



Kabel Deutschland

INVESTOR RELATIONS RELEASE

Kabel Deutschland reports over 16% EBITDA growth for the second quarter ended September 30, 2007 of its fiscal year March 31, 2008

Highlights for Kabel Deutschland's consolidated second quarter ended September 30, 2007 under IFRS:

- Total Revenue Generating Units ('RGU')⁽¹⁾ remain stable at 10,385.3 thousand on September 30, 2007 compared to 10,384.6 thousand on September 30, 2006. Total blended ARPU per RGU⁽²⁾ for all KDG products increases by over 7% to €8.23 during the reporting period from €7.67 in the same period last year.
- Total revenues grow by 7.3% to €294.1 million in the quarter ended September 30, 2007 compared to €274.2 in the prior year's same period.
- Subscription based revenues grow by 8.5% and reach €257.6 million in the quarter ended September 30, 2007 (€237.4 million in the quarter ended September 30, 2006) representing 87.6% of total revenues during the reporting period (86.6% during the quarter ended September 30, 2006).
- Subscription based revenues from the Company's pay TV and Internet and Phone services amount to €42.4 million and represent 16.5% of the Company's overall subscription based revenues (€25.5 million representing 10.7% of the overall subscription based revenues in the quarter ended September 30, 2006).
- EBITDA as adjusted⁽³⁾ increases by 16.3% and amounts to €110.7 million for the quarter ended September 30, 2007 compared to €95.2 million for the same period in the prior year. EBITDA margin⁽⁴⁾ increases to 37.6% (34.7% in the quarter ended September 30, 2006).
- The Company posts a net profit for the quarter of €3.1 million (€9.8 million net loss in the previous year's same quarter ended September 30).

Highlights for Kabel Deutschland's consolidated six months ended September 30, 2007 under IFRS:

- Total revenues grow by 8.1% to €583.8 million in the Company's first six months ended September 30, 2007 compared to €539.9 in the same period in the prior year.
- Subscription based revenues grow by 9.5% to €511.9 million in the first six months of KDG's fiscal year 2006/2007 (€467.4 for the six months ended September 30, 2006) and represent 87.7% of total revenues in this period (86.6% in the previous year).
- Subscription based revenues from pay TV and Internet and Phone amount to €81.3 million and represent 15.9% of the Company's overall subscription based revenues (€45.4 million representing 9.7% of the overall subscription based revenues in the six months ended September 30, 2006).
- EBITDA as adjusted grows by 17.6% and amounts to €218.3 million for the first six months ended September 30, 2007 compared with €185.6 million for the first half year ended September 30, 2006. EBITDA margin increases to 37.4% (34.4% in the half year ended September 30, 2006).
- The Company posts a net loss for the six months of €1.1 million (22.9 million net loss in the previous year's same period ended September 30).

Unterfoehring, November 29, 2007 – Kabel Deutschland (KDG), Germany's largest cable operator, announced today its financial results for the quarter and six months ended September 30, 2007. These results impressively underline the successful development of the Company's Internet and Phone products.

RGUs as of September 30, 2007 and ARPUs for the quarter ended September 30, 2007

With a total of 9,069.5 thousand subscribers, KDG served 10,385.3 thousand total RGUs on September 30, 2007 (10,384.6 thousand on September 30, 2006). The ratio of RGUs to subscribers increased to 1.15 on September 30, 2007 compared with 1.09 on September 30, 2006. During the quarter ended September 30, 2007 total blended ARPU per RGU for all KDG products increased by 7.3% to €8.23 from €7.67 in the same period last year. Total blended ARPU per subscriber⁽⁵⁾ for all KDG product amounted to €9.37.

Kabel Anschluss RGUs served were 9,155.9 thousand at September 30, 2007 (9,571.5 thousand on September 30, 2006). Of the 9,155.9 thousand Kabel Anschluss RGUs 654.2 thousand were digital access RGUs (approximately 132.5 thousand at September 30, 2006). Monthly ARPU⁽⁶⁾ for the Kabel Anschluss product amounted to €7.76 in the quarter ended September 30, 2007 compared to €7.39 in the previous year's same period.

Kabel Digital pay TV RGUs increased by 21.6% to 731.4 thousand at September 30, 2007 from 601.3 thousand RGUs on the same date in the previous year. ARPU increased by 3.8% to €7.93 during the quarter ended September 30, 2007 (€7.64 during the previous year's same period).

Kabel Internet and Phone RGUs more than doubled from 211.8 thousand (thereof 95.2 thousand Phone RGUs) at September 30, 2006 to 459.6 thousand (thereof 214.2 thousand Phone RGUs) at September 30, 2007. Monthly ARPU per RGU during the reporting period for Kabel Internet amounted to €14.46 (€16.96 in the quarter ended September 30, 2006) and €24.81 for Kabel Phone (€28.37).

KDG's financial results for the six months ended September 30, 2007

Cash flow and liquidity

Cash flow from operations for the six months ended September 30, 2007 amounted to €94.6 million compared to €61.2 million in the previous year's same period – an increase of 33.4 million or 54.6%.

Capital expenditures of €106.3 million recorded in the six months ended September 30, 2007 (€104.0 million in the previous year's same period) included €83.2 million for the expansion and upgrade of the cable television network and €23.2 million in IT systems and other intangible assets. KDG's Internet and Phone related capital expenditures amounted to €56.1 million in the reporting period ended September 30, 2007 compared to €48.1 million in the previous year. The Company also used €35.1 million for the investment in Primacom shares.

The overall positive cash flow from financing activities amounted to €5.8 million and results from drawings under the revolving credit facility in the net amount of €100.0 million and the payment of interest and transaction costs of €90.6 million for the six months ended September 30, 2007.

Balance sheet

Total interest bearing indebtedness as of September 30, 2007 amounted to €2,005.6 million nominal value. At September 30, 2007 the Company had €100.0 million outstandings under its existing €325.0 million revolving credit facility. Cash on September 30, 2007 amounted to €15.3 million.

Net debt on September 30, 2007 was €1,990.3 million resulting in a total net debt to adjusted annualized EBITDA (€442.8 million) ratio of approximately 4.5 times.

Significant events between July 1, 2007 and reporting date

- On July 9, 2007 KDG announced a “lifelong” free telephony product for subscribers in many cities in the Northern part of Germany, including the city of Hamburg and its suburbs.
- On July 19, 2007 the Company closed an agreement with its credit banks to increase the existing revolving credit facility from previously €200.0 million to €325.0 million effective immediately.
- On August 31, 2007 KDG increased its maximum download speed for its premium Internet product to 26Mbit/s.
- As of mid September 2007 the Company added another 2 million households in the region of Lower Saxony to its overall marketable base for Internet and telephony products.
- On September 20, 2007 KDG announced the acquisition of approximately 1.2 million cable subscribers from the Orion Group for €585 million. The cable assets are located in eight German federal states in the Company’s footprint. The closing is expected in spring 2008 after FCO clearance. At the same time, KDG also announced that it was to tender its Primacom shares into the Orion offer.
- On October 30, 2007 Kabel Deutschland signed a €650 million Senior Term Loan Facility to provide funding for the previously announced acquisition and potential additional acquisitions of cable assets.
- As of November 19, 2007 the Company has increased the maximum download speed for its premium Internet product “Deluxe” to 30 Mbit/s. At the same time, it doubled the upload speed from 1 Mbit/s. to 2 Mbit/s. KDG’s best selling double flat product “Comfort” now offers 20 Mbit/s download speed (previously 10 Mbit/s).

Financial calendar

The IFRS financials for the third quarter / first nine months (as of December 31, 2007) of KDG's fiscal year 2007/2008 ending March 31, 2008 will be released at the end of February 2008. The Company intends to hold a management conference call with the financial community on that date.

Please refer to our website www.kabeldeutschland.com for further information. The complete financial statements as of September 30, 2007 as well as our updated Company Presentation will be available on our website as of tomorrow.

About Kabel Deutschland

Kabel Deutschland (KDG) operates cable networks in 13 German states and supplies its services to more than 9 million connected TV households in Germany. Kabel Deutschland is Germany's largest cable network operator. The company develops and markets new triple play offers for digital TV, high-speed internet and telephone connection via cable. KDG offers an open digital TV platform for all program providers. The company operates the networks, markets cable connections and provides comprehensive services for all matters of cable connectivity. In fiscal year 2006/2007 (12 months ended March 31, 2007), Kabel Deutschland reported a total revenue of approx. EUR 1.1 billion. The company has around 2,700 employees.

Contact:

Kabel Deutschland GmbH
Investor Relations and Finance
Betastr. 6-8
85774 Unterfoehring
Germany

Insa Calsow: +49 89 / 960 10 - 184; insa.calsow@kabeldeutschland.de
Elmar Baur: +49 89 / 960 10 - 187; elmar.baur@kabeldeutschland.de
Astrid Adamietz: +49 89 / 960 10 - 186; astrid.adamietz@kabeldeutschland.de

This release is also available at www.kabeldeutschland.com.

This Investor Relations release contains forward looking statements within the meaning of the 'safe harbor' provision of the US securities laws. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, market conditions affecting the building sector, foreign exchange rates, intense competition in the markets where we operate, potential environmental liability and capital costs of compliance with applicable laws, regulations and standards in the markets where we operate, diverse political, legal, economic and other conditions affecting the markets where we operate, our ability to successfully integrate business acquisitions and our ability to service our debt requirements). Many of these factors are beyond our control.

Investors and security holders are urged to read our quarterly report available on our website because it will contain important information. We disclaim any obligation to publicly update or revise any forward-looking information.'

Kabel Deutschland GmbH, Unterfoehring
Consolidated income statement according to IFRS for the period from
July 1, 2007 to September 30, 2007 and July 1, 2006 to September 30, 2006

	July 1, 2007 to September 30, 2007	as adjusted July 1, 2006 to September 30, 2006	<i>change</i>
	<u>€('000)</u>	<u>€('000)</u>	<u>€('000)</u>
1. Revenues	294,096	274,212	19,884
2. Cost of services rendered	-148,386	-145,583	2,803
<i>thereof depreciation / amortization</i>	-36,913	-32,200	4,713
3. Other operating income	2,544	2,565	-21
4. Selling expenses	-79,460	-72,250	7,210
<i>thereof depreciation / amortization</i>	-27,680	-24,505	3,175
5. General and administrative expenses	-30,991	-27,701	3,290
<i>thereof depreciation / amortization</i>	-5,818	-4,116	1,702
6. Profit from ordinary activities	37,803	31,243	6,560
7. Interest income	1,302	408	894
8. Interest expense	-46,242	-41,294	4,948
9. Accretion/depreciation on investments and other securities	0	0	0
10. Income from associates	350	194	156
11. Loss before taxes	-6,787	-9,449	2,662
12. Taxes on income	9,934	-380	-10,314
13. Net income / loss for the period	<u>3,147</u>	<u>-9,829</u>	<u>12,976</u>
EBITDA as adjusted ⁽³⁾	110,736	95,166	15,570
EBITDA margin ⁽⁴⁾	37.7%	34.7%	

Kabel Deutschland GmbH, Unterfoehring
Consolidated income statement according to IFRS for the period from
April 1, 2007 to September 30, 2007 and April 1, 2006 to September 30, 2006

	April 1, 2007 to September 30, 2007	as adjusted April 1, 2006 to September 30, 2006	change
	€('000)	€('000)	€('000)
1. Revenues	583,784	539,881	43,903
2. Cost of services rendered	-294,047	-280,230	13,817
<i>thereof depreciation / amortization</i>	-72,772	-63,208	9,564
3. Other operating income	5,512	4,737	775
4. Selling expenses	-159,644	-144,422	15,222
<i>thereof depreciation / amortization</i>	-53,753	-46,924	6,829
5. General and administrative expenses	-59,341	-54,169	5,172
<i>thereof depreciation / amortization</i>	-11,380	-8,050	3,330
6. Profit from ordinary activities	76,264	65,797	10,467
7. Interest income	2,004	1,295	709
8. Interest expense	-81,475	-79,734	1,741
9. Accretion/depreciation on investments and other securities	-2,337	265	-2,602
10. Income from associates	565	716	-151
11. Loss before taxes	-4,979	-11,661	6,682
12. Taxes on income	3,865	-11,261	-15,126
13. Net loss for the period	-1,114	-22,922	21,808
EBITDA as adjusted ⁽³⁾	218,321	185,624	32,697
EBITDA margin ⁽⁴⁾	37.4%	34.4%	

Kabel Deutschland GmbH, Unterfoehring
Consolidated balance sheet according to IFRS as of September 30, 2007

ASSETS	September 30, 2007	March 31, 2007	<i>change</i>
	€('000)	€('000)	€('000)
Current assets			
1. Cash and cash equivalents	15,338	54,108	-38,770
2. Current investments	37,277	0	37,277
3. Trade receivables	122,736	101,370	21,366
4. Receivables from affiliates	12,643	1,019	11,625
5. Receivables from associates	16	108	-91
6. Inventories	18,389	24,265	-5,876
7. Receivables from tax authorities	4,299	6,266	-1,968
8. Other current assets	5,327	8,771	-3,445
9. Prepaid expenses	19,924	20,698	-774
Total current assets	<u>235,948</u>	<u>216,605</u>	<u>19,343</u>
Non-current assets			
1. Intangible assets	438,739	477,343	-38,605
2. Property and equipment	993,301	986,608	6,694
3. Equity investments in associates	6,090	5,681	408
4. Other financial assets	25	7,510	-7,485
5. Deferred tax assets	351	366	-15
6. Other non-current assets	7,613	5,414	2,199
7. Prepaid expenses	8,068	5,959	2,109
Total non-current assets	<u>1,454,188</u>	<u>1,488,881</u>	<u>-34,693</u>
Total assets	<u>1,690,135</u>	<u>1,705,487</u>	<u>-15,352</u>

Kabel Deutschland GmbH, Unterfoehring
Consolidated balance sheet according to IFRS as of September 30, 2007 (cont'd)

EQUITY AND LIABILITIES	September 30, 2007	March 31, 2007	change
	€('000)	€('000)	€('000)
Current liabilities			
1. Current financial liabilities	25,470	36,997	-11,529
2. Trade payables	166,081	175,518	-9,437
3. Liabilities to associates	337	324	13
4. Other current provisions	13,897	18,107	-4,209
5. Liabilities due to income taxes	13,448	14,157	-708
6. Deferred income	141,425	216,818	-75,395
7. Other current liabilities	49,552	60,399	-10,847
Total current liabilities	410,208	522,320	-112,113
Non-current liabilities			
1. Senior notes	646,573	672,782	-26,210
2. Non-current financial liabilities	1,313,397	1,186,042	127,354
3. Deferred tax liabilities	78,419	82,660	-4,241
4. Provisions for pension	26,759	24,171	2,587
5. Other non-current provisions	21,967	21,246	721
6. Other non-current liabilities	83,304	92,352	-9,048
7. Deferred Income	0	270	-270
Total non-current liabilities	2,170,420	2,079,524	90,896
Equity			
1. Subscribed capital	1,025	1,025	0
2. Capital reserve	53,870	45,415	8,456
3. Cash flow hedge reserve	-5,002	-6,293	1,291
4. Available-for-sale reserve	-2,142	625	-2,767
5. Accumulated deficit	-938,244	-937,129	-1,115
Total equity (deficit)	-890,493	-896,357	5,863
Total equity and liabilities	1,690,135	1,705,487	-15,352

Kabel Deutschland GmbH, Unterfoehring
Consolidated cash flow statements according to IFRS for the period from
April 1, 2007 to September 30, 2007 and April 1, 2006 to September 30, 2006

	April 1, 2007 to September 30, 2007	as adjusted April 1, 2006 to September 30, 2006	change
	€('000)	€('000)	€('000)
1. Cash flows from operating activities			
Net loss	-1,115	-22,922	21,807
Adjustments to reconcile net loss to cash provided by operations:			
Taxes on income	-3,865	11,262	-15,127
Interest expense	81,475	79,734	1,741
Interest income	-2,004	-1,295	-709
Depreciation and amortization on fixed assets	137,905	118,182	19,723
Accretion / depreciation on investments and other securities	2,337	-265	2,602
Gain/loss on disposal / sale of fixed assets (intangible assets; property and equipment; financial assets)	214	242	-28
Income from associates	-564	-716	152
Compensation expense relating to share-based payments	3,178	-1,507	4,685
	<u>217,561</u>	<u>182,715</u>	<u>34,846</u>
Changes in assets and liabilities:			
Increase (-) / decrease (+) of inventories	5,876	-4,292	10,168
Increase (-) / decrease (+) of trade receivables	-21,366	13,719	-35,085
Increase (-) / decrease (+) of other assets	-8,125	-1,821	-6,304
Increase (+) / decrease (-) of trade payables	-9,582	989	-10,571
Increase (+) / decrease (-) of other provisions	-3,999	4,959	-8,958
Increase (+) / decrease (-) of deferred income	-75,663	-102,655	26,992
Increase (+) / decrease (-) of provisions for pensions	1,890	1,787	103
Increase (+) / decrease (-) of other liabilities	-11,832	-26,986	15,154
Cash provided by operations	<u>94,760</u>	<u>68,415</u>	<u>26,345</u>
Income taxes paid (-) / received (+)	-120	-7,245	7,125
Net cash from operating activities	<u>94,640</u>	<u>61,170</u>	<u>33,470</u>
2. Cash flows from investing activities			
Cash received from disposal / sale of fixed assets (intangible assets; property and equipment; financial assets)	239	71	168
Cash paid for investments in intangible assets	-23,166	-28,884	5,718
Cash paid for investments in property and equipment	-83,150	-75,102	-8,048
Cash paid for acquisitions	0	-1,964	1,964
Cash paid for investments	-35,059	0	-35,059
Interest received	1,750	1,163	587
Dividen received from associates	156	188	-32
Net cash used in investing activities	<u>-139,230</u>	<u>-104,528</u>	<u>-34,702</u>
3. Cash flows from financing activities			
Cash received from non-current financial liabilities	251,000	1,190,000	-939,000
Cash repayments of non-current financial liabilities	-151,000	-1,150,000	999,000
Cash repayments of current financial liabilities	0	-75,848	75,848
Cash payments for reduction of finance lease liabilities	-3,537	-2,784	-753
Interest and transaction costs paid	-90,642	-105,284	14,642
Net cash from/used in financing activities	<u>5,821</u>	<u>-143,916</u>	<u>149,737</u>
4. Cash and cash equivalents at the end of the period			
Changes in cash and cash equivalents (subtotal of 1 to 3)	-38,769	-187,274	148,505
Accretion / depreciation on investments and other securities	0	265	-265
Cash and cash equivalents at the beginning of the period	<u>54,108</u>	<u>225,092</u>	<u>-170,984</u>
Cash and cash equivalents at the end of the period	<u>15,339</u>	<u>38,083</u>	<u>-22,744</u>

Kabel Deutschland GmbH, Unterfoehring
Subscribers, Revenue Generating Units and ARPU

		Quarter ended in Sep 2007	Quarter ended in Sep 2006	<i>change</i>
Subscribers ('000)		9,069.5	9,530.1	-460.6
Revenue Generating Units ('000)				
Cable Access	#	9,112.0	9,532.1	-420.1
Personal Video Recorder	#	38.4	0.0	38.4
Kabel Digital (pay TV)	#	731.4	601.3	130.1
Kabel Internet	#	245.4	116.6	128.8
Kabel Phone	#	214.2	95.2	119.0
TKS CATV subscribers	#	43.9	39.4	4.5
Total RGUs⁽¹⁾	#	10,385.3	10,384.6	0.7
Monthly ARPU⁽⁶⁾				
Cable Access	€	7.76	7.39	0.37
Kabel Digital (pay TV)	€	7.93	7.64	0.29
Kabel Internet	€	14.46	16.96	-2.50
Kabel Phone	€	24.81	28.37	-3.56
Total blended monthly ARPU per RGU⁽²⁾	€	8.23	7.67	0.56
Total blended monthly ARPU per subscriber⁽⁵⁾	€	9.37	8.29	1.08
Ratio RGUs/subscribers		1.15	1.09	0.06

Footnotes

- (1) **RGU** (Revenue Generating Unit) is related to the sources of revenue, which may not always be the same as subscriber numbers. For example, one person may subscribe to two different services, thereby accounting for only one subscriber but for two RGUs.
- (2) **Total blended ARPU per RGU** is calculated by dividing Kabel Anschluss, Kabel Digital, Kabel Internet, Kabel Phone, KD+ (PVR) and TKS (cable TV) subscription revenues (excluding installation fees) for the relevant period by the average number of RGUs for that period and the number of months in the period.
- (3) **EBITDA as adjusted** is defined as earnings before interest, taxes, depreciation, amortization, non-cash restructuring expenses and before non-cash compensation which consists primarily of expenses related to the Company's MEP (Management Equity Participation Program). EBITDA as adjusted is not a recognized accounting term and should not be used as a measure of liquidity. However, EBITDA as adjusted is a common term used to compare the operating activities of cable television companies.
- (4) **EBITDA margin** is defined as EBITDA as defined above for the period divided by total revenues for the period.
- (5) **Total blended ARPU per subscriber** is calculated by dividing Kabel Anschluss, Kabel Digital, Kabel Internet, Kabel Phone, KD+ (PVR) and TKS (cable TV) subscription revenues (excluding installation fees) for the relevant period by the average number of subscribers for that period and the number of months in the period.
- (6) **ARPU** (Average revenue per unit) is calculated by dividing the subscription revenue (excluding installation fees) for a period by the average number of RGU for that period and the number of months in that period.