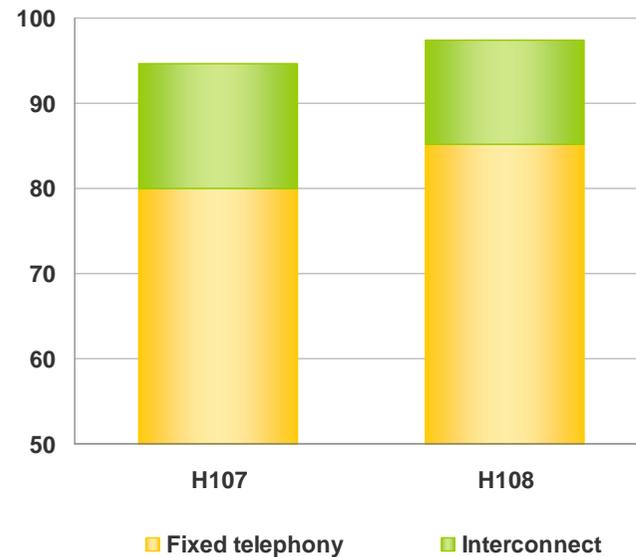
Organic fixed line subscriber growth compensates for significant interconnection tariff cuts



Average interconnect termination rate (€cents)

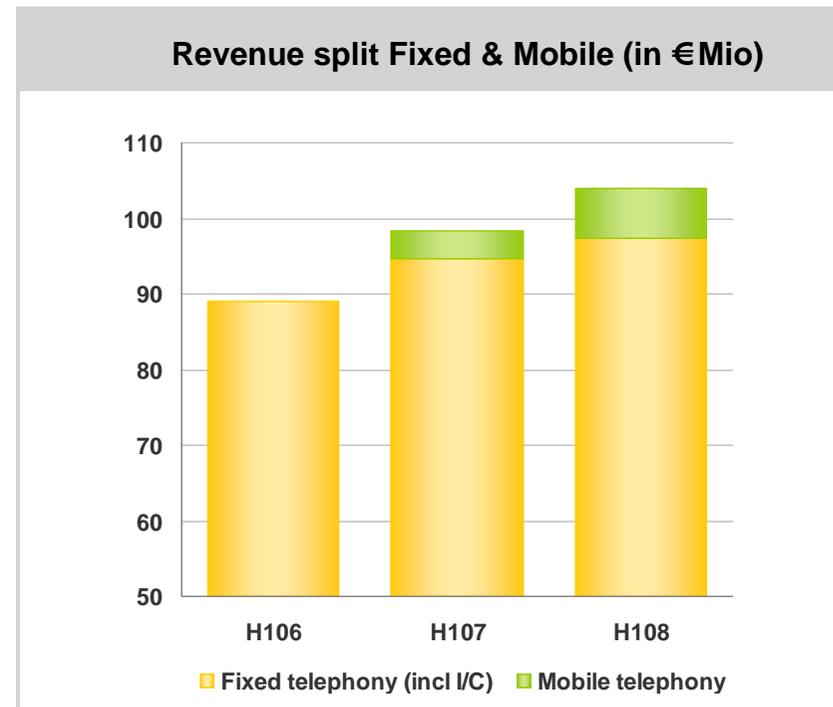
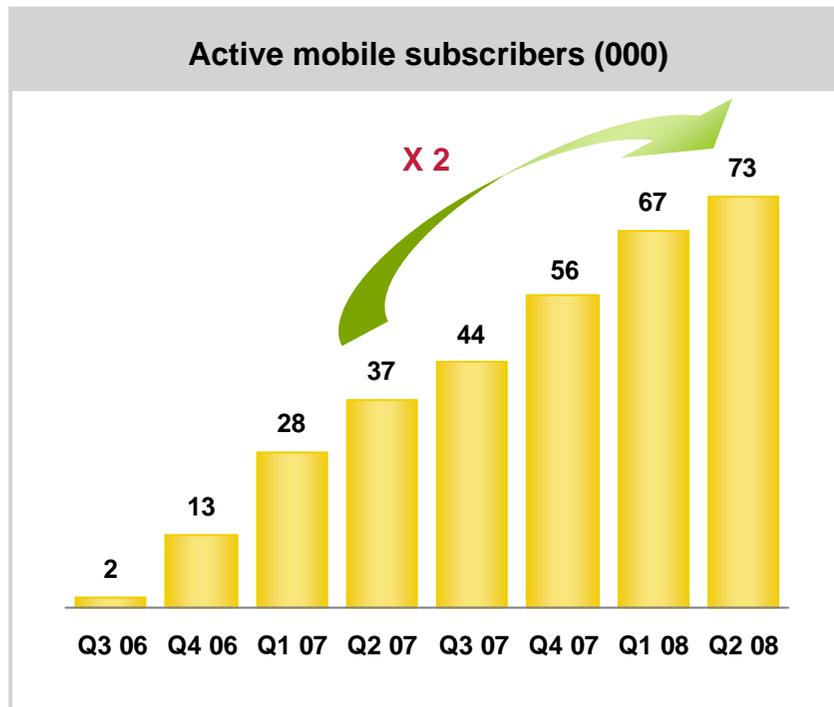


Fixed telephony revenue components (€Mio)



Mobile telephony

Subscriber base doubled year-on-year;
solid contribution to telephony top line

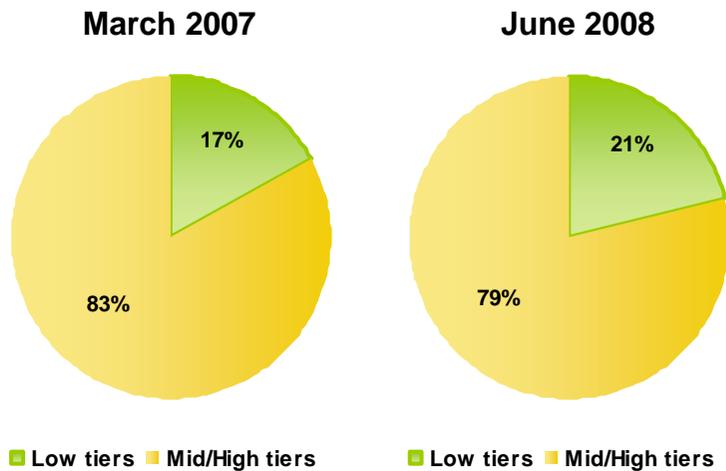


Broadband internet

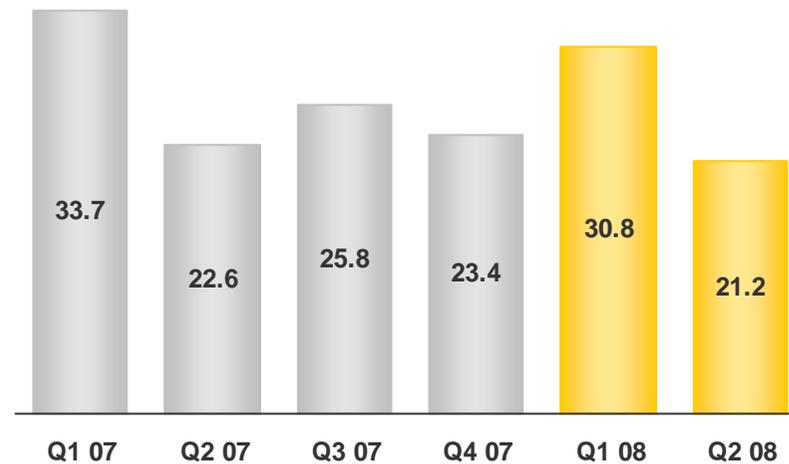
Net additions of 101,000 year-on-year; product mix remains positioned towards mid- and high-tiers



% product tiers on total broadband subscribers



Net additions (000)



Broadband internet

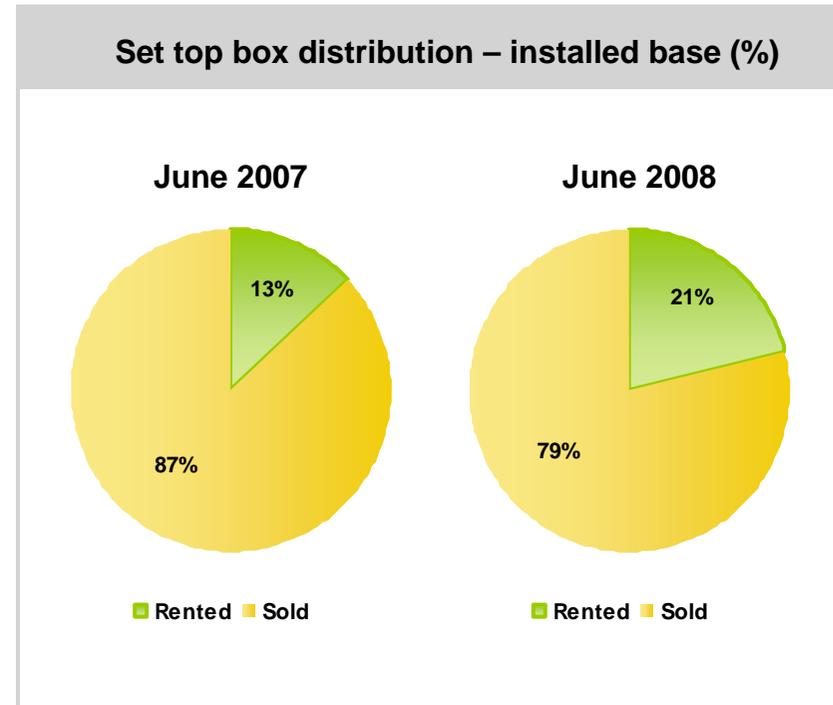
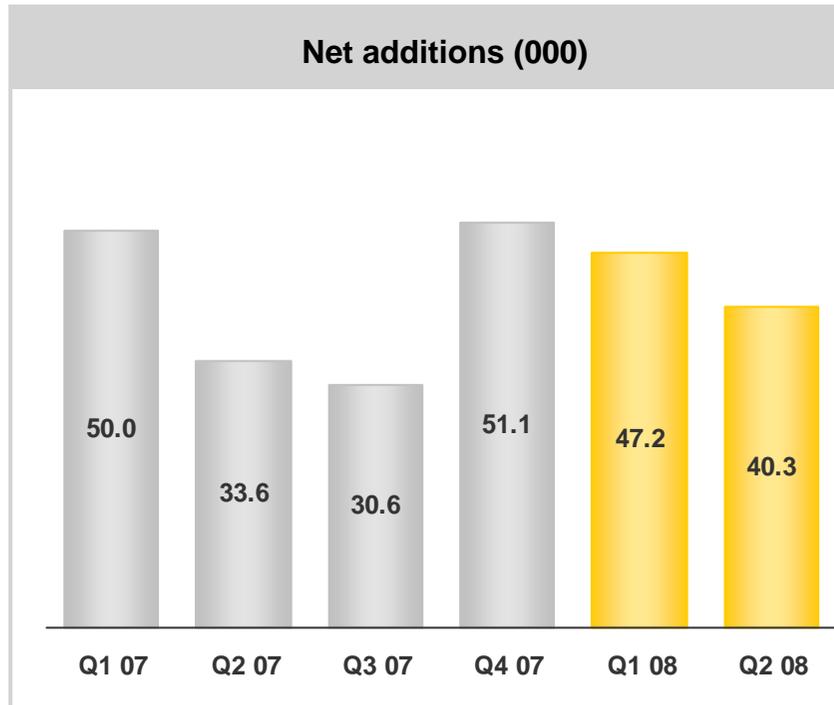
Product leadership remains our core broadband strategy



Tier	Product	Speed	Volume	Telenet Customer base
High	TurboNet	DS 20 Mbps	35 GB ▶ 60 GB	
		US 512 Kbps ▶ 1 Mbps		
Mid	ExpressNet	DS 10 Mbps ▶ 15 Mbps	12 GB ▶ 20 GB	
		US 256 Kbps ▶ 512 Kbps		
Low	ComfortNet	DS 4 Mbps ▶ 6 Mbps	2 GB ▶ 4 GB	
		US 192 Kbps ▶ 256 Kbps		
	BasicNet	DS 512 Kbps ▶ 1 Mbps	1 GB	
		US 128 Kbps		100%

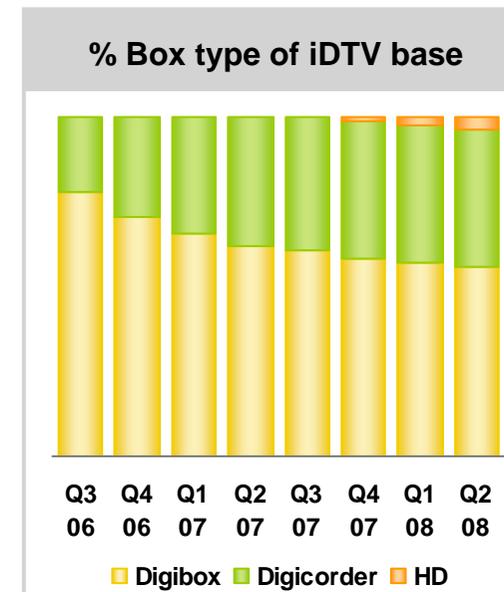
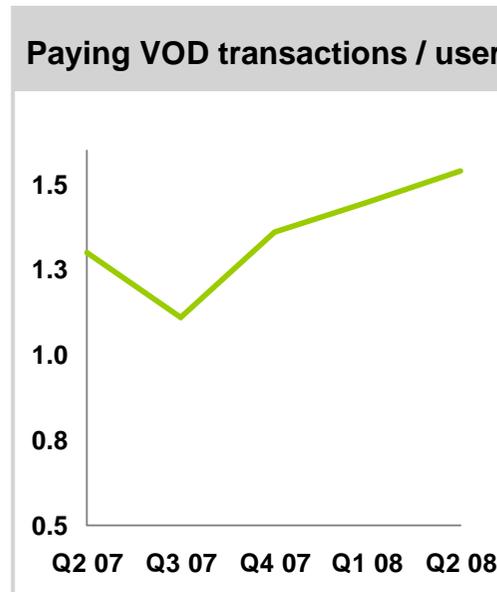
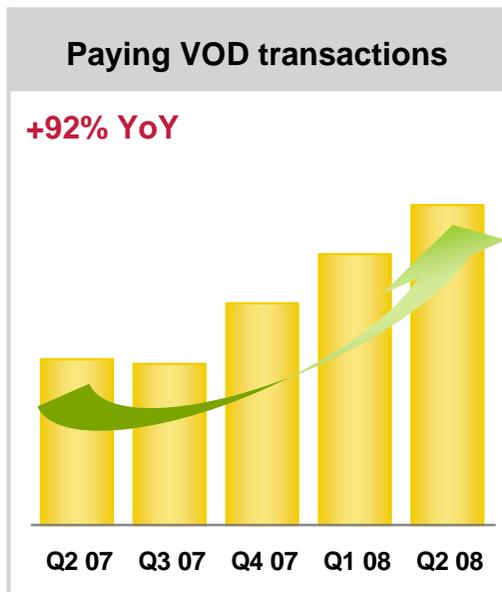
iDTV

Net additions of 170,000 year-on-year;
successful uptake of rental proposition



iDTV

Boost in on-demand transactions per user leading to strong revenue growth

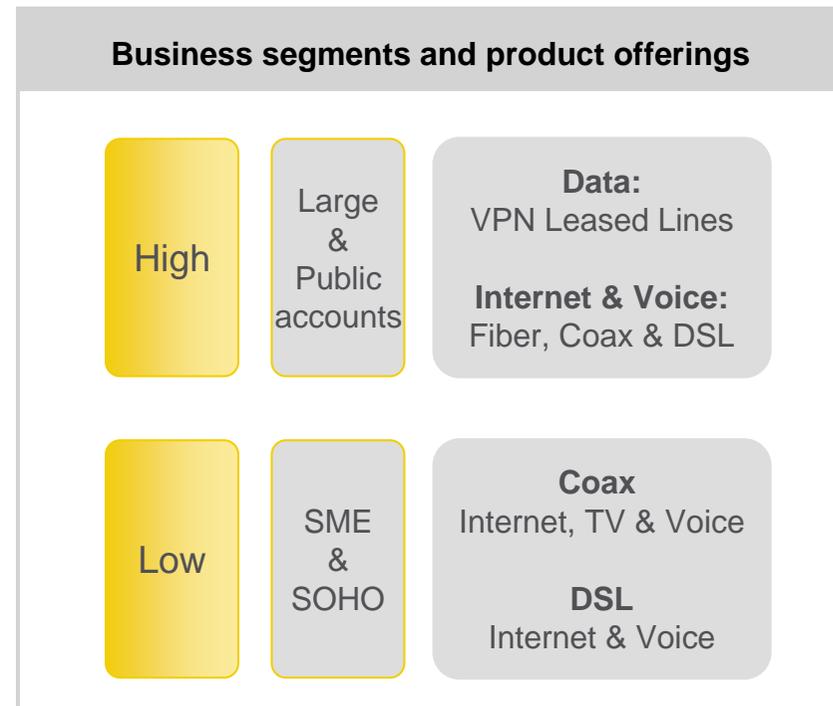
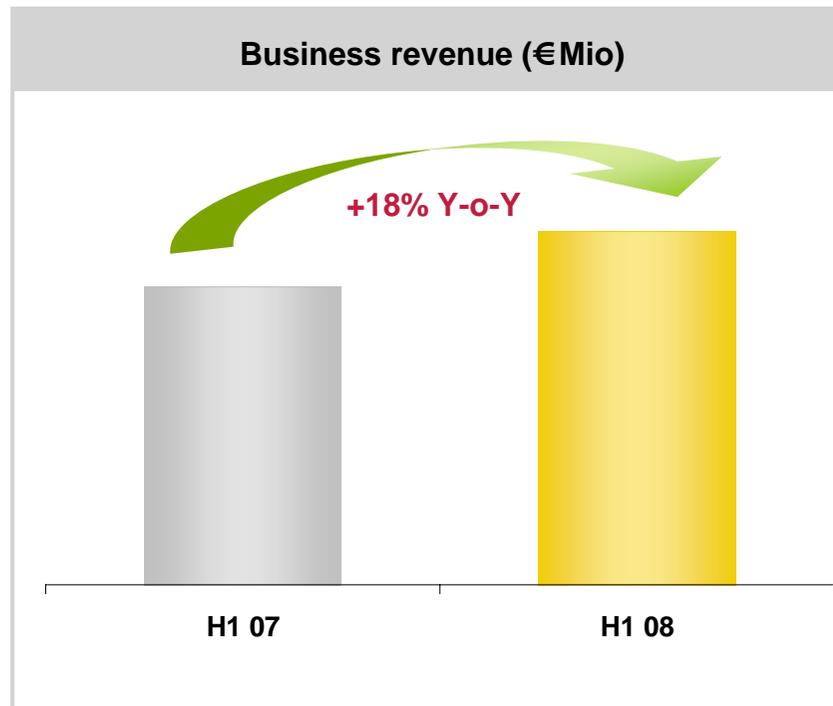


VOD

- Monthly VOD transactions per user up to 3.6x – highest ratio so far
- Total VOD transactions in H1 08 approaching 9 million

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Renewed segmented focus contributes to strong growth



- Acquisition of Hostbasket performing ahead of expectations
- Adding almost one third to growth in business segment

Network upgrade projects

Investing in sustainable technology

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Strategy	Projects	Status
1 Upgrading existing technology	<ul style="list-style-type: none"> Increasing the modulation scheme from 64 to 256 QAM 	Completed
2 Expanding the existing spectrum	<ul style="list-style-type: none"> X-Net/Mach 3 phase 1: expanding the upstream spectrum Mach 3 phase 2: expanding the downstream spectrum 	Completed Ongoing
3 Increasing interactive bandwidth	<ul style="list-style-type: none"> Pulsar: node-splitting from 1400 h/node to 500 h/node 	Started
4 More efficient use of bandwidth	<ul style="list-style-type: none"> Introducing Euro Docsis 3.0 Channel Bonding Introducing Switched Digital Broadcast 	Field trial 2H08 Field trial 2H08

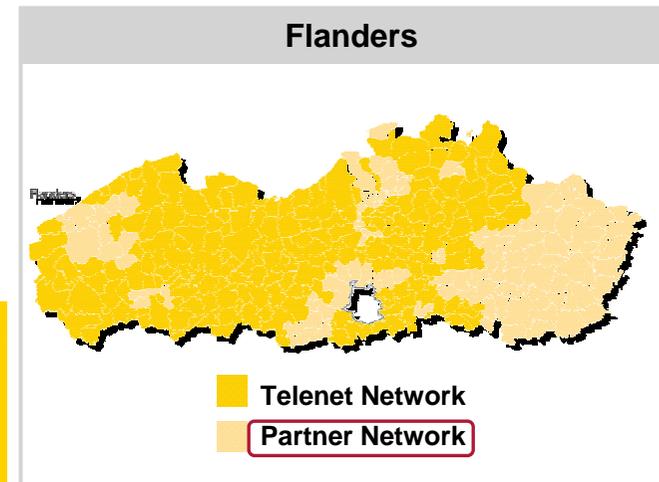
Final agreement with Interkabel

Paving the path to uniform digital TV and triple play propositions across Flanders

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- Adding approx. 775,000 TV customers
- Uniform digital TV and triple play offering across Flanders
- Customers will have choice between DSL and cable across Flanders

Alvast
welkom
aan 775 000 kabel-
televisiekijkers!



Deal
structure

- Acquisition of ~775,000 TV customers: upfront value
- Purchase of other assets
- Long-term leases of network and assets

Total cash
consideration
~€230 million

New joint-ventures elaborating on our successful media strategy



T-Vgas

- Leading gaming platform, bringing Telenet's 9lives and "Gunk" together
- Converged reach: online – digital TV – magazine
- Unique target audience for advertising



Strategic advertising alliance

- New media sales house consolidating digital assets of Telenet Media, VAR and Concentra
- Focus on display advertising, email marketing and performance based solutions
- Development of new advertising solutions for interactive videoservices and digital TV



Part 2

Financial review



Revenue

Core product lines all continue to contribute well to top-line growth



EU GAAP - in € millions

	H1 2008	H1 2007	% change
Revenue			
Basic cable television	109.4	110.3	- 1%
Premium cable television ⁽¹⁾	37.1	29.6	+ 25%
Distributors / Other ⁽²⁾	16.1	17.0	- 5%
Residential broadband internet	175.2	158.8	+ 10%
Residential telephony	104.0	98.3	+ 6%
Business services	50.5	42.7	+ 18%
Total Revenue	492.5	456.7	+ 8%

(1) Basic cable television revenue generated by premium cable television customers reported under “Basic cable television”
 (2) Includes Digibox and Digicorder set top box sales, but excludes rental revenue which is included under “Premium Cable television”

Expenses

Moderate cost increase despite fast growing subscriber base

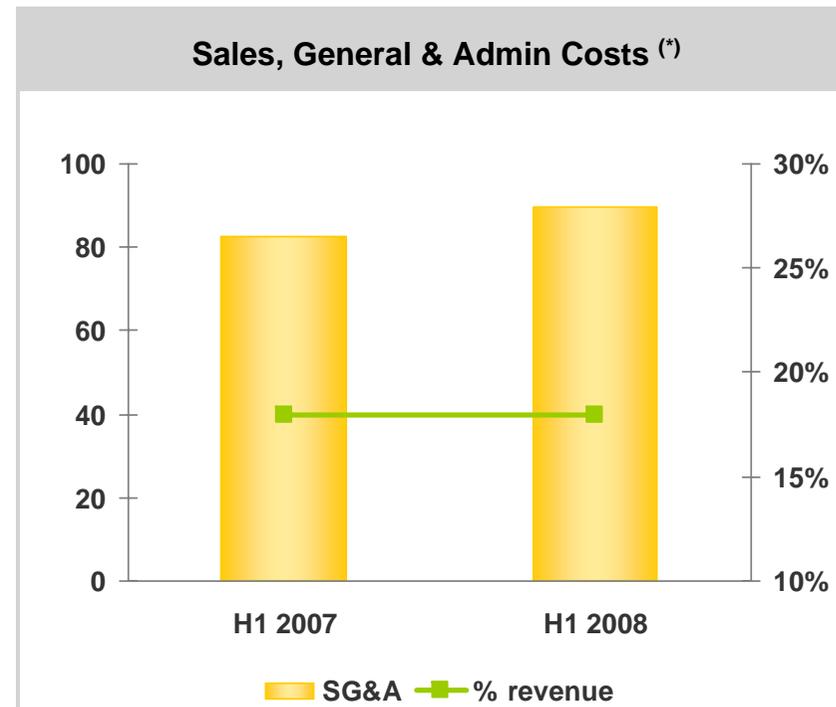
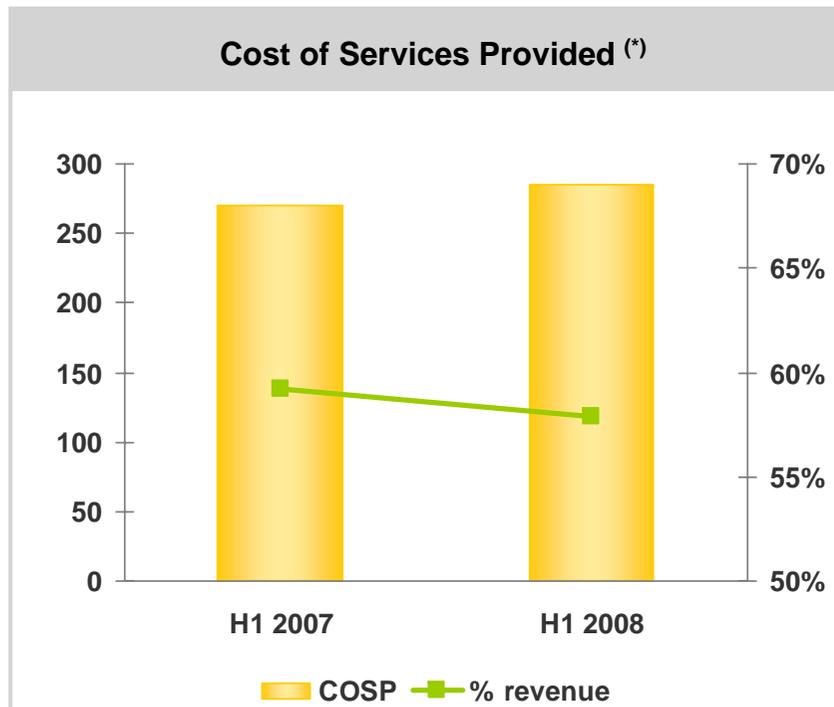


EU GAAP - in € millions		H1 2008	H1 2007	% change
Expenses	Payroll & Employee Benefit Costs	60.2	62.1	- 3%
	Depreciation	93.4	86.7	+ 8%
	Amortization	25.7	24.0	+ 7%
	Amortization of broadcasting rights	4.2	3.6	+ 18%
	Network operating and service costs⁽¹⁾	139.1	129.9	+ 7%
	Advertising, marketing and dealer commissions	28.2	27.6	+ 2%
	Share based compensation	3.5	0.3	N/A
	Other costs	22.5	18.8	+ 20%
	Total Expenses by Nature	376.8	353.1	+ 7%

(1) Also includes interconnect cost, content costs, network operating costs and purchase cost of digiboxes/digicorders

Expenses

Cost-to-revenue ratios continue to demonstrate stable or improving trend



(*) Including depreciations and amortizations but excluding stock-based compensation.

Profit & Loss statement

Solid operating margin improvements;
net result influenced by non-cash items

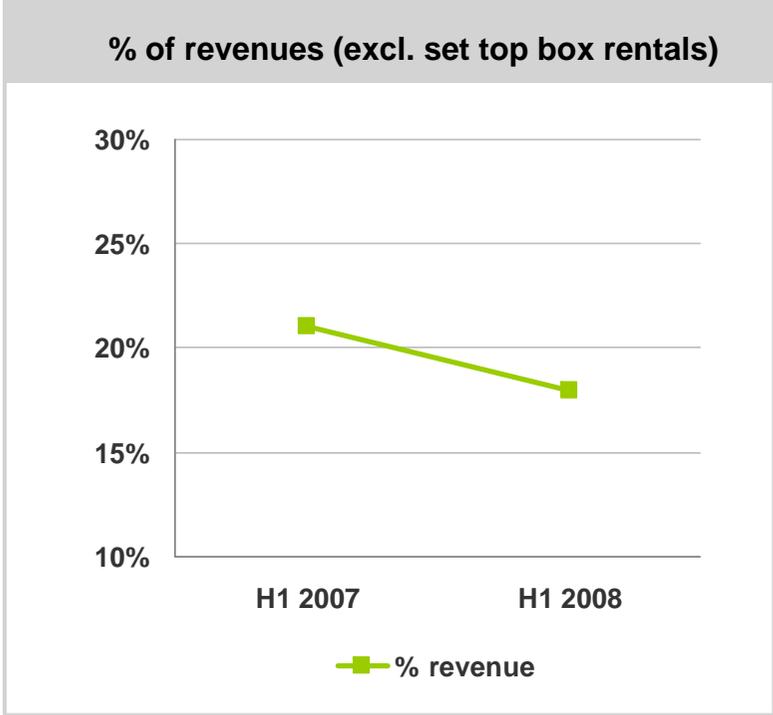
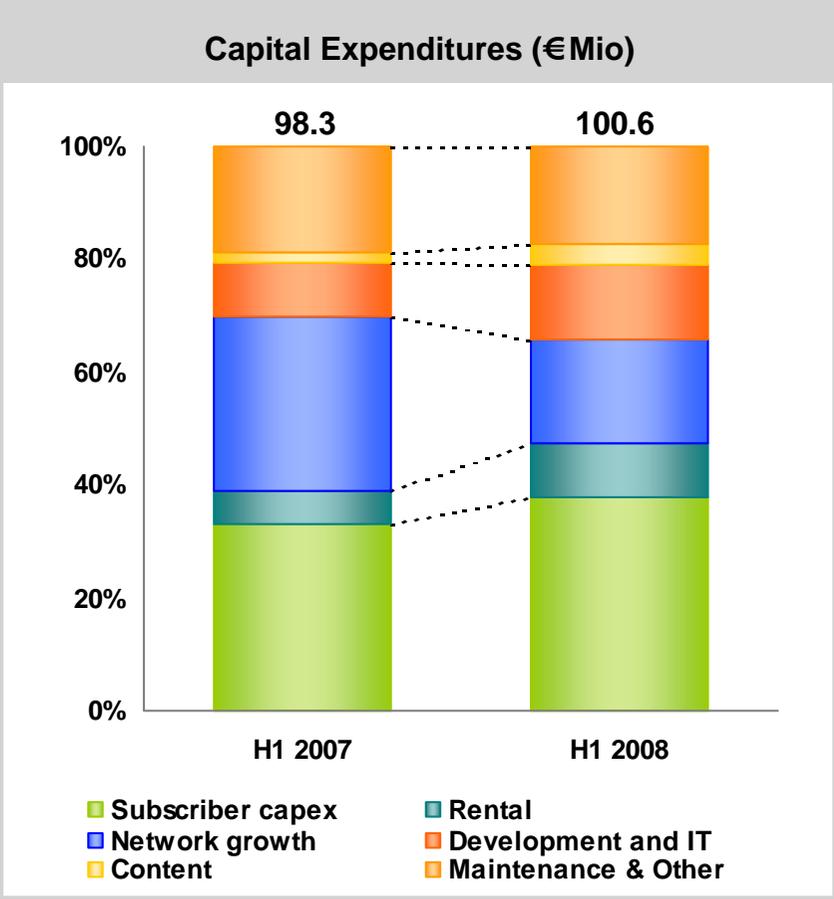
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EU GAAP - in € millions		H1 2008	H1 2007	% change
Revenue	Total Revenue	492.5	456.7	+ 8%
Expenses	Total Expenses (excl. D&A and stock-based comp.)	(250.1)	(238.5)	+ 5%
EBITDA	EBITDA	242.4	218.2	+ 11%
	EBITDA Margin	49.2%	47.8%	
Operating Profit	Operating Profit	115.7	103.5	+ 12%
Net Profit / Loss	Net interest expense	(76.6)	(53.5)	+ 43%
	Net gains (losses) on derivative instruments	41.0	(0.3)	N/A
	Net foreign exchange gains (losses) on financing	(0.2)	5.6	N/A
	Income tax credit (expense)⁽¹⁾	(30.8)	62.5	N/A
	Share of loss of associates acc'd for using equity method	(0.2)	(0.1)	+ 103%
	Net Profit	49.0	117.7	- 58%

(1) H1 2007 includes the recognition of a non-current deferred tax asset of €94.3 million

Capital expenditures

Capex-to-revenue ratio down to 18%, excluding set top box rentals



Cash flow

Free cash flow yield of 18% of revenues;
cash balance of €147 million



EU GAAP - in € millions		H1 2008	H1 2007	% change
Cash Flow from Operating Activities	Net Profit	49.0	117.7	- 58%
	Depreciation, amortization and impairment	123.2	114.4	+ 8%
	Working capital changes and other cash items	44.5	19.0	+ 134%
	Deferred taxes	30.8	(62.5)	N/A
	Derivatives, accrued interest expenses and unrealized F/X	31.3	45.3	- 31%
	Cash interest expenses	(71.5)	(37.5)	+ 91%
	Cash Flow provided by Operating Activities	207.2	196.4	+ 6%
Cash Flow from Investing Activities	Cash Flow used in Investing Activities ⁽¹⁾	(124.1)	(107.8)	+ 15%
Free Cash Flow	Adjustments for free cash flow (acquisitions)	4.5	0.3	
	Free Cash Flow⁽²⁾	87.6	88.8	- 1%
Cash Flow from Financing Activities	Net debt redemptions	(8.3)	(128.4)	- 94%
	Net proceeds capital increases	8.5	6.6	+ 28%
	Other (incl. redemption premiums and debt issuance costs)	(12.6)	(0.1)	N/A
	Cash Flow used in Financing Activities	(12.4)	(121.9)	- 90%
Net Cashflow	Cash at beginning of period	76.6	58.8	+ 30%
	Cash at end of period	147.3	25.5	+ 478%
	Net Cash Generated (Used)	70.7	(33.3)	N/A

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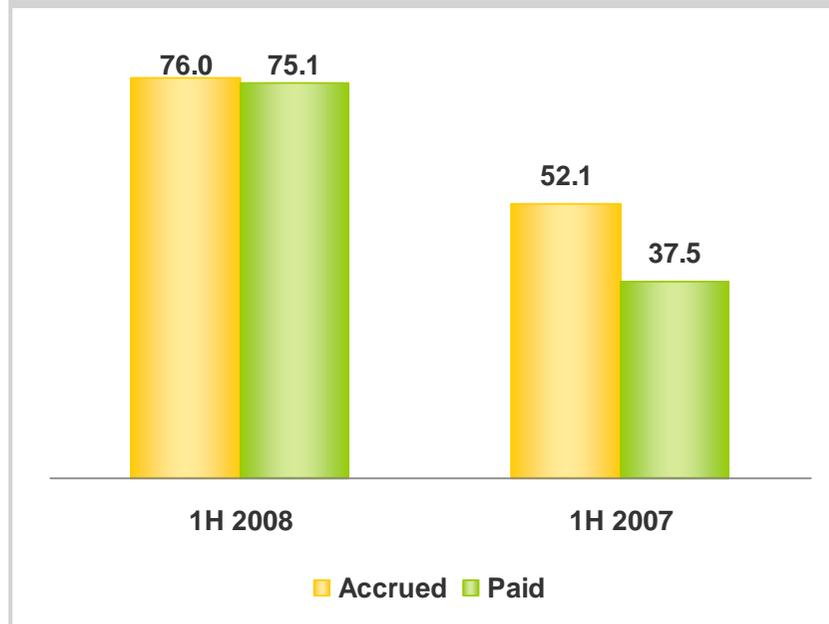
- 1) H1 2008 includes the acquisition of Hostbasket NV for €4.5 million.
- 2) Free cash flow is defined as net cash provided by operating activities, excluding cash related to the purchase and sale of derivatives and excluding accelerated interest payments under discounted debt instruments; less capital expenditures, excluding acquisitions.

Interest expenses

New Senior Credit Facility implies full cash interest expenses

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Accrued versus paid interest expense – 1H 2008



- **Accrued interest increased by 46%**
 - Higher debt level to €1.9 bn from €1.2 bn = +58%
 - Offset by ~10% lower average interest margin compared to debt instruments prior to new SCF
- **Interest paid increased by 100%**
 - Interest on new SCF is accrued and paid.
 - Interest on previous Senior Discount Notes was accretive; no cash impact.
 - Interest on previous Senior Notes was payable semi-annually in Q2 and Q4; limited impact on 1H 2007.

Balance sheet

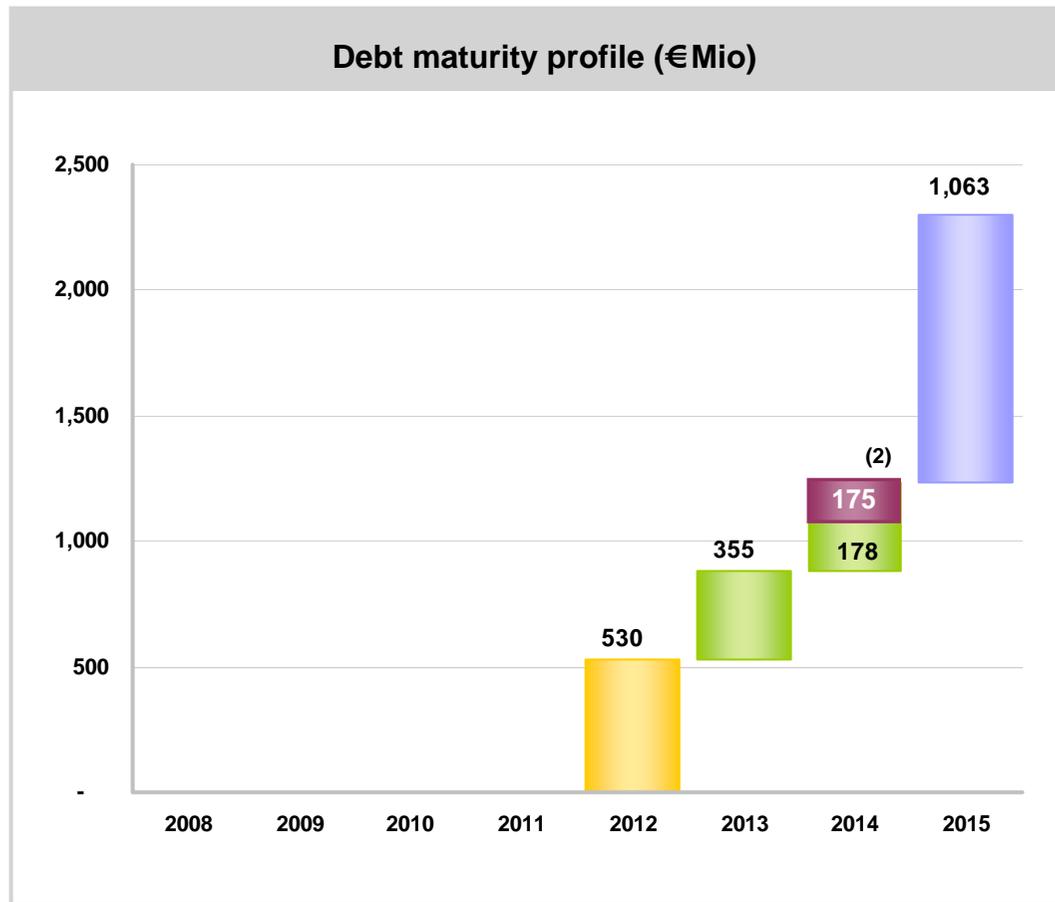
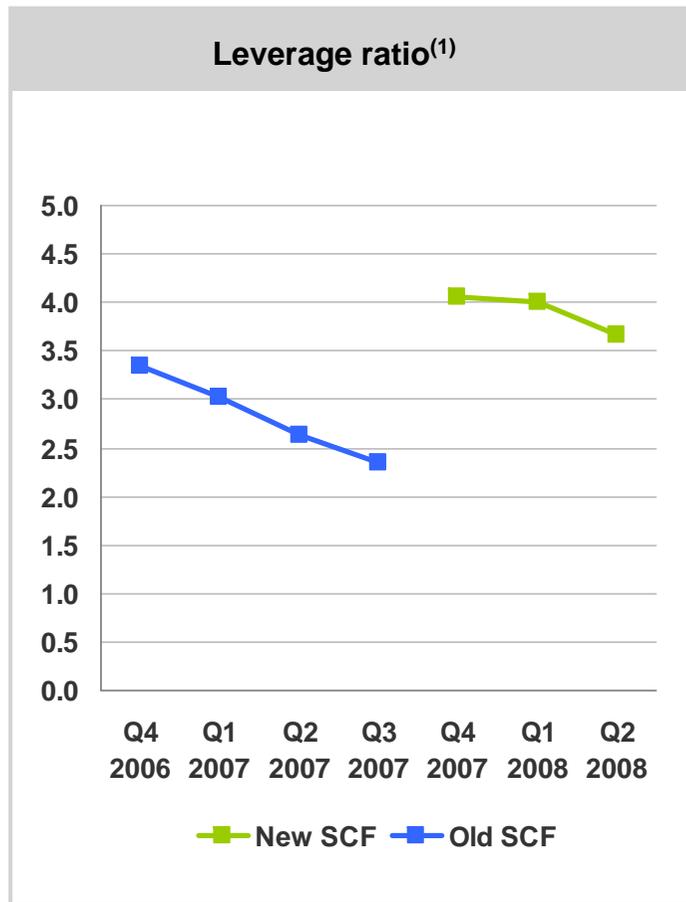
Stable balance sheet;
total availability of funds approx. €550 million

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EU GAAP - in € millions		30-Jun-08	31-Dec-07	% change
Assets	Non-Current Assets	2,417.8	2,457.5	- 2%
	Current Assets	120.4	133.1	- 10%
	Cash and Cash Equivalents	147.3	76.6	+ 92%
Total Assets		2,685.5	2,667.3	+ 1%
Equity	Total Equity	231.0	170.1	+ 36%
Non-Current Liabilities	Senior Debt	1,900.6	1,902.1	- 0%
	Capital Leases	119.6	125.7	- 5%
	Deferred Financing Cost	(35.4)	(27.9)	+ 27%
	Other non-current Liabilities	38.4	61.8	- 38%
	Non-Current Liabilities	2,023.1	2,061.7	- 2%
Current Liabilities	Current Portion of Long Term Debt	20.6	18.5	+ 11%
	Accounts Payable	200.6	230.4	- 13%
	Accrued Expenses and Other Current Liabilities	76.8	62.4	+ 23%
	Unearned Revenues	133.2	123.5	+ 8%
	Derivative Financial Instruments	0.3	0.7	- 60%
	Current Liabilities	431.4	435.5	- 1%
Total Equity and Liabilities		2,685.5	2,667.3	+ 1%

Balance sheet

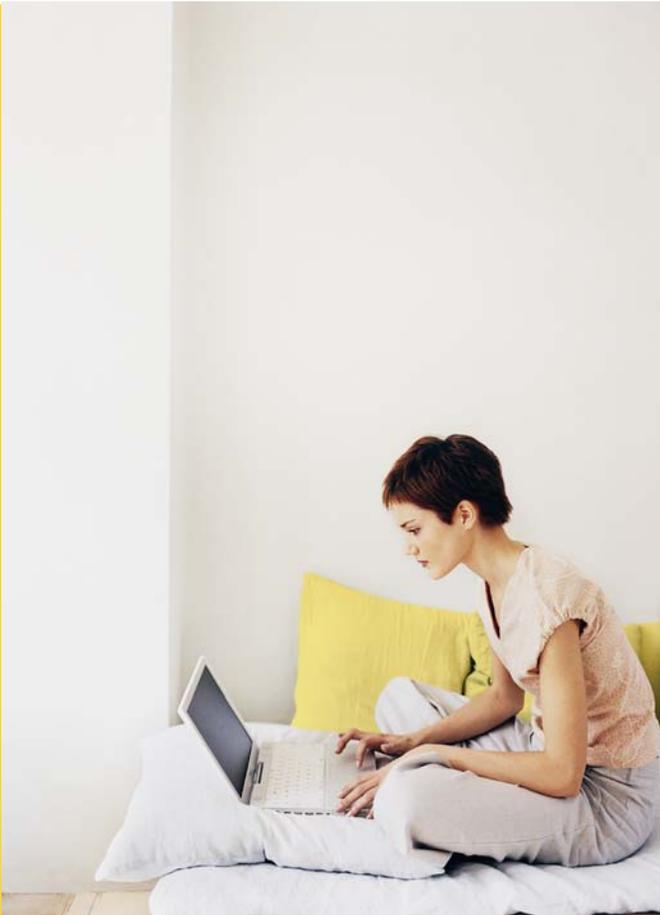
Autonomous de-leveraging thanks to high FCF profile;
first maturity of SCF in 2012



(1) Calculated as per Senior Credit Facility definition, using last two quarters' annualized EBITDA.
 (2) Includes the - currently undrawn - € 175 Mio Revolver facility.

Part 3

Outlook 2008



Assessment of the second half 2008



ARPU	=	-	--
Subscribers	+++	++	++

?

Potential impact from weakening economic conditions



CONTINUED FOCUS ON OPERATING EXPENSE LEVELS

- Improve network operations processes
- Strict control of headcount
- Efficiencies from bundles and multiple play
- Focus on customer care back-office optimization
- Optimize customer acquisition campaigns

EBITDA GROWTH OUTLOOK UPGRADE

Full year 2008 EBITDA growth upgraded



	Initial Outlook 2008	Upgraded Outlook 2008
Organic Revenue Growth	5% – 6%	5% – 6%
Organic EBITDA Growth	6% – 8%	8% – 10%
Capital Expenditures ¹	€180 – €190 m	€180 – €190 m

¹ Excludes capex supporting set top box rentals

How to contact us?



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