

# Financial Results of First 9 Months 2007

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Investor & Analyst Conference Call  
November 7, 2007

Duco Sickinghe, CEO – Renaat Berckmoes, CFO

# Safe Harbor Disclaimer



**Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995.** Various statements contained in this document constitute “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995. Words like “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expects,” “estimates,” “projects,” “positioned,” “strategy,” and similar expressions identify these forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted whether expressed or implied, by these forward-looking statements. These factors include: potential adverse developments with respect to our liquidity or results of operations; our significant debt payments and other contractual commitments; our ability to fund and execute our business plan; our ability to generate cash sufficient to service our debt; interest rate and currency exchange rate fluctuations; our ability to complete the integration of our billing systems; the impact of new business opportunities requiring significant up-front investments; our ability to attract and retain customers and increase our overall market penetration; our ability to compete against other communications and content distribution businesses; our ability to maintain contracts that are critical to our operations; our ability to respond adequately to technological developments; our ability to develop and maintain back-up for our critical systems; our ability to continue to design networks, install facilities, obtain and maintain any required governmental licenses or approvals and finance construction and development, in a timely manner at reasonable costs and on satisfactory terms and conditions; our ability to have an impact upon, or to respond effectively to, new or modified laws or regulations. We assume no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

# Agenda

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**1. Business Review**

Duco Sickinghe, CEO

**2. Financial Review**

Renaat Berckmoes, CFO

**3. Outlook 2007**

Duco Sickinghe, CEO

Part 1

# Business review

# 9M 2007 Operational Highlights

Strong year-on-year subscriber growth;  
bundles become important part of new sales

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## Triple Play

- Continued solid annual growth of triple play customers by 33% y-o-y.
- ARPU per unique subscriber up by 14% boosted by bundled sales and uptake of iDTV.
- ~45% of new customers take two or three products immediately.

## Internet & Telephony

- Internet customer base increased by 22% (organic: 16%) and telephony customer base by 23% year-on-year.
- Highest organic year-on-year growth for both telephony and internet.
- 9M 2007 ARPU stable for broadband internet.

## iDTV

- iDTV customer base at 340,000 (~346,000 active boxes), up 86%.
- Good uptake of additional digital services resulting in stable ARPU.
- HD functionality to be launched on December 1, boxes to ship on November 15.

# 9M 2007 Financial Highlights

Financial results at upper end of full year outlook;  
EBITDA margin at 48.5%; accelerating free cash flow

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Revenue

- Revenue up by 15% year-on-year to €691.0 million.
- Approximately half of year-on-year increase is generated by broadband internet, while iDTV is increasing its growth rate.

EBITDA

- EBITDA increase of 21% to €335.1 million.
- Margin up by 2%pts to 48.5% for 9M 2007 and to 50.0% for Q3 2007.

Net income

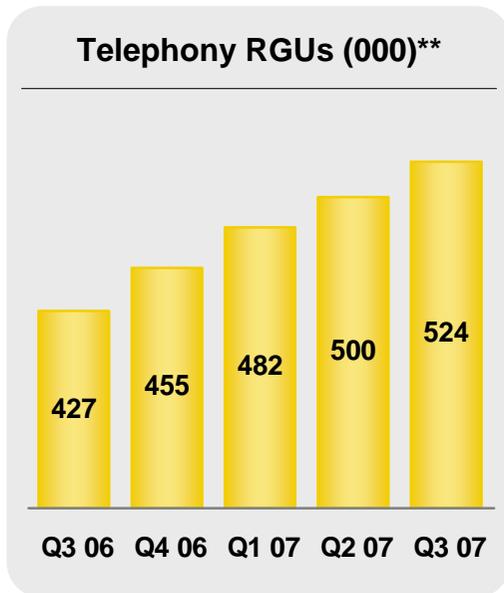
- Reported net profit of €120.9 million.
- Excluding one-off deferred tax asset and refinancing costs, recurring net profit of €31.5 million, up 27% year-on-year.

Free Cash Flow

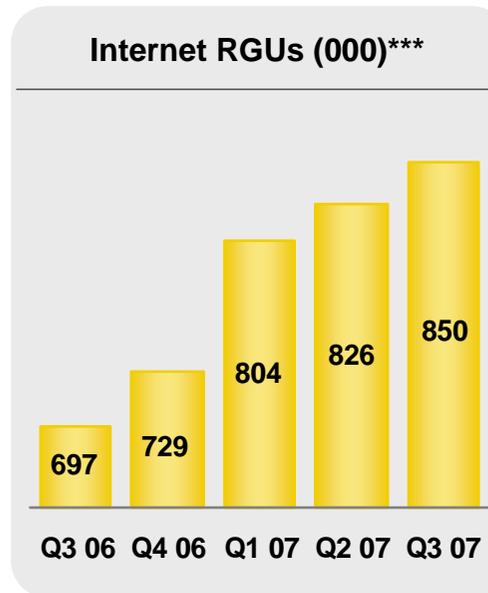
- Free cash flow (excluding debt repayments and purchase of derivatives) of €153.5 million, more than double vs. last year.

# Customer base

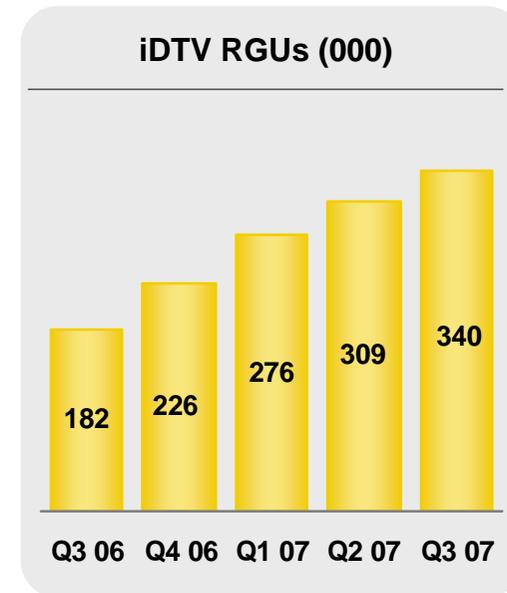
Successful summer promotions and launch in UPC area  
Combined customer base grew by 28% year-on-year<sup>(\*)</sup>



+23%



+22%



+86%

On top of 1.7 million CaTV customers (+7%)

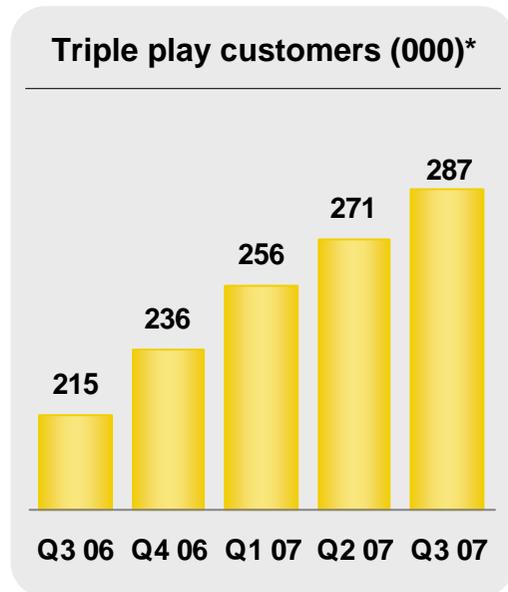
\* Organic, on fixed telephony, broadband internet and iDTV product lines

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

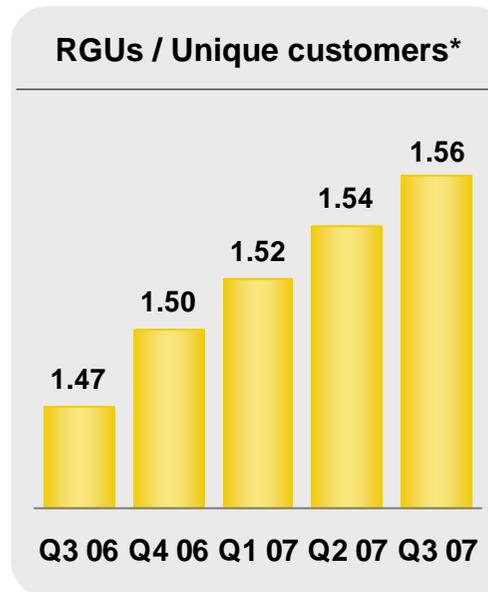
\*\*\* Includes business broadband internet subscribers on coaxial connection

# Triple play

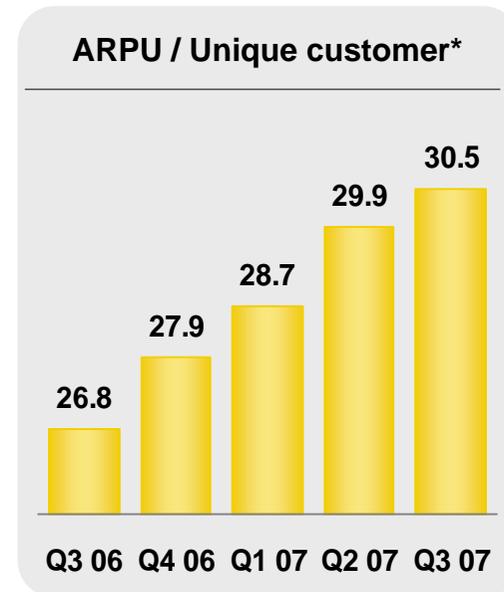
Triple play remains key to our growth;  
ARPU growth in Q3 partially affected by seasonality



+33%



+6%

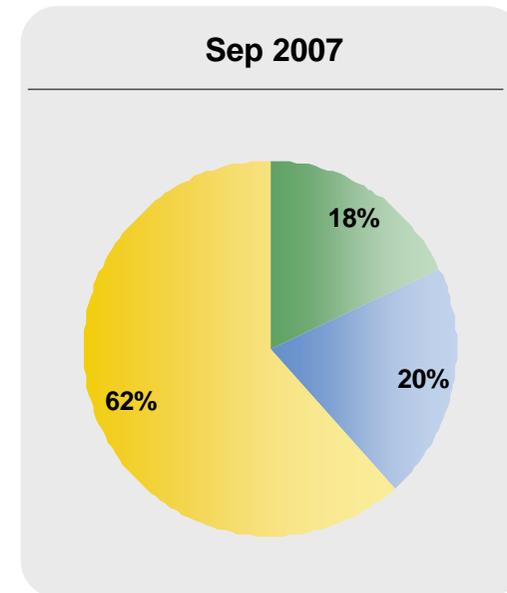
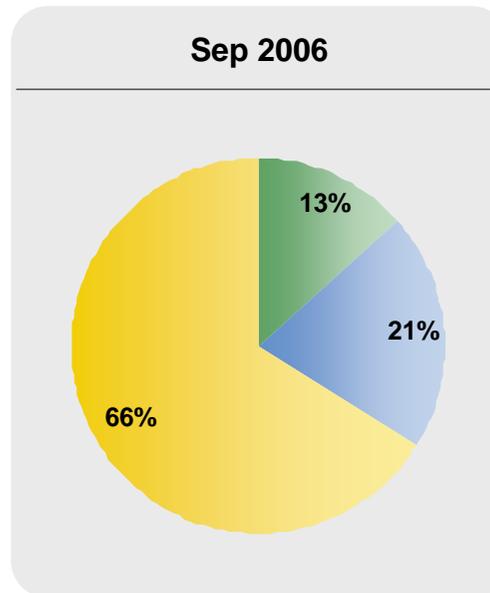
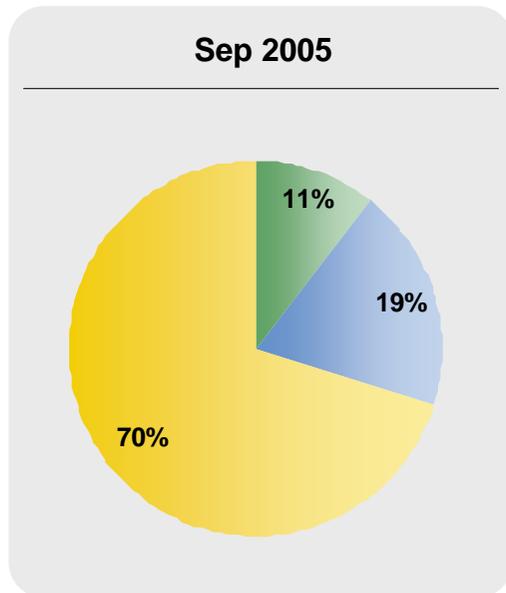


+14%

\* Numbers relate to customers on the Telenet network only, includes CaTV, internet and telephony services

# Triple play

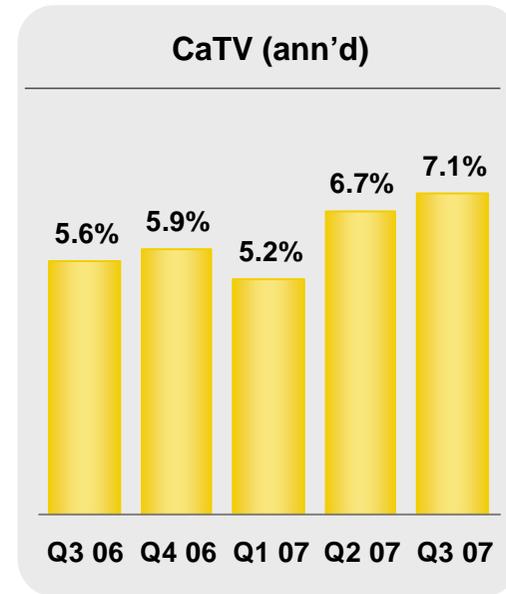
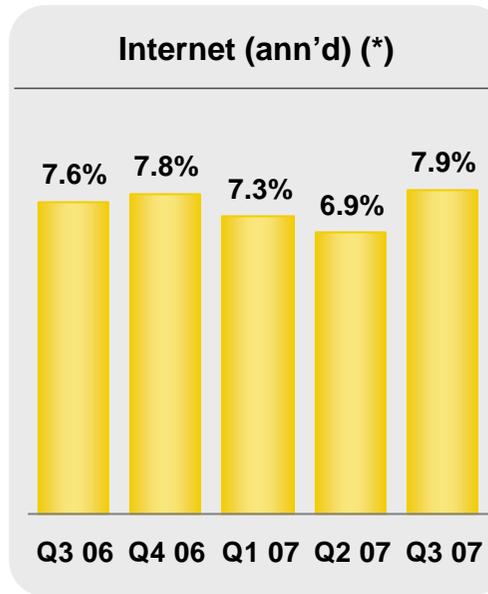
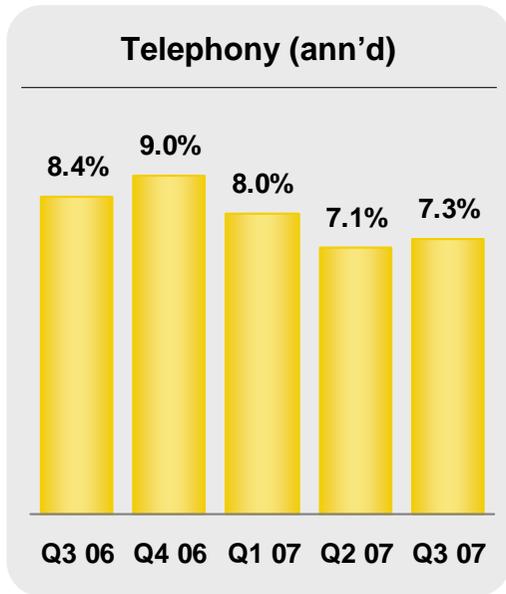
Growing number of new customers enjoying triple play upon initial subscription



- Triple play (\*)
- Dual play (\*)
- Single play

# Churn

Stable churn and reduced net loss on CaTV



**9M 06** 9.2%



**9M 07** 7.5%

8.1%



7.4%

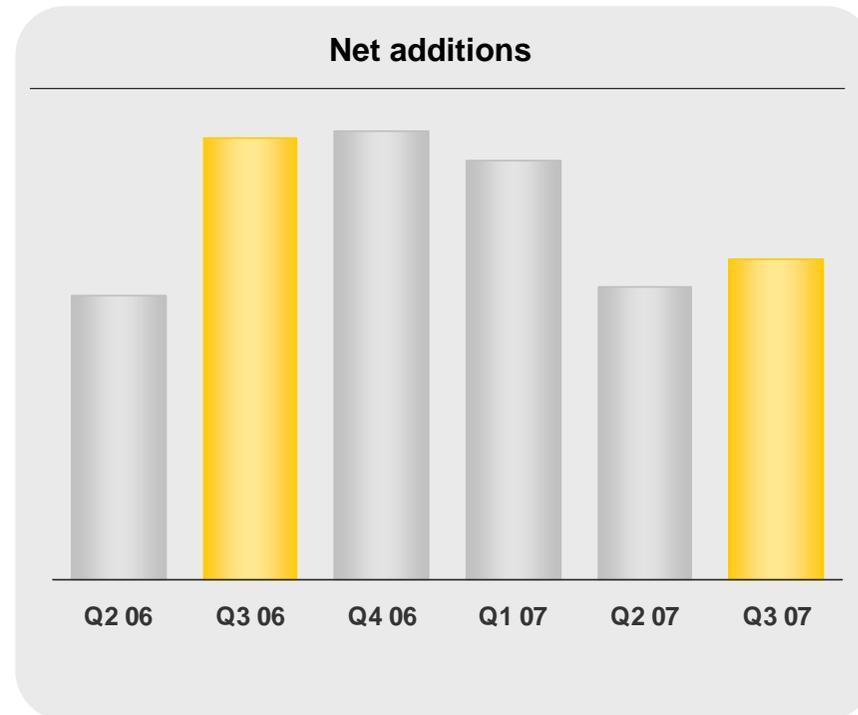
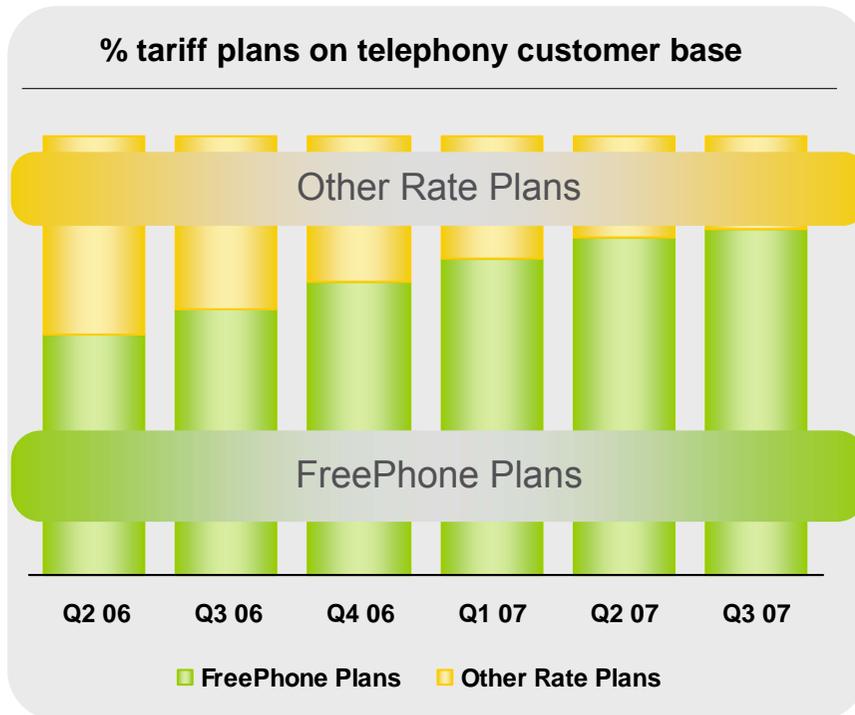
6.1%



7.1%

# Fixed telephony

Q3 net additions stronger than previous quarter;  
y-o-y decline influenced by launch of bundles in Q3 06

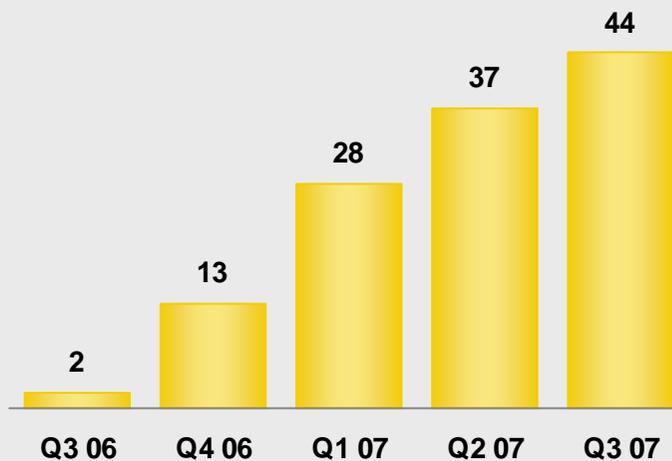


# Mobile telephony

Steady progress without dedicating marketing efforts;  
back office fully insourced during Q3

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Active mobile subscribers (000)

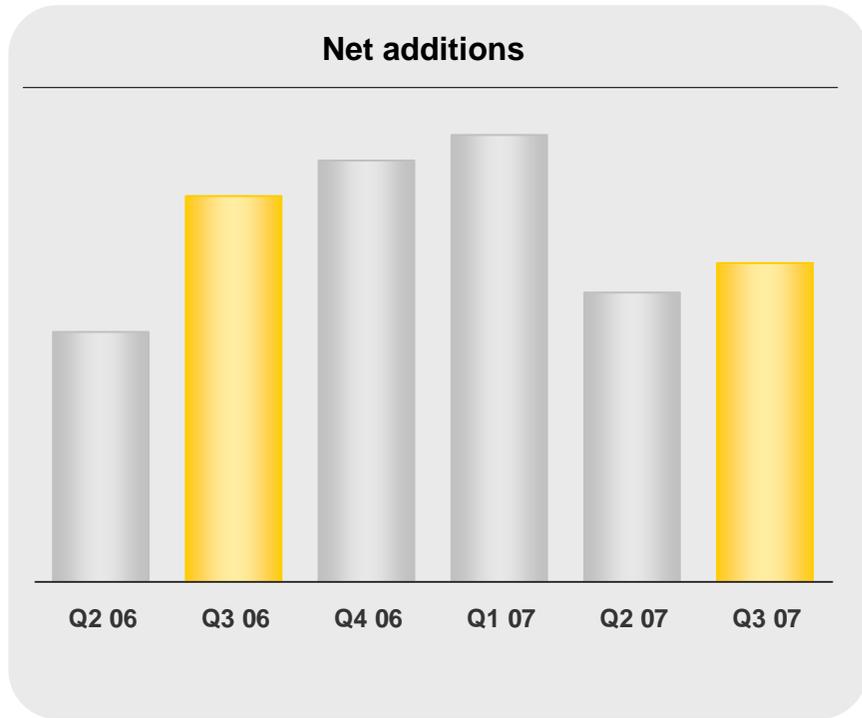
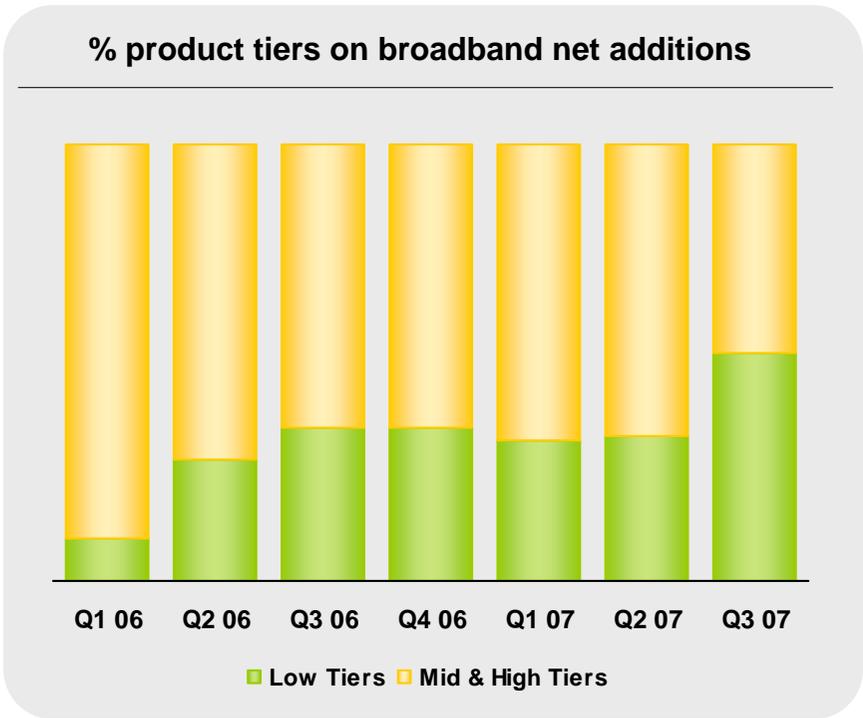


 **Telenet Mobile**



# Broadband internet

Low-tier uptake higher due to success of BudgetNet;  
net additions in Q3 06 influenced by launch of bundles

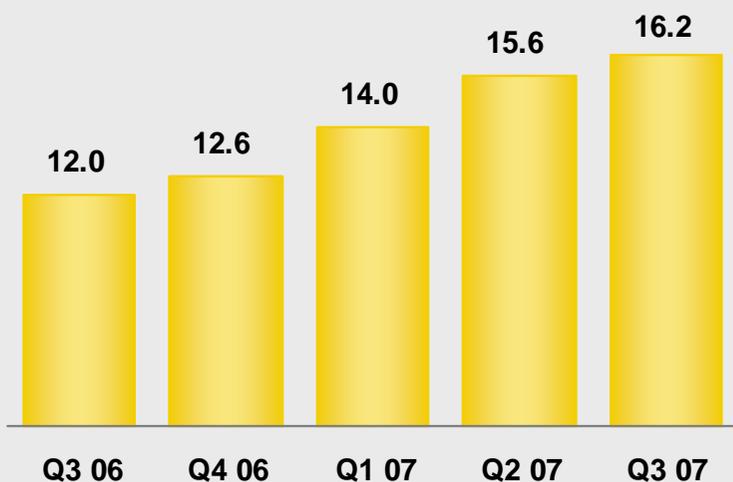


# iDTV

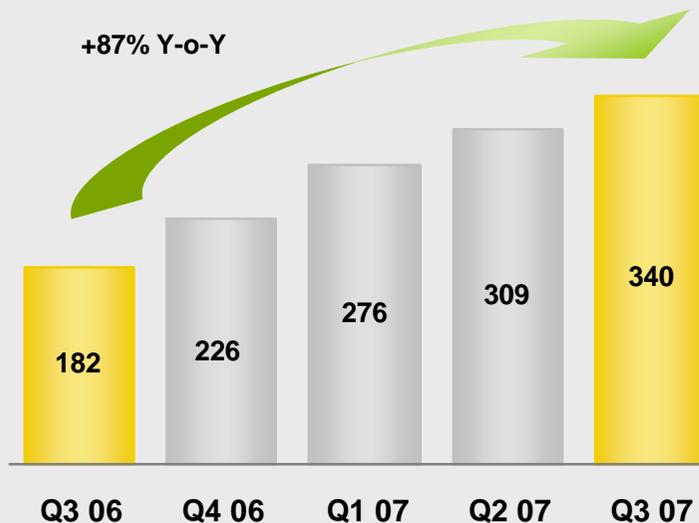
Strong growth in revenue of 32% as a result of 158,000 new iDTV customers, generating a stable ARPU



iDTV & Premium TV revenue (in Mio)\*



iDTV RGUs (000)\*\*



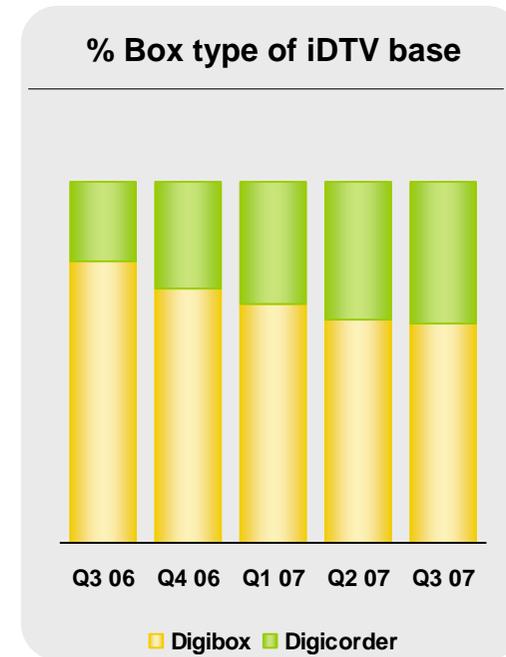
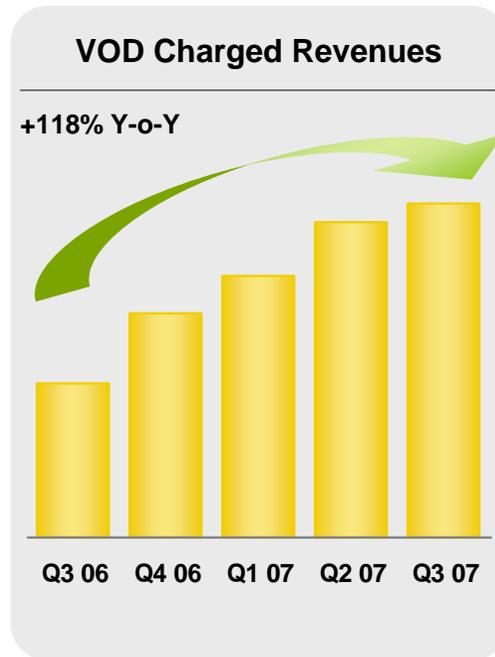
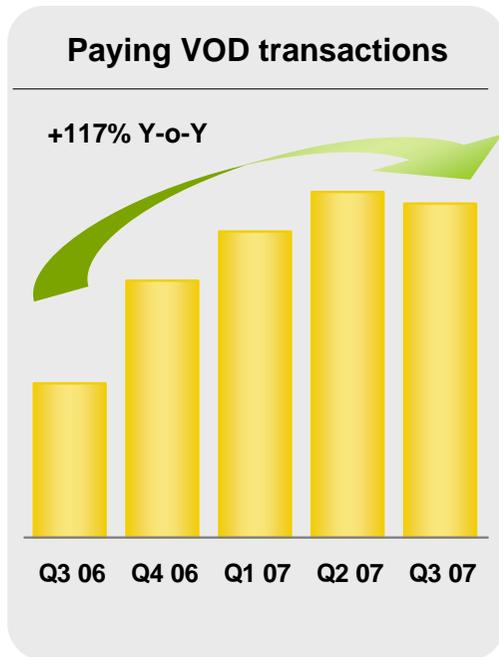
Corresponds to 346,000 boxes as per pre-Q307 definition (\*\*)

\* Comprises recurring revenue on iDTV and Premium TV on former Canal+ platform and on UPC Belgium

\*\* Q3 07 reflects change in reporting definition since multiple set top boxes at one household are now counted as 1 RGU, reducing Q3 07 RGUs by 6,000. Pre-Q3 07 numbers have not been restated.

# iDTV

VOD transactions evolves in line with seasonal summer trends but usage per subscriber improving



VOD

- VOD view rate per iDTV customer increased y-o-y
- Total VOD transactions in Q3 07 close to 3 million

# iDTV

Ready for the next evolution: High Definition service to be launched on December 1



2005

Digibox

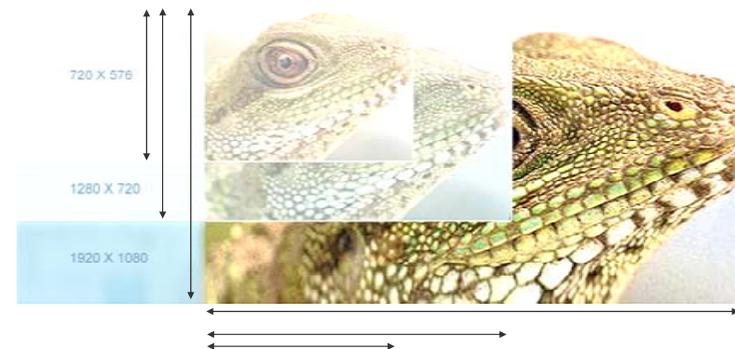
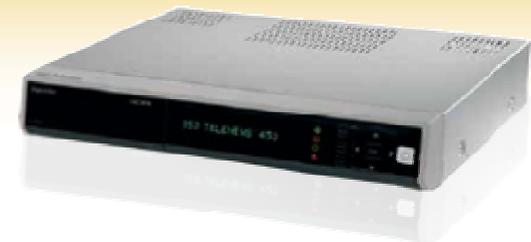


2006

Digicorder



2007



# iDTV

Initial HDTV product and content offering

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HD Start Pack

 NATIONAL  
GEOGRAPHIC  
CHANNEL HD



EXQI



HD Prime

**PRIME**  
**ONE**<sup>HD</sup>



**PRIME**  
**SPORT**<sup>HD</sup>



Set top box

- Improved specifications (“upscaler” for non-HD channels), larger hard disk (200 hrs SD capacity, 65 hrs HD capacity) and Dolby Digital
- Available in rental for €10 / month in bundle;  
€15 / month stand-alone
- Incremental HD Packs priced at €5 / month each

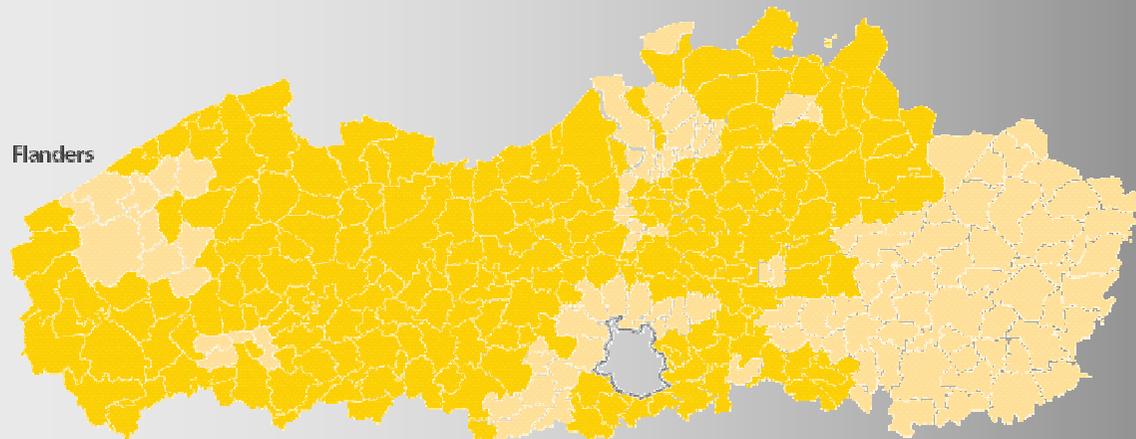


# iDTV

Network fully enabled for broadcast of HDTV;  
available to all our customers on Telenet Network



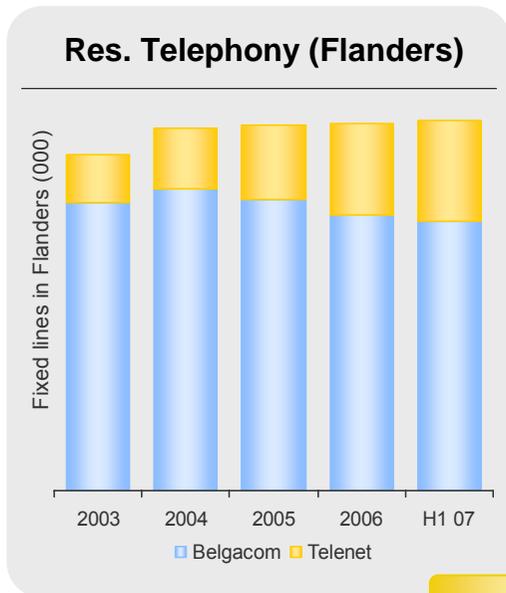
Flanders



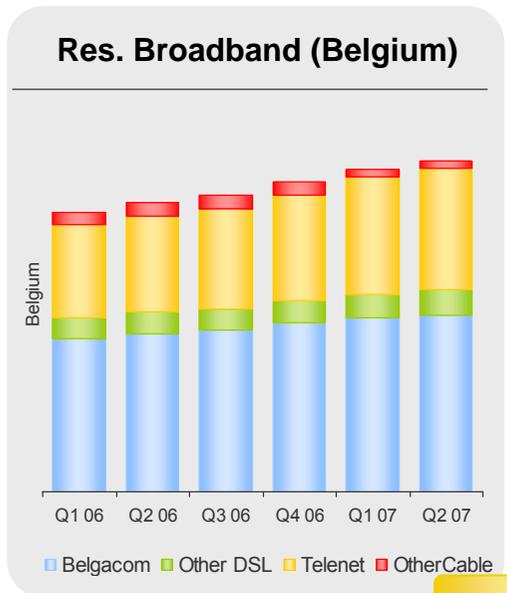
-  Telenet Network = 100 % HDTV coverage
-  Partner Network

# Market shares

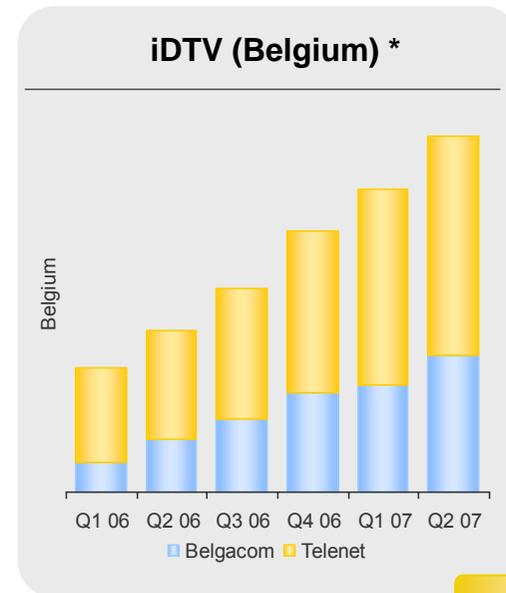
Maintained market share in Q2 despite strong competitive environment



**27 %**



**37 %**



**62 %**

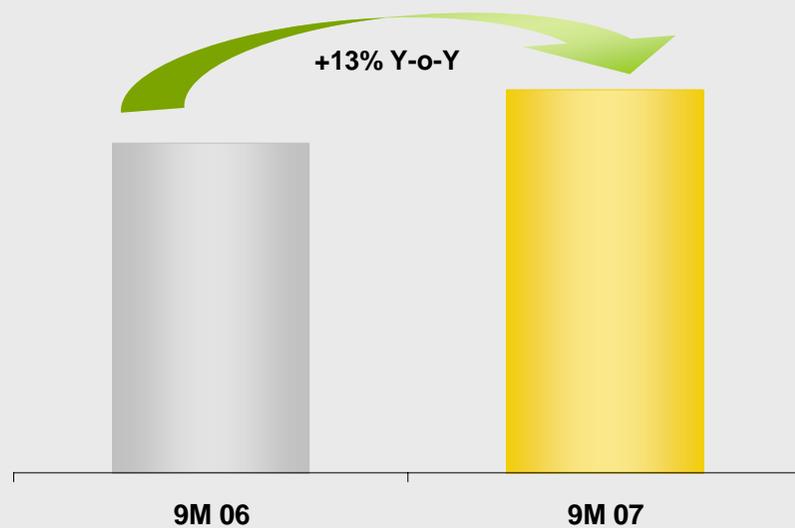
\* On interactive digital television services only; excluding non-interactive and satellite

# Telenet Solutions

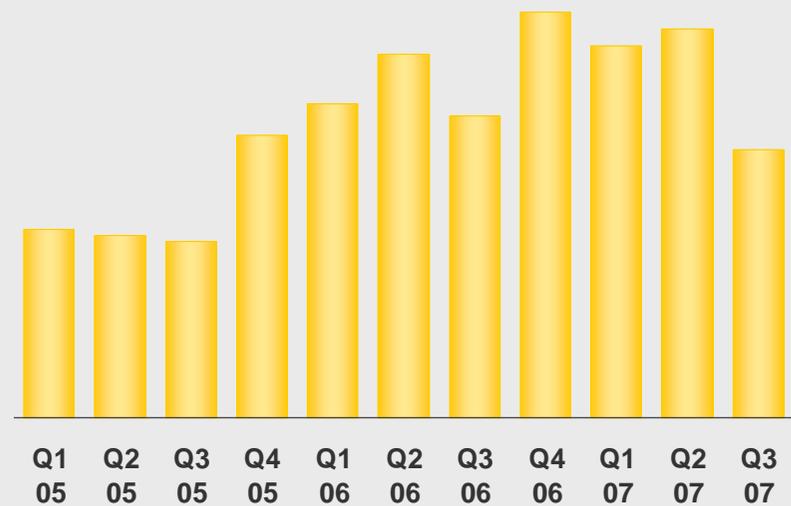
Revenue increase above average business growth;  
future focus on long-term profitability growth



### Business revenue (in Mio)



### Gross new sales



## Part 2

# Financial review

# Revenue

Strong double-digit growth of 15% reaching upper end of full year expectations



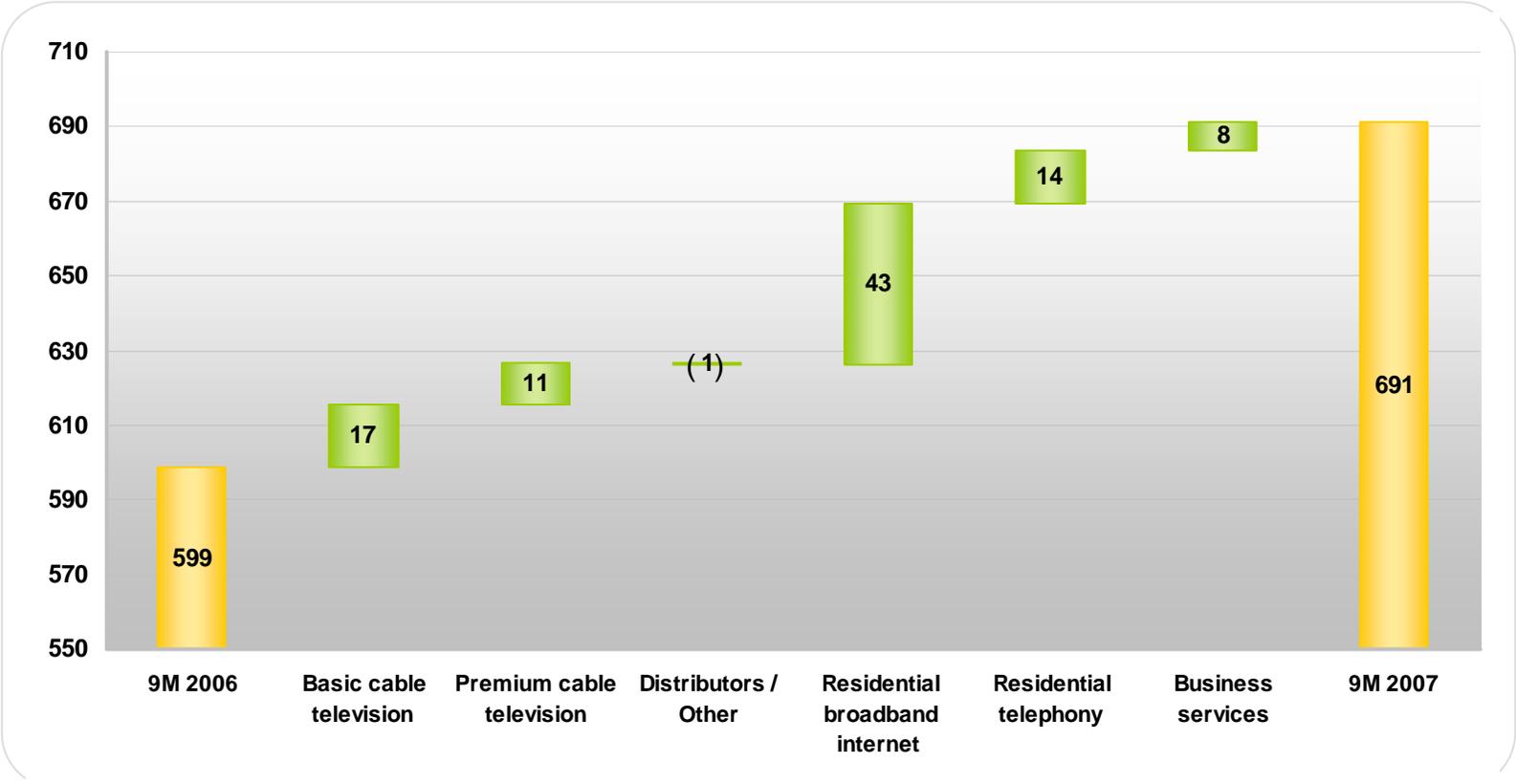
EU GAAP - in € millions

	9M 2007	9M 2006	% change
<b>Revenue</b>			
Basic cable television	166.0	149.2	+ 11%
Premium cable television <sup>1</sup>	45.9	34.7	+ 32%
Distributors / Other <sup>2</sup>	25.7	26.2	- 2%
Residential broadband internet	240.3	197.2	+ 22%
Residential telephony	148.3	134.2	+ 11%
Business services	64.8	57.2	+ 13%
<b>Total Continuing Operations</b>	<b>691.0</b>	<b>598.7</b>	<b>+ 15%</b>
Discontinued Business (Phone Plus)	-	6.2	N/A

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”

# Revenue

Broadband internet remains the flagship of our company's product portfolio



# Expenses

Operational leverage reflected in moderate cost growth



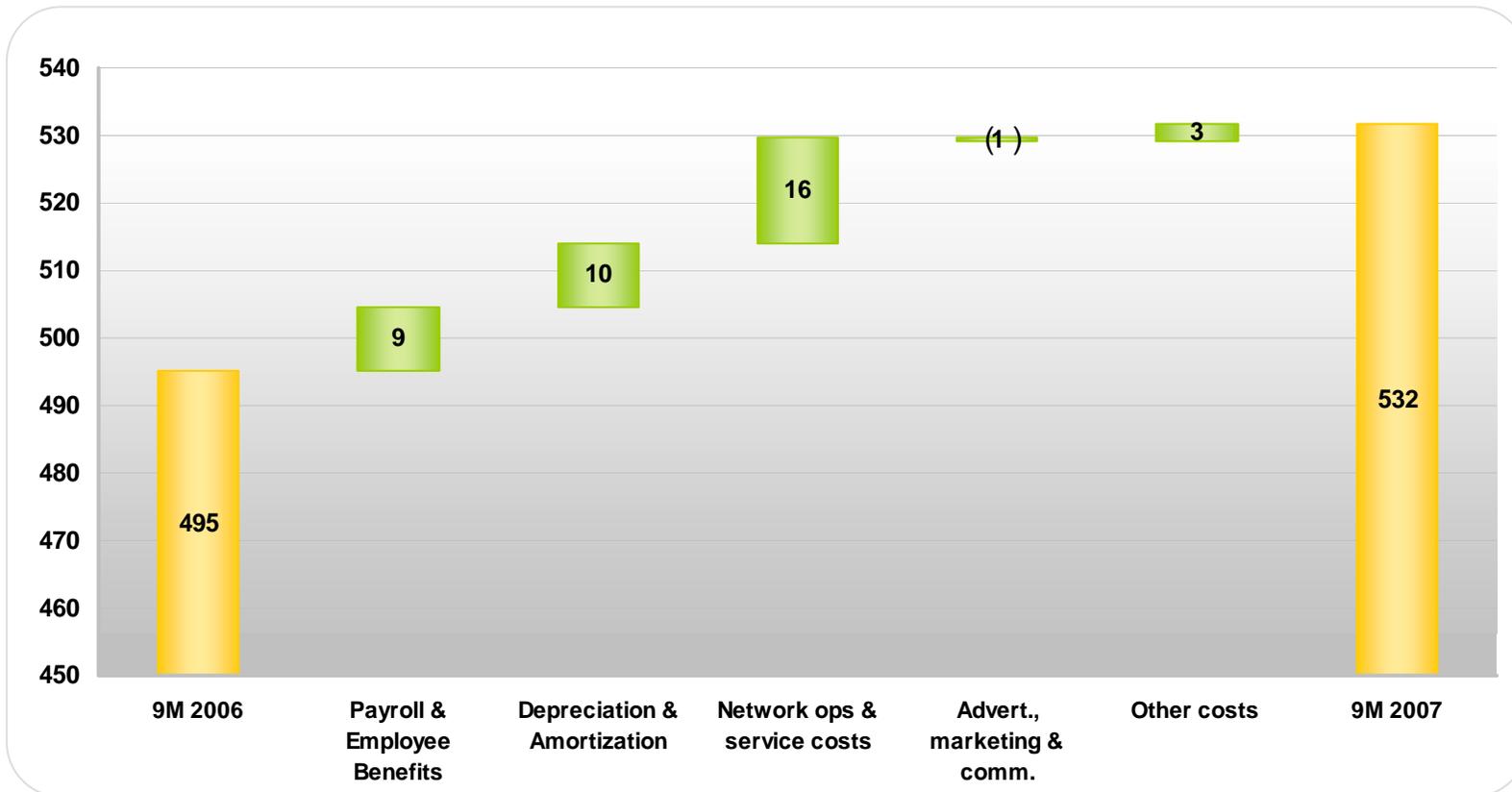
EU GAAP - in € millions

	9M 2007	9M 2006	% change
<b>Expenses</b>			
Payroll & Employee Benefit Costs	90.6	81.4	+ 11%
Depreciation	135.0	130.3	+ 4%
Amortization	35.6	32.2	+ 10%
Amortization of broadcasting rights	5.2	3.8	+ 40%
Network operating and service costs <sup>1</sup>	196.6	180.8	+ 9%
Advertising, marketing and dealer commissions	39.8	40.6	- 2%
Other costs	28.9	26.2	+ 10%
<b>Total Expenses by Nature</b>	<b>531.8</b>	<b>495.2</b>	<b>+ 7%</b>
of which attributable to Discontinued Operations (Phone Plus)	-	6.4	N/A

1 Also includes Interconnect cost, content costs, and purchase cost of digiboxes/digicorders

# Expenses

Limited growth in personnel and network & service costs despite strong increase of RGU base

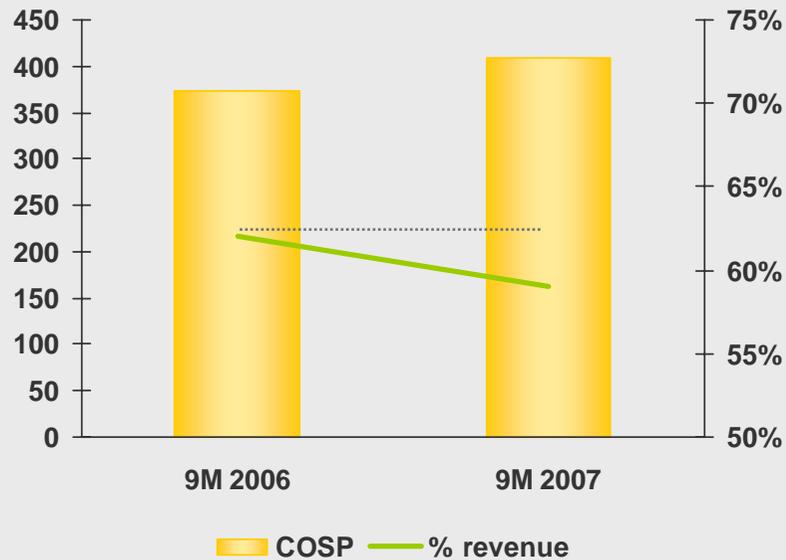


# Expenses

Process improvement projects resulted in declining cost to sales ratios



### Cost of Services Provided (incl. D&A)



### Sales, General & Admin Costs (incl. D&A)



# Profit & Loss statement

Strong performance increased operating profit by 45%;  
recurring net income up 27%



EU GAAP - in € millions		9M 2007	9M 2006	% change
<b>Revenues</b>	<b>Total Revenues</b>	691.0	598.7	+ 15%
<b>Expenses</b>	<b>Total Expenses (excl. D&amp;A)</b>	(355.9)	(322.5)	+ 10%
<b>EBITDA</b>	<b>EBITDA</b>	335.1	276.2	+ 21%
	<b>EBITDA Margin</b>	48%	46%	
<b>Operating Profit</b>	<b>Operating Profit</b>	159.2	109.9	+ 45%
<b>Net Profit / Loss</b>	<b>Net Interest Expense</b>	(82.1)	(70.3)	+ 17%
	<b>Net Gains on Derivative Instruments<sup>1</sup></b>	(21.4)	(3.8)	N/A
	<b>Net foreign exchange (gains)/losses on financing<sup>2</sup></b>	15.9	15.4	N/A
	<b>Income Tax Expense<sup>3</sup></b>	49.4	(26.3)	N/A
	<b>Debt Extinguishment Cost</b>	-	(21.4)	N/A
	<b>Net Income (from continuing operations)</b>	120.9	3.6	N/A

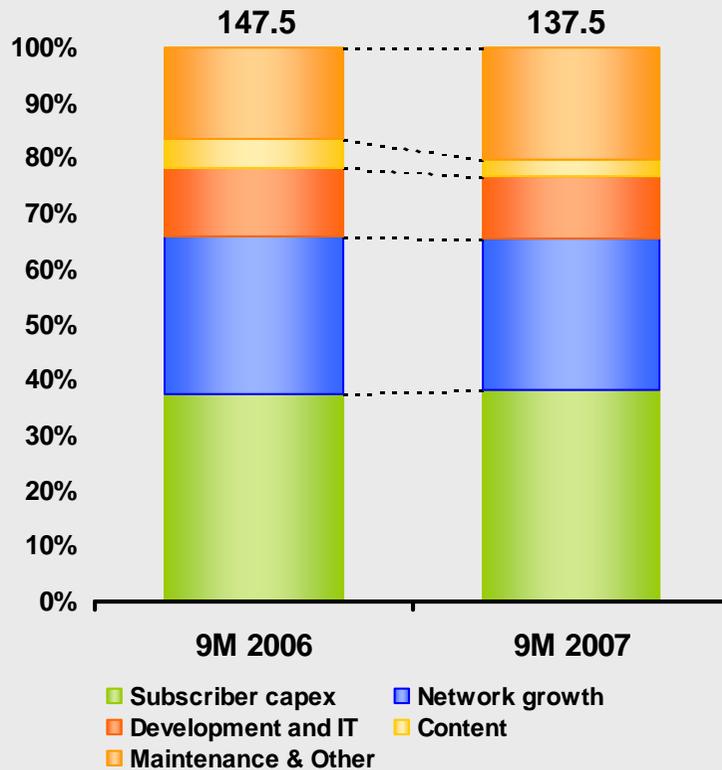
- 1 9M07 includes €3.7 million related to release of OCI following redemption of Senior Discount Notes
- 2 Foreign exchange gains/losses on foreign debt obligations, netted for the impact of the financial instruments
- 3 9M07 includes €93.0 million of one-off tax benefit related to recognition of deferred tax asset

# Capital expenditures

Decline in investments fuelled by installation efficiencies and phased network upgrade projects



### Capital Expenditures (€millions)



### % of revenue



# Free cash flow

Free cash flow, excluding purchase of derivatives,  
up by 130%

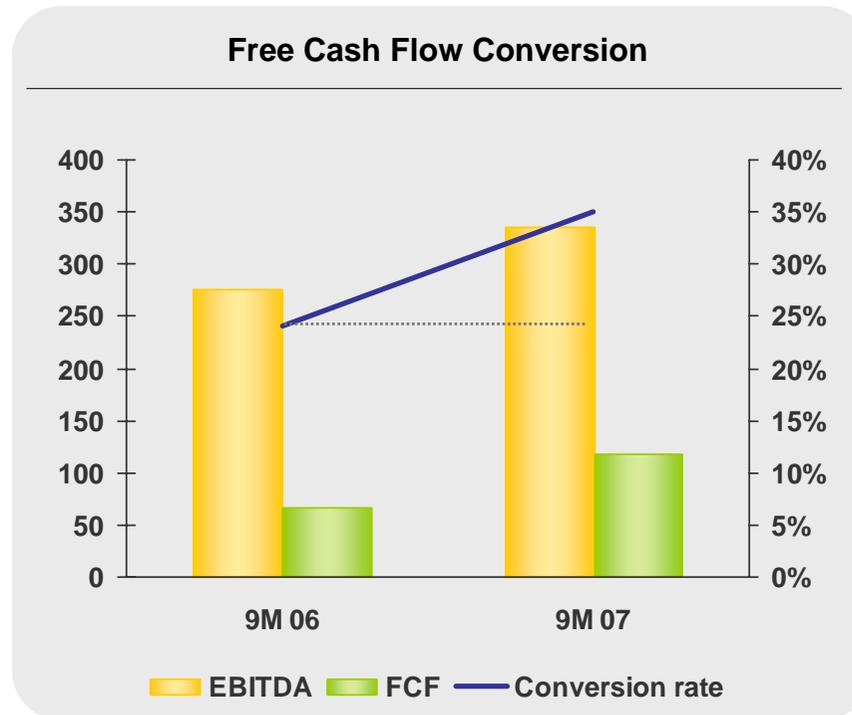
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EU GAAP - in € millions

		9M 2007	9M 2006	% change
<b>Cash Flow from Operating Activities</b>	EBITDA	335.1	276.2	+ 21%
	Non cash items & working capital changes	38.3	8.7	+ 341%
	Interest Expenses <sup>1</sup>	(117.7)	(70.3)	+ 67%
	<b>Cash Flow from Operating Activities</b>	<b>255.6</b>	<b>214.6</b>	<b>+ 19%</b>
<b>Cash Flow from Investing Activities</b>	<b>Cash Flow used in Investing Activities</b>	<b>(137.8)</b>	<b>(147.9)</b>	<b>- 7%</b>
	<b>Free Cash Flow</b>	<b>117.9</b>	<b>66.7</b>	<b>+ 77%</b>
<b>Cash Flow from Financing Activities</b>	Net Debt Redemptions	(140.2)	(166.2)	- 16%
	Net Proceeds Capital Increases	79.1	3.8	+ 1961%
	Other (including redemption premium)	(27.2)	(16.0)	N/A
	<b>Cash Flow used in Financing Activities</b>	<b>(88.3)</b>	<b>(178.4)</b>	<b>- 51%</b>
<b>Net Cashflow</b>	Cash at beginning of period	58.8	210.4	- 72%
	Cash at end of period	88.4	98.6	- 10%
	<b>Net Cash Generated (Used)</b>	<b>29.6</b>	<b>(111.8)</b>	<b>- 126%</b>

# Free cash flow conversion

Strong EBITDA growth and controlled capex profile boosts conversion rate



# Balance sheet

Including pro-forma adjustment for capital reduction

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EU GAAP - in € millions

		30-Sep-07	31-Dec-06	% change
<b>Assets</b>	<b>Non-Current Assets</b>	2,440.1	2,403.3	+ 2%
	<b>Current Assets</b>	158.5	130.0	+ 22%
	<b>Cash and Cash Equivalents</b>	88.4	58.8	+ 50%
<b>Total Assets</b>		<b>2,687.0</b>	<b>2,592.1</b>	<b>+ 4%</b>
<b>Equity</b>	Total Equity	269.8	721.7	- 63%
	<b>Total Equity</b>	<b>269.8</b>	<b>721.7</b>	<b>- 63%</b>
<b>Non-Current Liabilities</b>	Senior Debt	567.0	656.0	- 14%
	Senior Notes	368.4	368.4	- 0%
	Senior Discount Notes	223.5	221.2	+ 1%
	Capital Leases	127.3	108.6	+ 17%
	Deferred Financing Cost	(45.1)	(23.4)	+ 93%
	Other non-current Liabilities	57.2	81.0	- 29%
	<b>Non-Current Liabilities</b>	<b>1,298.2</b>	<b>1,411.9</b>	<b>- 8%</b>
<b>Current Liabilities</b>	Current Portion of Long Term Debt	28.5	59.8	- 52%
	Short term borrowings	-	15.7	- 100%
	Accounts Payable	183.9	180.5	+ 2%
	Unearned Revenues	118.1	123.2	- 4%
	Other Current Liabilities	788.5	79.5	+ 892%
	<b>Current Liabilities</b>	<b>1,119.0</b>	<b>458.6</b>	<b>+ 144%</b>
<b>Total Equity and Liabilities</b>		<b>2,687.0</b>	<b>2,592.1</b>	<b>+ 4%</b>

## New financing structure

Of the new € 2.3 billion Senior Credit Facility,  
€ 1.9 billion has been drawn initially

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Type (€millions)	Amount	Drawn	Maturity	Margin (EURIBOR +)	Redemption
Term Loan A	530.0	530.0	5.0	2.25%	Bullet
Term Loan B1	307.5	307.5	6.5	2.50%	Amortising
Term Loan B2	225.0	-	6.5	(1)	Amortising
Term Loan C	1,062.5	1,062.5	8.0	(1)	Bullet
Revolver	175.0	-	7.0	2.13%	Bullet
<b>Total</b>	<b>2,300.0</b>	<b>1,900.0</b>			

# Sources and usage

Initial drawn debt level of €1.9 billion yields leverage ratio of 4.2x



Sources	(€millions)
Term Loan A, B1 and C (drawn)	1,900
Term Loan B2 (undrawn at closing)	225
Revolver	175
Available cash balances (PF for options and warrants exercise)	56
<b>Total</b>	<b>2,356</b>

Uses	(€millions)
Refinance existing debt and pay associated fees and expenses	1,300
Dividend	656
Term Loan availability (initially undrawn)	225
Undrawn liquidity headroom	175
<b>Total</b>	<b>2,356</b>

Capital structure (€millions)	Jun-07	Pro forma for Telenet Recap
Cash on balance sheet	25.50	88.44
Senior Credit Facility (drawn)	578.2	1,900.0
Senior Credit Facility (undrawn)	-	225.0
Senior Notes	369.5	-
Senior Discount Notes	228.2	-
Total debt drawn	1,175.9	1,900.0
Net total debt drawn	1,150.4	1,811.6
Other cash debt	138.4	138.4
<b>Net debt to 3Q 2007 annualised EBITDA<sup>1</sup></b>	<b>2.8x</b>	<b>4.2x</b>

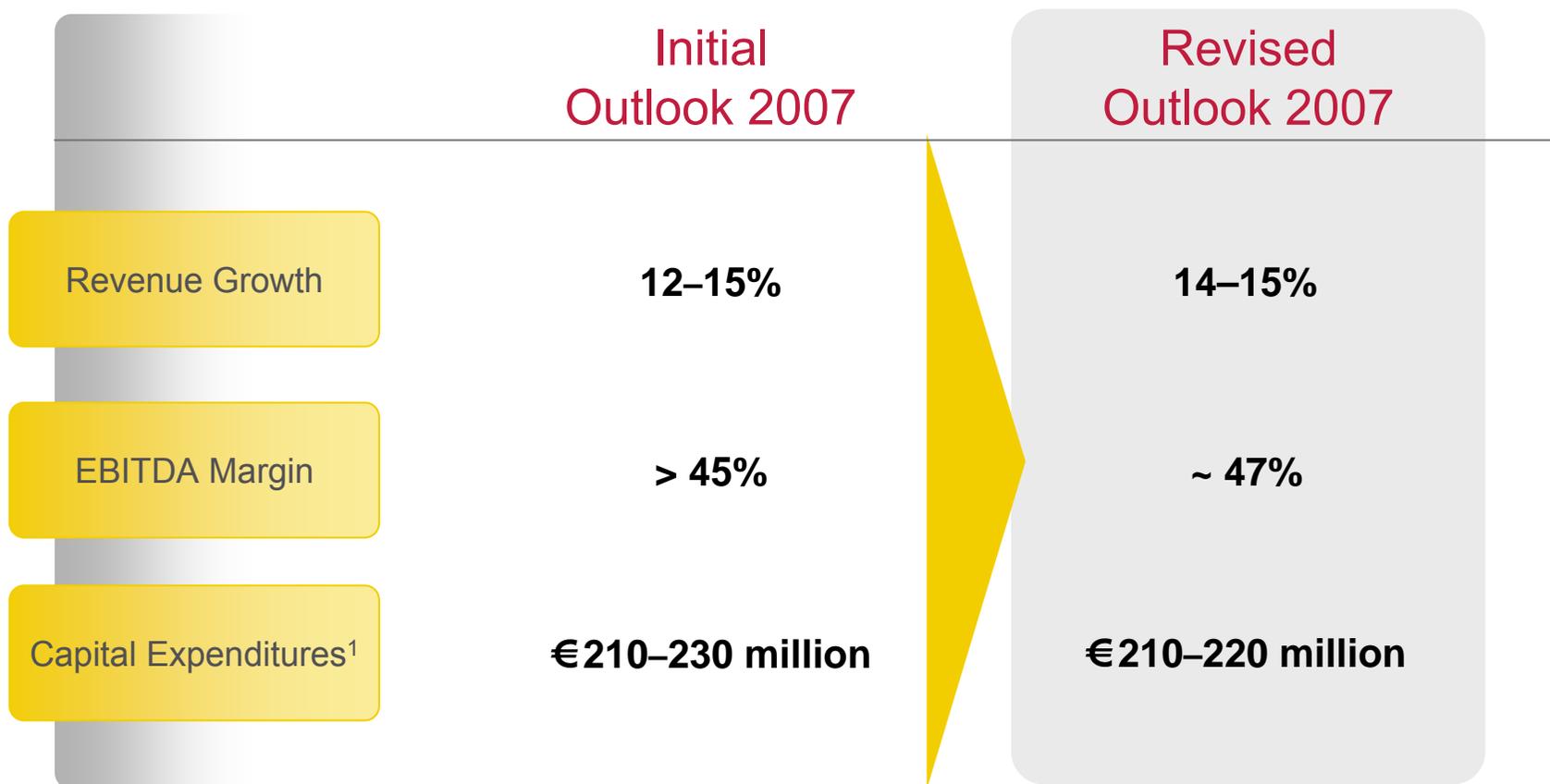
<sup>1</sup> 3Q 2007 annualised EBITDA of €468.6 million

## Part 3

# Outlook 2007

# Outlook full year 2007

Based on current assumptions, revising outlook to upgraded levels



<sup>1</sup> Includes capex supporting a Digibox & Digidorder rental solution. Excludes projected expenditure related to our headquarters from 2006 to 2008, which has been funded by a finance lease.

# How to contact us?



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## Upcoming events

- ▶ FY07 Earnings release: February 18, 2008 – 5.45pm CET
- ▶ FY07 Analyst call: February 19, 2008 – 3.00pm CET
- ▶ Investor & Analyst Day: February, 2008 – will be confirmed