

# Financial Results of First Half 2007

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Investor & Analyst Conference Call  
August 7, 2007

Duco Sickinghe, CEO – Renaat Berckmoes, CFO

# Safe Harbor Disclaimer



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Part 1

# Business review

# 1H 2007 Highlights

Record subscriber growth; triple play continues to boost

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## Triple Play

- Bundles resulted in 36 % y-o-y growth of triple play customers.
- ARPU per unique subscriber up by 13%; almost double growth rate of 1H06.

## Internet & Telephony

- Strong 1H RGU growth; > 215,000 organic net additions y-o-y.
- Increasing customer loyalty on internet and telephony products.

## iDTV

- iDTV customer base at 309,000, doubled since end of 1H 2006.
- >10% of CaTV customer base converted to iDTV over a year.
- Good service uptake, resulting in stable ARPU.

## Telenet Solutions

- Good growth in all segments.
- Revenue up by 13%, above overall B2B market growth.

# 1H 2007 Highlights

Double-digit growth along the road

48% EBITDA margin and doubled free cash flow

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## Revenue

- Revenue up by 15% YoY to €456.7 million.
- Internet remains biggest growth contributor.

## EBITDA

- EBITDA up by 19% to €217.9 million.
- EBITDA margin up by 2%pts to a solid 48%.

## Net income

- Net profit of €117.7 million.
- Excluding deferred tax asset (1H07) and debt refinancing (1H06), recurring net profit of €24.7 million, 22% up year-on-year.

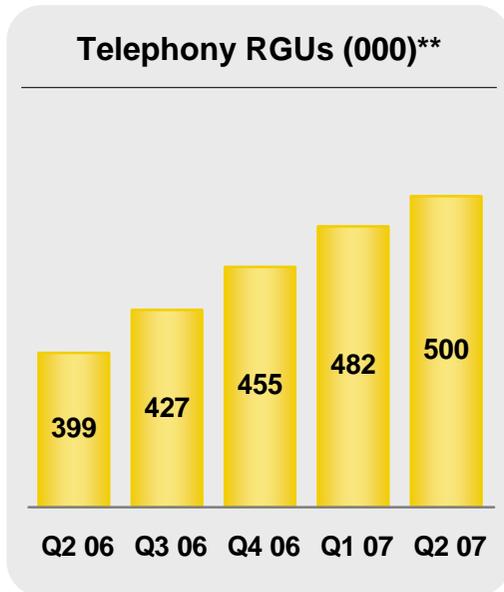
## Free Cash Flow

- Free cash flow (excluding debt repayments & acquisitions) of €88.5 million, double from last year.

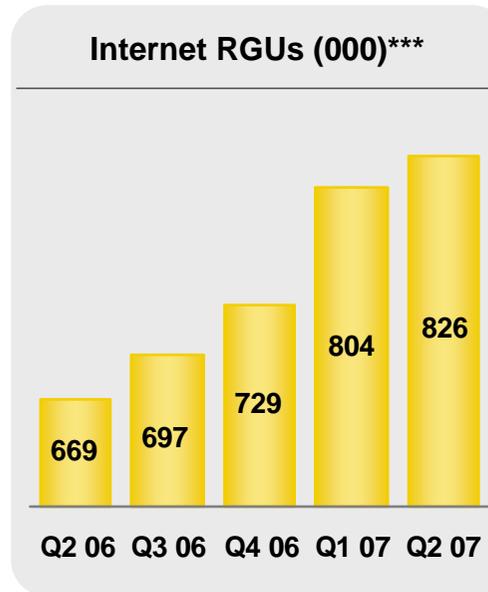
# Customer base

Continued growth across all products

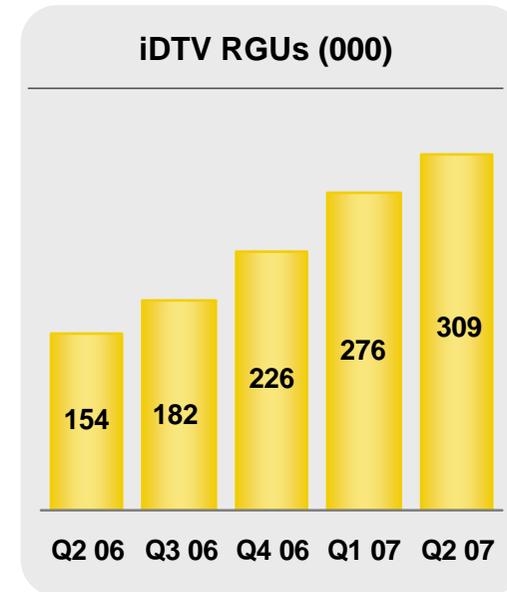
More than 410,000 RGUs added year-on-year<sup>(\*)</sup>



+25%



+23%



+101%

On top of 1.7 million CaTV customers (+8%)

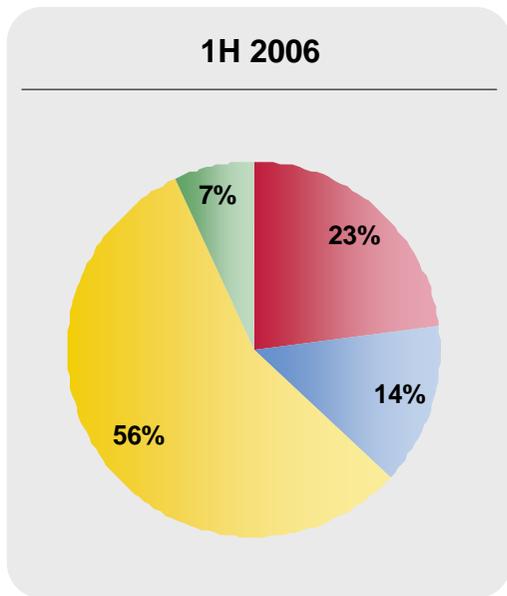
\* On fixed telephony, broadband internet and iDTV product lines

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

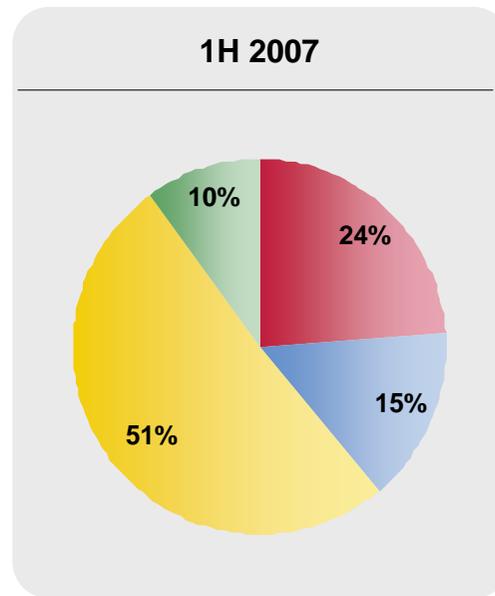
\*\*\* Includes business broadband internet subscribers on coaxial connection

# Customer base

Overall customer base increased by 18%, 12% ex. UPC  
Composition of RGU base remains well diversified



2.9 million

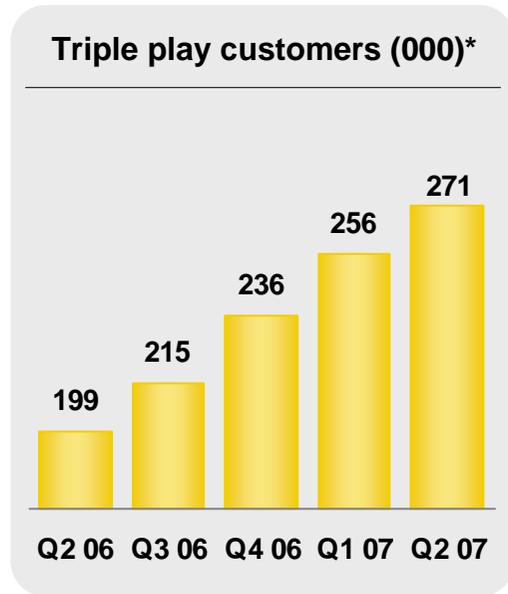


3.4 million

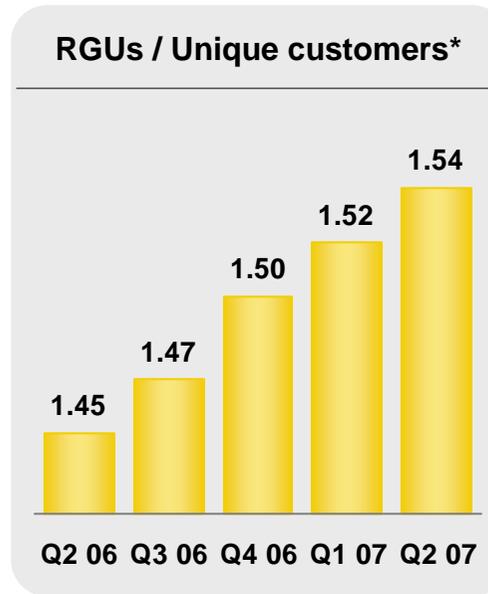
- Broadband internet
- Telephony
- Basic TV (analog / digital)
- iDTV & PremiumTV

# Triple play

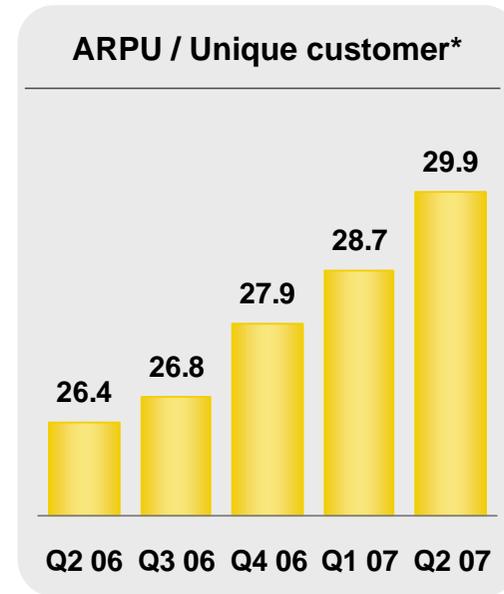
Strong year-on-year growth, 3P subscribers up 36%  
Bundles and upsell driving ARPU increase



+36%



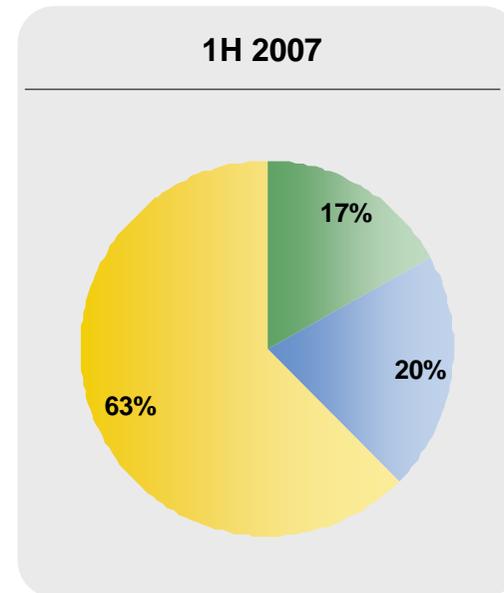
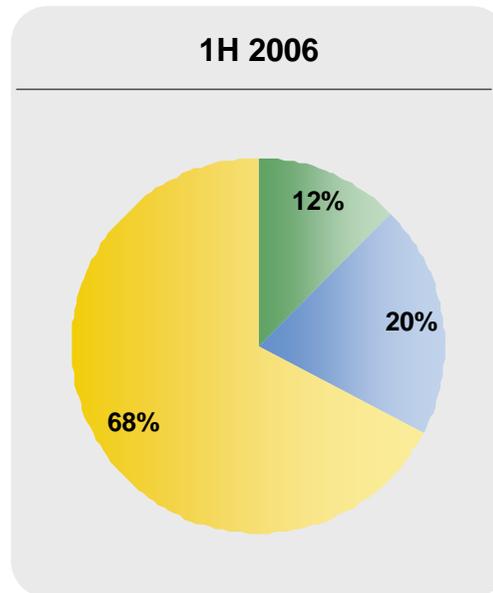
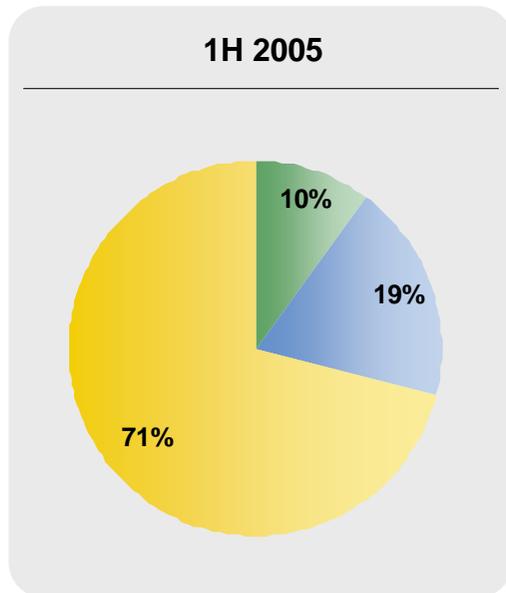
+6%



+13%

# Triple play

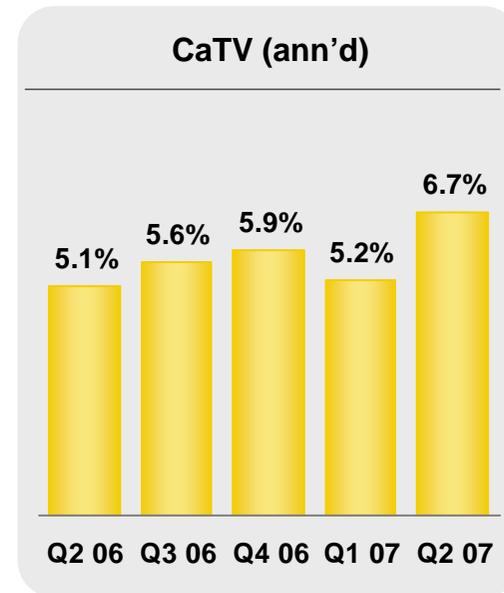
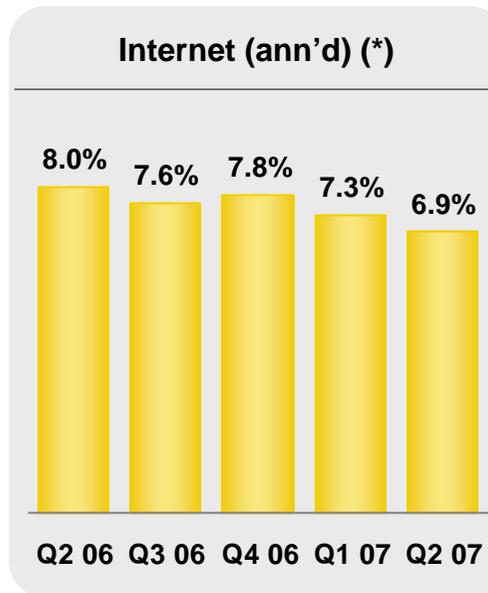
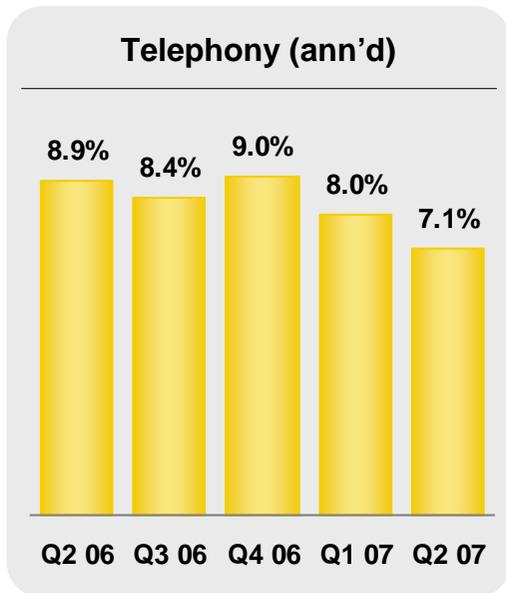
Success of bundles reflected in clear acceleration of triple play



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

# Churn

Convenient packs reflected in strong customer loyalty



1H 06 9.7%



1H 07 7.6%

8.4%



7.2%

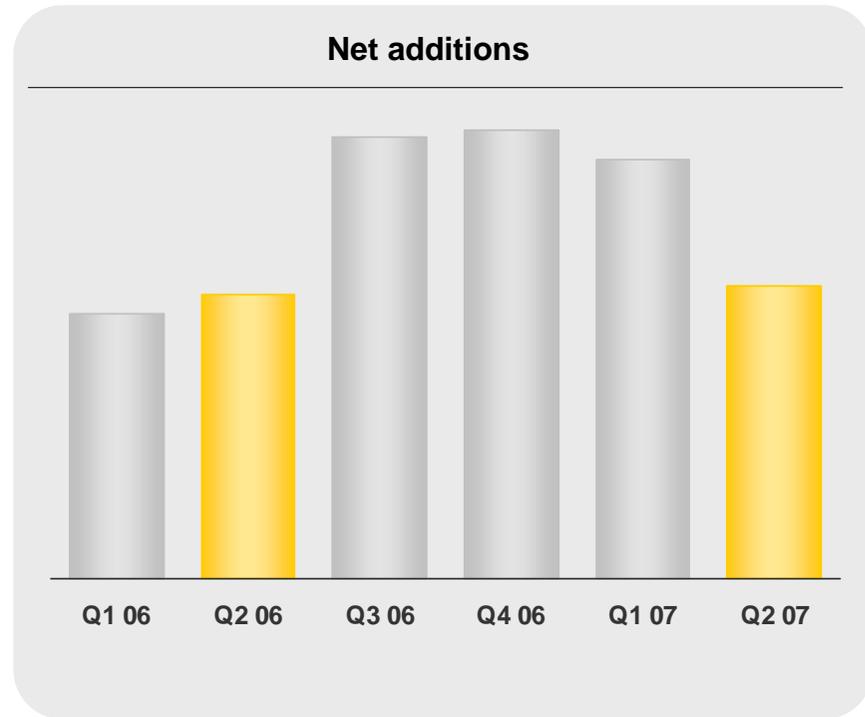
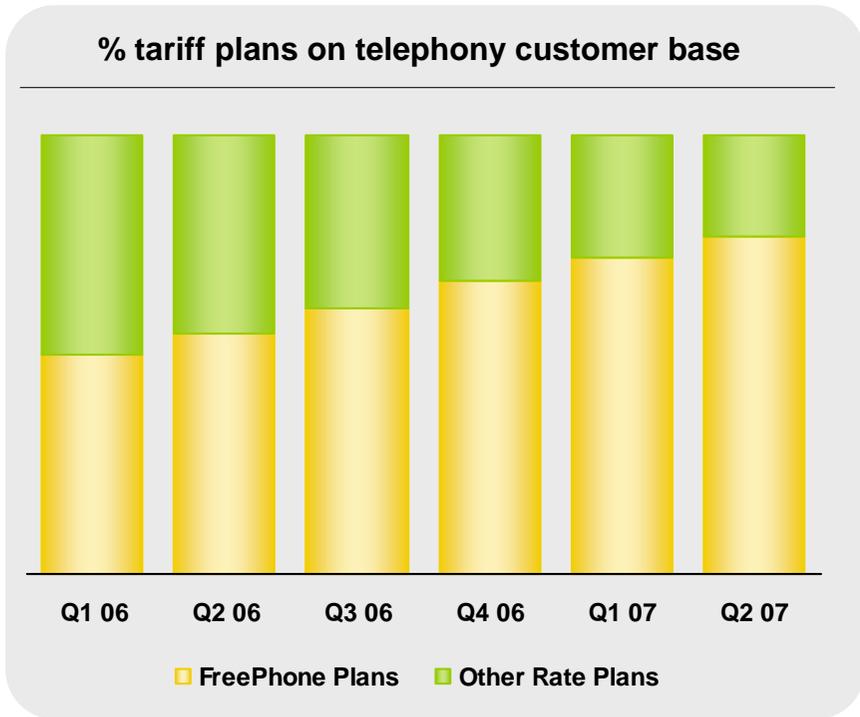
5.4%



5.9%

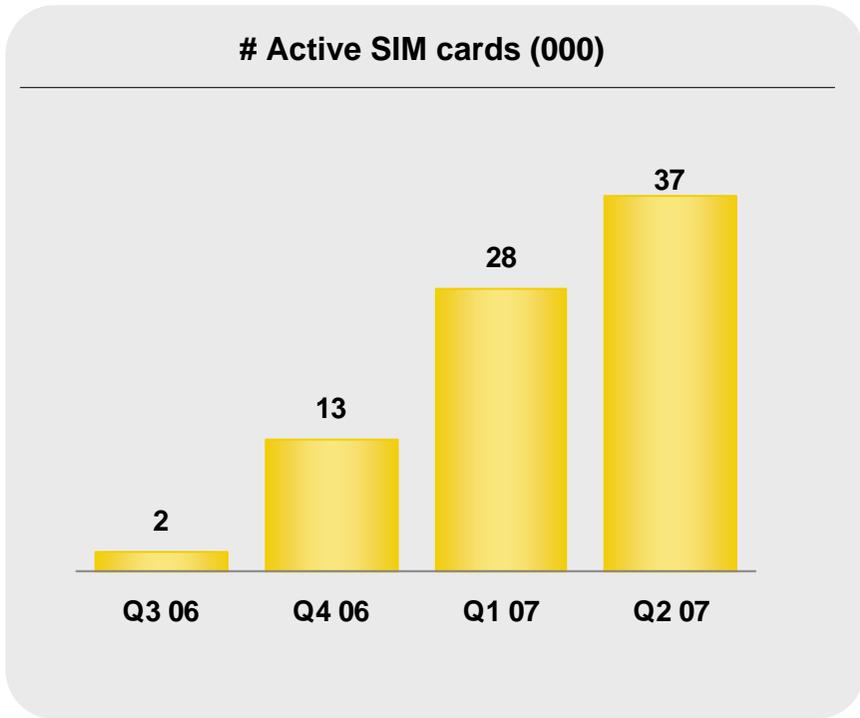
# Fixed telephony

Flat rate plans continue to gain traction, resulting in solid 1H net additions



# Mobile telephony

Steady progress despite no marketing efforts  
Positioned as a commodity product



## Telenet Mobile



# Broadband internet

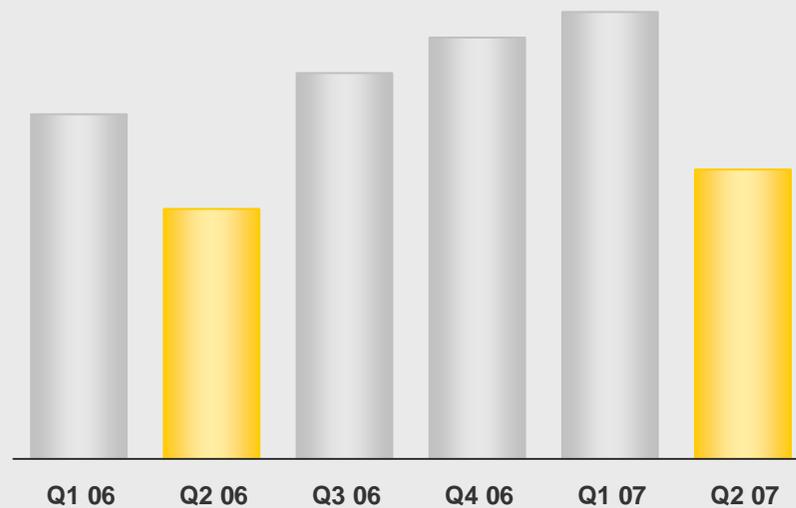
Minimal dilution in product tiers reflected in flat ARPU; strong 1H net additions



### % product tiers on broadband customer base



### Net additions



# New tiered broadband internet offerings

Pioneered with innovative entry-level broadband product BasicNet to close the “digital gap”



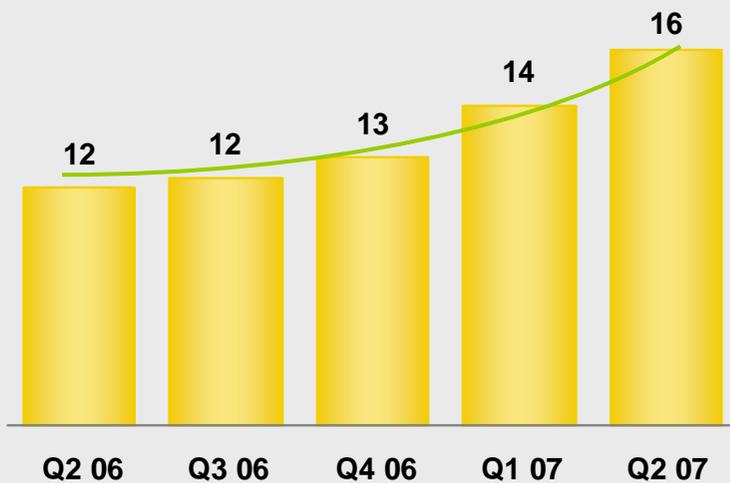
Tier	Product	Downstream	Retail price (*) Stand-alone product
High Tier	TurboNet	20 MBps	€ 61.3
Mid Tier	ExpressNet	10 MBps	€ 42.9
Low Tier	ComfortNet	1 MBps	€ 30.6
	BasicNet	512 KBps	€ 20.0

# iDTV

Revenue accelerates to contribute to overall growth  
Doubled RGU base year-on-year

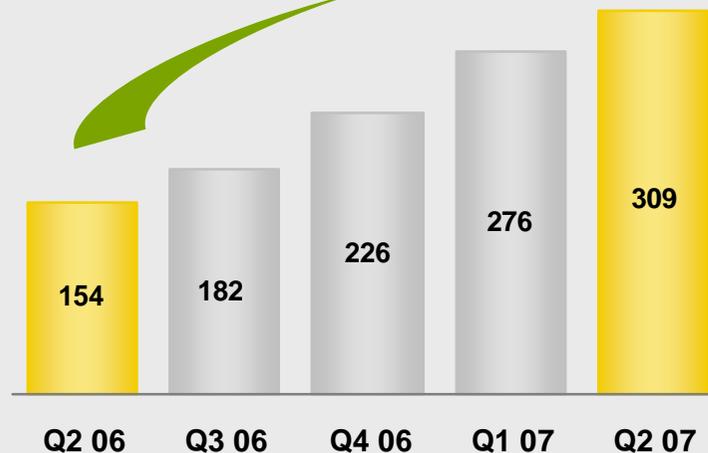


iDTV & Premium TV revenue (in Mio)\*



iDTV RGUs (000)

+101% Y-o-Y  
or >10% from CaTV base

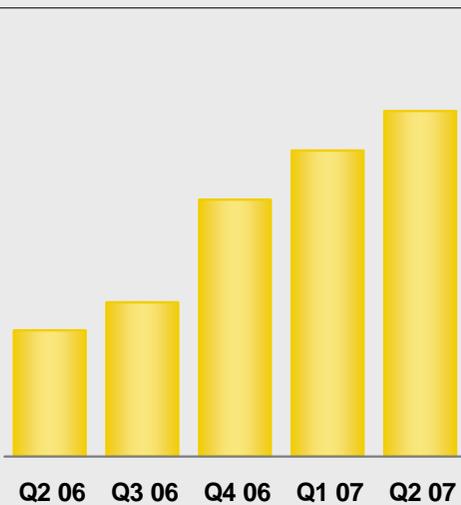


# iDTV

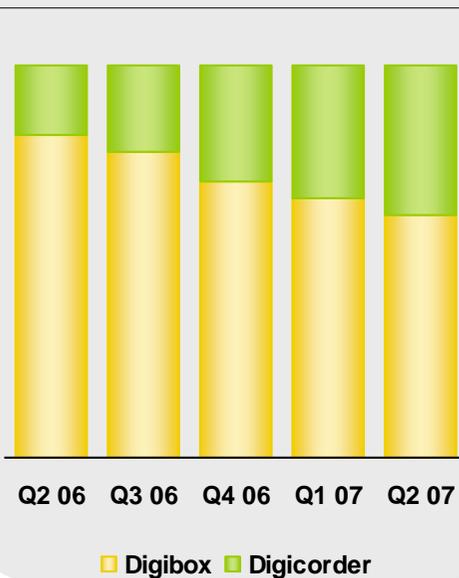
## Progressing VOD transactions despite Digicorder uptake



Paying VOD transactions



% Box type of iDTV base



- In Q2, > 2.5 million total VOD transactions.
- VOD library constantly enriched, from blockbusters to international football.



# iDTV

Continued development, innovation and market positioning of iDTV products



## Interactivity

- DigiText, exclusively on Telenet
- Telenet Games



## VOD

- New contract with Warner Brothers
- “Same day VOD & DVD release”



## Customer Experience

- Dual recording feature



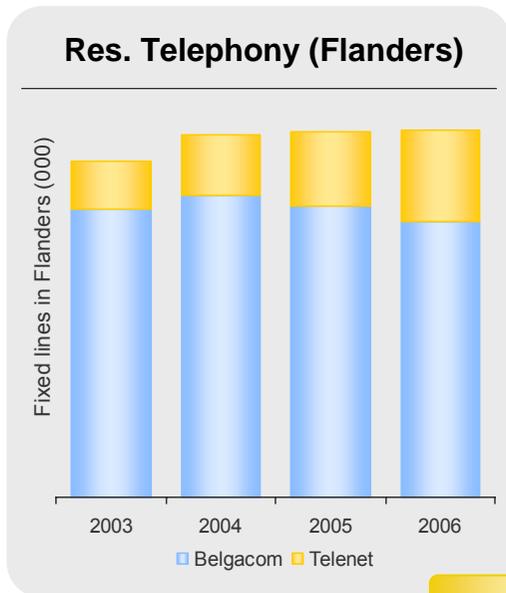
## Content

- Prime campaign: increase customer awareness

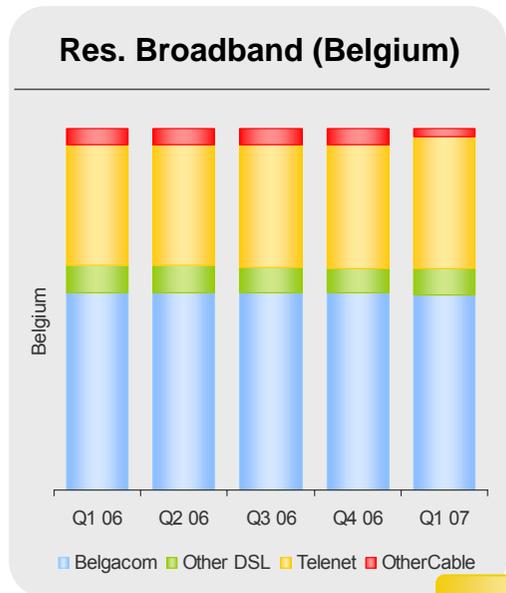


# Market shares

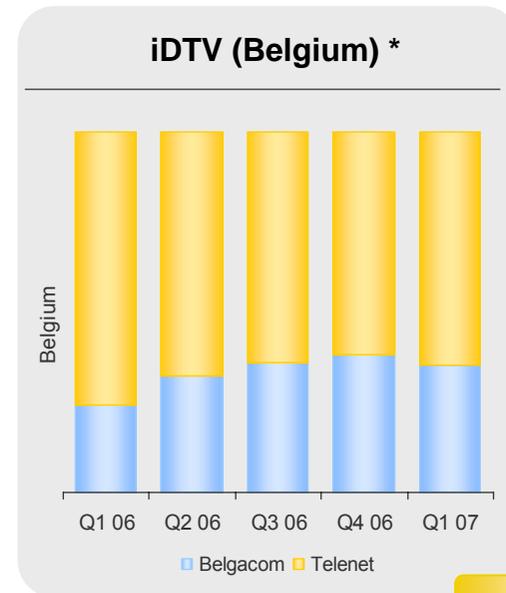
Maintained market share despite strong competitive environment



**25 %**



**37 %**



**65 %**

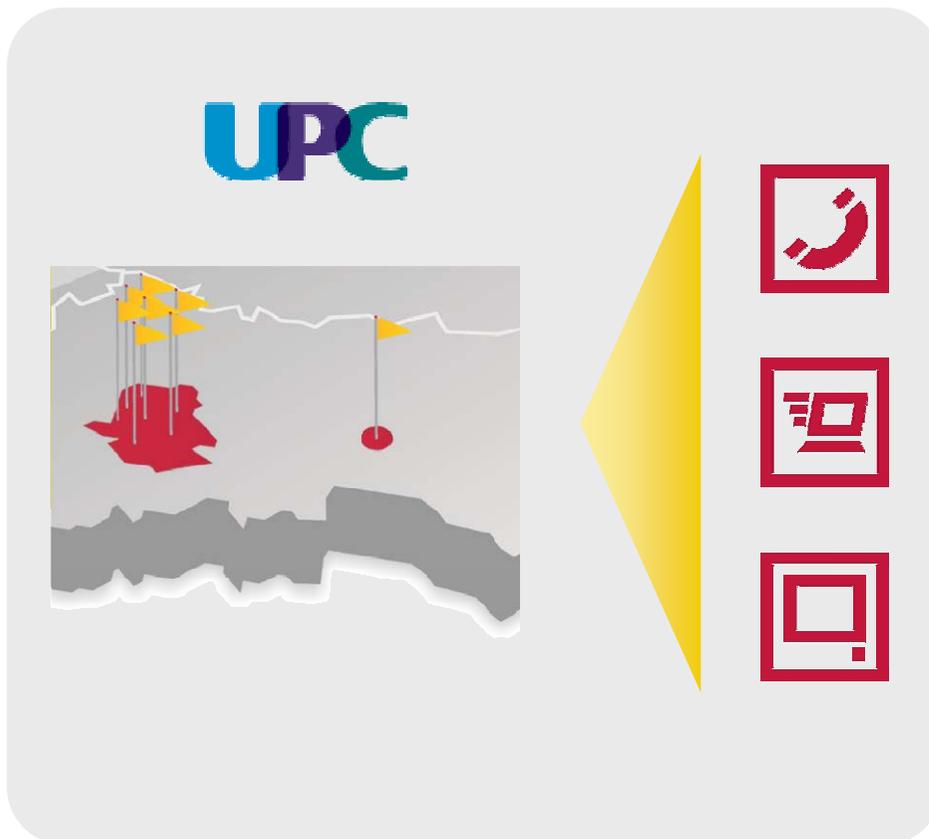
**Q2 07 company estimate: 37 %**

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

# UPC Belgium area

On track, Telenet product offerings take-off well

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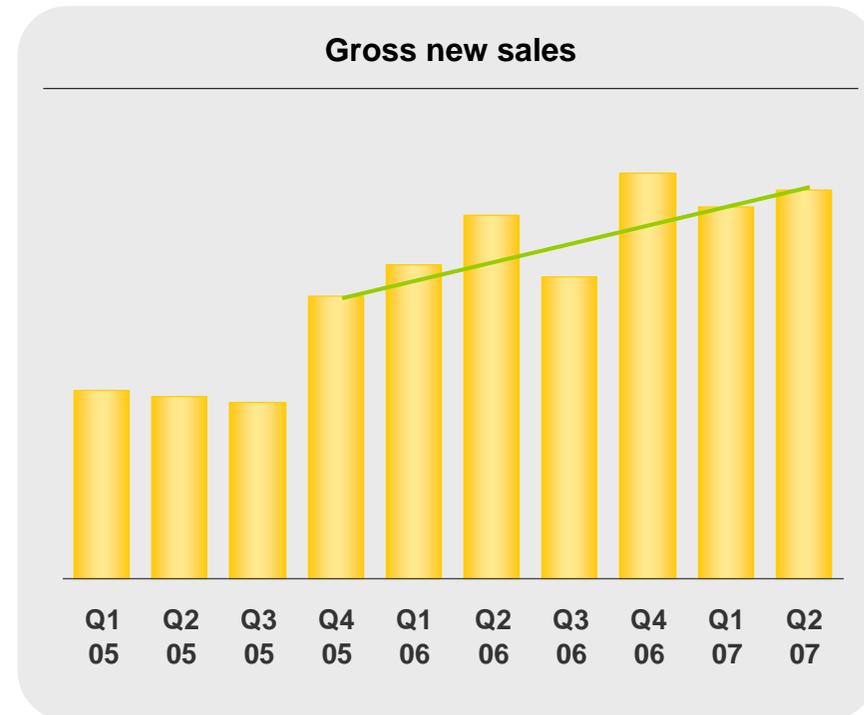
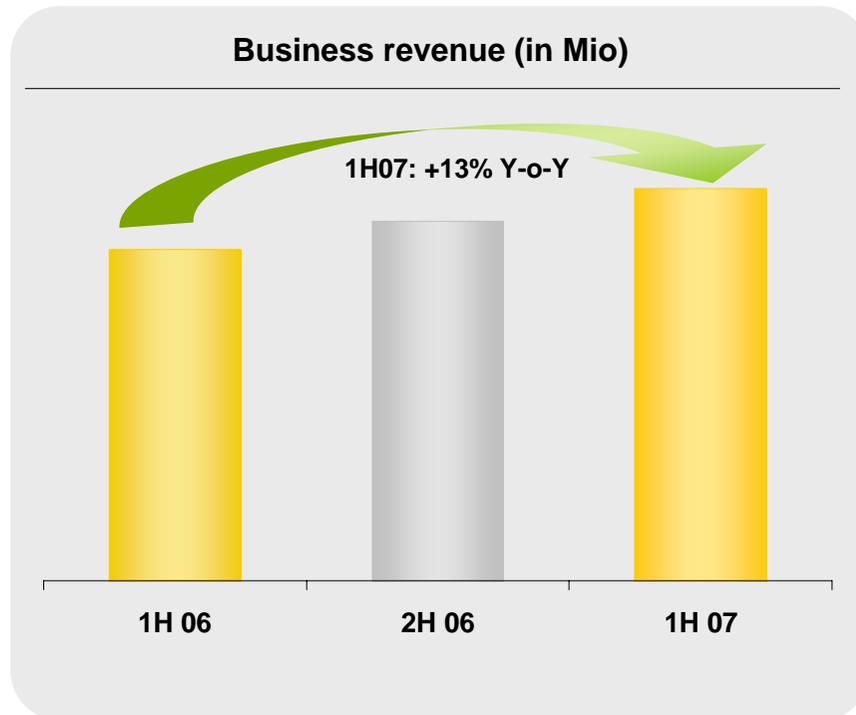


- Equal triple play offering throughout our network.
- Former UPC Belgium customers can now also benefit from telephony and iDTV.
- iDTV offering in Brussels added with extra channels serving French speaking and ethnic communities.



# Telenet Solutions

Success of managed communication services portfolio reflected in strong revenue growth and order intake



- Best 2<sup>nd</sup> Quarter ever in terms of order intake
- IP-VPN products increasing its traction

# Recent events

After June 30, 2007

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## Debt refinancing plan

- On August 1, 2007, Telenet signed a €2.3 billion new Senior Credit Facility.
- Telenet will refinance its existing senior bank debt, senior notes and senior discount notes, by this new credit facility resulting in total debt to EBITDA ratio rising to approx. 5.0x.
- Plan expected to deliver approximately 10% reduction of interest cost on existing debt and extension of maturities to 7.6 years.
- Approximately €665.0 million cash proceeds available for distribution to shareholders of Telenet by way of a capital decrease of €6.00 per share, subject to shareholder's approval.
- Remainder available for potential smart corporate opportunities. In case of no materialized opportunity within 6-9 months, additional distribution of capital to shareholders might be considered.

## Decision on Interkabel injunction

- Following failure of negotiations and mediation, Telenet submitted its dispute with Interkabel regarding the scope of its exclusive usage rights in the Interkabel cable network, to the Brussels Courts.
- On July 5, 2007, the Court of First Instance of Brussels confirmed Telenet's exclusive rights with respect to the contested services and granted an injunction ordering Interkabel to refrain from directly or indirectly announcing, offering, supplying or promoting certain interactive services.
- On July 26, 2007, Interkabel filed an appeal against the July 5 decision.

## Part 2

# Financial review

# Revenue

Strong double-digit growth of 15%

Increases across all product and business lines



EU GAAP - in € millions

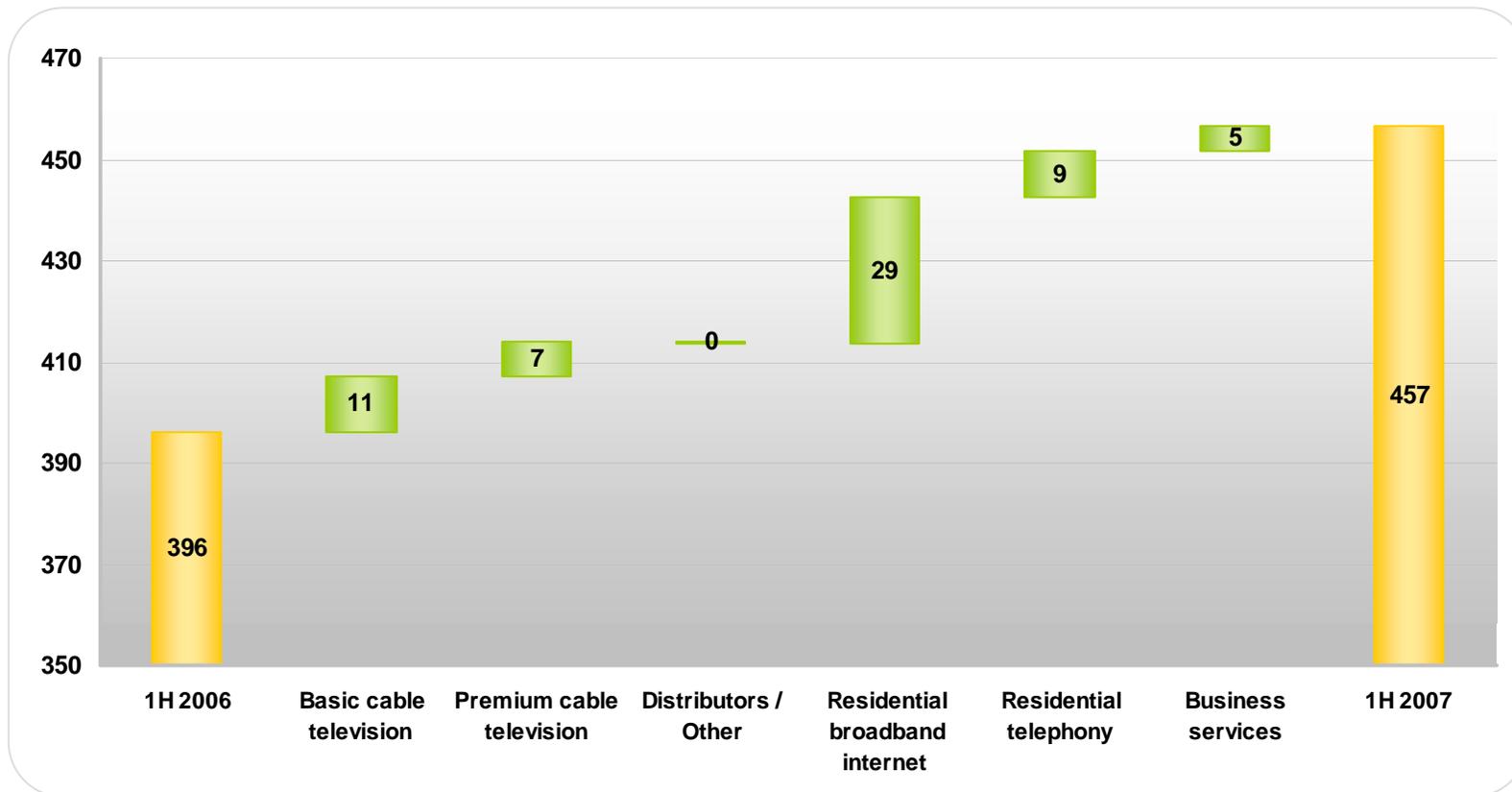
		1H 2007	1H 2006	% change
<b>Revenue</b>	<b>Basic cable television</b>	110.3	99.5	+ 11%
	<b>Premium cable television</b>	29.6	22.8	+ 30%
	<b>Distributors / Other<sup>1</sup></b>	17.0	17.4	- 2%
	<b>Residential broadband internet</b>	158.8	129.8	+ 22%
	<b>Residential telephony</b>	98.3	89.1	+ 10%
	<b>Business services</b>	42.7	37.7	+ 13%
	<b>Total Continuing Operations<sup>2</sup></b>	456.7	396.2	+ 15%
	Discontinued Business (Phone Plus)	-	4.2	N/A

1 Includes Digibox and Digicorder set top box sales, but excludes rental which is included under Premium Cable television

2 Including PhonePlus, the 1H 2006 revenues would have amounted to €400.4 million

# Revenue

Broadband internet is the engine of our growth



# Expenses

Growth in costs only half of growth in revenue  
Process improvements start to gain traction



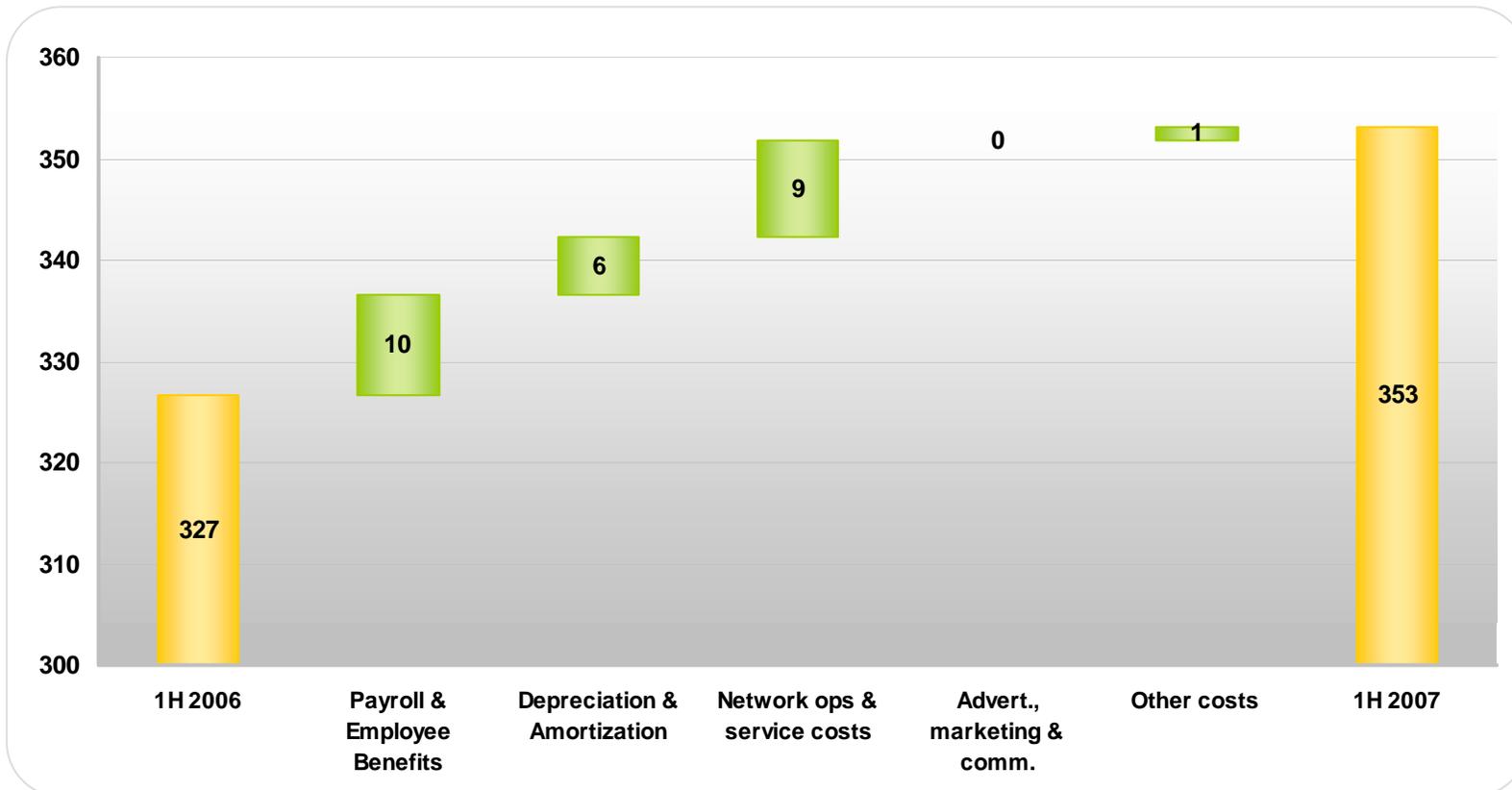
EU GAAP - in € millions

		1H 2007	1H 2006	% change
<b>Expenses</b>	<b>Payroll &amp; Employee Benefit Costs</b>	62.4	52.5	+ 19%
	<b>Depreciation</b>	86.8	84.6	+ 3%
	<b>Amortization</b>	24.0	21.5	+ 12%
	<b>Amortization of broadcasting rights</b>	3.6	2.4	+ 49%
	<b>Network operating and service costs<sup>1</sup></b>	129.9	120.4	+ 8%
	<b>Advertising, marketing and dealer commissions</b>	27.6	27.7	- 0%
	<b>Other costs</b>	18.8	17.4	+ 8%
	<b>Total Expenses by Nature</b>	<b>353.1</b>	<b>326.6</b>	<b>+ 8%</b>
of which attributable to Discontinued Operations (Phone Plus)		-	4.4	N/A

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

# Expenses

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



# Profit & Loss statement

Strong operational performance translates into resilient margins and growing net income

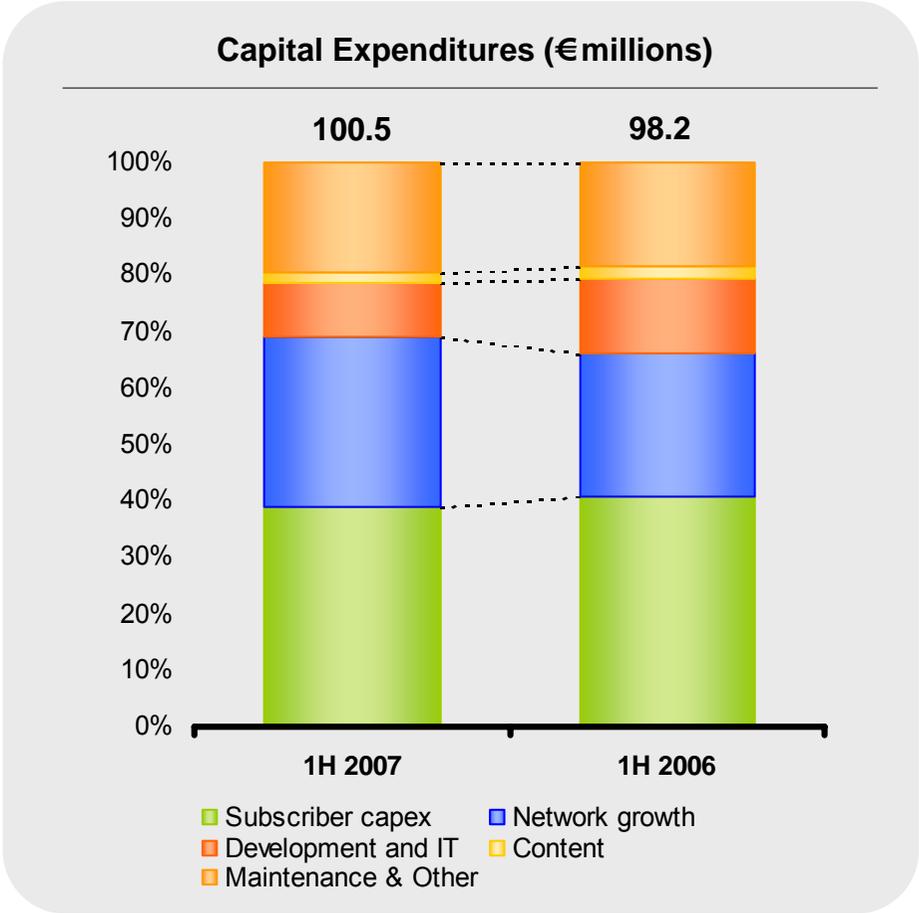


EU GAAP - in € millions		1H 2007	1H 2006	% change
<b>Revenues</b>	<b>Total Revenues</b>	456.7	396.2	+ 15%
<b>Expenses</b>	<b>Total Expenses (excl. D&amp;A)</b>	(238.8)	(213.7)	+ 12%
<b>EBITDA</b>	<b>EBITDA</b>	217.9	182.5	+ 19%
	<b>EBITDA Margin</b>	48%	46%	
<b>Operating Profit</b>	<b>Operating Profit</b>	103.5	74.0	+ 40%
<b>Net Profit / Loss</b>	<b>Net Interest Expense</b>	(53.5)	(45.3)	+ 18%
	<b>Net Gains on Derivative Instruments</b>	(0.3)	(7.8)	N/A
	<b>Net foreign exchange (gains)/losses on financing<sup>1</sup></b>	5.6	16.3	N/A
	<b>Income Tax Expense<sup>2</sup></b>	62.5	(17.1)	N/A
	<b>Debt Extinguishment Cost</b>	-	(21.4)	N/A
	<b>Net Income (from continuing operations)</b>	117.7	(1.1)	N/A

1 Foreign exchange gains/losses on foreign debt obligations, netted for the impact of the financial instruments  
 2 1H07 includes €93.0 million of one-off tax benefit related to recognition of deferred tax asset

# Capital expenditures

Investments in future-proof network and strong customer growth driving capex increase



# Free cash flow

Operating free cash flow doubles



EU GAAP - in € millions

		1H 2007	1H 2006	% change
<b>Cash Flow from Operating Activities</b>	EBITDA	217.9	182.5	+ 19%
	Non cash items & working capital changes	24.9	5.6	+ 347%
	Interest Expenses <sup>1</sup>	(53.5)	(45.3)	+ 18%
	<b>Cash Flow from Operating Activities</b>	<b>189.3</b>	<b>142.9</b>	<b>+ 33%</b>
<b>Cash Flow from Investing Activities</b>	<b>Cash Flow from Investing Activities</b>	<b>(100.8)</b>	<b>(98.8)</b>	<b>+ 2%</b>
<b>Operating Free Cash Flow</b>	<b>Operating Free Cash Flow</b>	<b>88.5</b>	<b>44.1</b>	<b>+ 101%</b>
<b>Cash Flow from Financing Activities</b>	Net Debt Redemptions	(128.5)	(173.7)	- 26%
	Net Proceeds Capital Increases	6.6	3.8	+ 72%
	Other (including redemption premium)	-	(11.2)	N/A
	<b>Cash Flow from Financing Activities</b>	<b>(121.9)</b>	<b>(181.1)</b>	<b>- 33%</b>
<b>Net Cashflow</b>	Cash at beginning of period	58.8	210.4	- 72%
	Cash at end of period	25.5	73.3	- 65%
	<b>Net Cash Generated (Used)</b>	<b>(33.3)</b>	<b>(137.1)</b>	<b>- 76%</b>

# Balance sheet

Reflecting senior debt prepayments

Metrics becoming sub-optimal

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EU GAAP - in € millions

		30-Jun-07	31-Dec-06	% change
<b>Assets</b>	<b>Non-Current Assets</b>	2,472.6	2,403.3	+ 3%
	<b>Current Assets</b>	128.3	130.0	- 1%
	<b>Cash and Cash Equivalents</b>	25.5	58.8	- 57%
<b>Total Assets</b>		<b>2,626.4</b>	<b>2,592.1</b>	<b>+ 1%</b>
<b>Equity</b>	Total Equity	846.2	721.7	+ 17%
	<b>Total Equity</b>	<b>846.2</b>	<b>721.7</b>	<b>+ 17%</b>
<b>Non-Current Liabilities</b>	Senior Debt	530.0	656.0	- 19%
	Senior Notes	368.4	368.4	+ 0%
	Senior Discount Notes	228.2	221.2	+ 3%
	Capital Leases	101.8	108.6	- 6%
	Deferred Financing Cost	(20.6)	(23.4)	- 12%
	Other non-current Liabilities	90.1	81.0	+ 11%
	<b>Non-Current Liabilities</b>	<b>1,297.9</b>	<b>1,411.9</b>	<b>- 8%</b>
<b>Current Liabilities</b>	Current Portion of Long Term Debt	66.4	59.8	+ 11%
	Short term borrowings	27.8	15.7	+ 78%
	Accounts Payable	183.5	180.5	+ 2%
	Unearned Revenues	132.0	123.2	+ 7%
	Other Current Liabilities	72.7	79.5	- 9%
	<b>Current Liabilities</b>	<b>482.3</b>	<b>458.6</b>	<b>+ 5%</b>
<b>Total Equity and Liabilities</b>		<b>2,626.4</b>	<b>2,592.1</b>	<b>+ 1%</b>

# Outlook full year 2007

Telenet well on track to achieve target

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## Outlook 2007

Revenue Growth

**12-15%**

EBITDA Margin

**> 45%**

Capital Expenditures<sup>1</sup>

**€210-230 million**

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

# How to contact us?



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## Upcoming events

- ▶ Q307 Earnings release: November 6, 2007 – 5.45pm CET
  - ▶ Q307 Analyst call: November 7, 2007 – 3.00pm CET
  - ▶ 1<sup>st</sup> Annual Investor & Analyst Day: November 7, 2007