

INVESTOR RELATIONS RELEASE

Kabel Deutschland releases financial results for the second quarter / six months ended September 30, 2005 of its fiscal year March 31, 2006

Highlights for Kabel Deutschland's consolidated second quarter ended September 30, 2005 under IFRS:

- Total Revenue Generating Units ('RGU')⁽¹⁾ increase by 1.5% to 9,906 thousand on September 30, 2005 compared with total RGUs of 9,762 thousand on September 30, 2004. Total blended monthly ARPU⁽²⁾ amounts to € 7.27 in the quarter ended September 30, 2005 up from € 7.09 in the same period last year.
- Revenues grow by 2.7% to € 261.2 million in the quarter ended September 30, 2005 compared to € 254.4 million in the same period in the prior year.
- EBITDA⁽³⁾ remains virtually flat and amounts to € 106.4 million for the quarter ended September 30, 2005 compared with € 107.8 million for the quarter ended September 30, 2004.
- EBITDA margin⁽⁴⁾ at 40.7% (42.4% in the previous year's same quarter) remains at historically high levels despite considerably higher expenses in connection with the launch and continued development of the Company's digital TV business and its triple play activities (Highspeed Internet and telephony) in the upgraded areas.
- KDG posts a net profit which amounts to € 2.7 million for the quarter ended September 30, 2005 compared to a net loss of € 29.0 million in the previous year's second quarter.

Highlights for Kabel Deutschland's consolidated six months ended September 30, 2005 under IFRS:

- Revenues grow by 2.8% to € 528.0 million in the Company's first six months ended September 30, 2005 compared to € 513.6 million in the same period in the prior year.

- EBITDA⁽³⁾ increases slightly and amounts to € 212.2 million for the six months ended September 30, 2005 compared with € 210.7 million for the half year ended September 30, 2004.
- EBITDA margin⁽⁴⁾ at 40.2% (41.0% in the previous year's same period) remains at historically high levels despite considerably higher expenses in connection with the launch and continued development of the Company's digital TV business activities and its triple play activities (High-speed Internet and telephony) in the upgraded areas.
- KDG posts a net profit which amounts to € 17.3 million for the six months ended September 30, 2005 compared to a net loss of € 40.8 million in the previous year's same period ended September 2004.

Unterfoehring, November 29, 2005 – Kabel Deutschland (KDG), Germany's largest cable operator, announced today its financial results for the quarter and for the six months ended September 30, 2005.

Paul Thomason, Chief Financial Officer and Member of the Board, comments: "Kabel Deutschland continued to diversify its product offering and to grow RGU's, ARPU and core revenues. Our digital program packages had a strong first half year adding 93,000 subscribers. The most significant news relates to the progress of our Highspeed Internet and telephony products. We have successfully upgraded the federal states of Rhineland Palatinate and Saarland and commercially launched our products in mid October. Between the commercial launch and November 25, more than 12,000 contracts have been signed. While the commercial launch will put pressure on both, EBITDA and capital expenditures over the next few quarters it creates the platform to fully participate in the growing broadband market in the future."

KDG's subscriber numbers as of September 30, 2005 and ARPU's for the quarter ended September 30, 2005

The number of Kabel Anschluss subscribers amounted to approximately 9,567 thousand on September 30, 2005 compared to 9,643 thousand on September 30 last year. Monthly ARPU⁽⁵⁾ for Kabel Anschluss subscribers increased to € 7.25 in the quarter ended September 30, 2005 compared to € 7.08 in the previous year.

Kabel Digital subscribers almost tripled to 317 thousand at September 30, 2005 from 112 thousand subscribers on the same date in the previous year. The Company added more than 50 thousand net new subscribers during the quarter ended September 30, 2005. The monthly ARPU for the Kabel Digital product during the quarter ended September 30, 2005 was € 7.16 compared to € 6.36 during the same period in the previous year.

Kabel Highspeed including telephony subscribers increased to approximately 22 thousand at the end of the reporting period up from 7 thousand on September 30, 2004. The monthly ARPU for KDG's Kabel Highspeed product⁽⁶⁾ amounted to € 22.50 in the quarter ended September 30, 2005 compared with € 27.60 for the quarter ended September 30, 2004 reflecting the lower ARPU telephony product included in the reported ARPU figure as well as the overall price competition in the German Highspeed Internet market.

Other significant events since July 1, 2005 included

- As of July 1, 2005 KDG started its cooperation with the regional network level 3 operator Kabel Baden-Württemberg about the marketing of its Kabel Digital HOME program package. This is the first time that the package is available outside of the 13 federal states in which KDG already operates. The cooperation with Kabel BW allows an additional 2.3 million households to subscribe to the Kabel Digital HOME package.
- On July 25, 2005, the Company announced the introduction of Highspeed Internet and telephony services via TV cable in the two federal states Rhineland-Palatinate and Saarland. The upgrade of the level 3 network was completed between July and September 2005. With more than 1.0 million homes upgraded the Company started its marketing campaign in October. The initial consumer interest in the Company's triple play product is showing promising results. As of today, the Company had closed approximately 12,000 contracts. Well above 50% of new customers in the upgraded regions of Rhineland-Palatinate and Saarland have decided in favour of the product bundle Kabel Highspeed and Kabel Phone.
- As of September 1, 2005 the KDG's Kabel Digital INTERNATIONAL TV offering was complemented by an English language program package with 14 channels including top brands such as CNBC, Sky News, National Geographic, BBC Prime, MTV Hits, MTV Dance and Toon Disney. Starting November 1, 2005 the English language Kabel Digital INTERNATIONAL program package has also been marketed to Kabel Baden-Württemberg's 2.3 million households.
- As of October 1, 2005 the Company introduced its new and competitive pricing structure for its triple play offering in all HSI / telephony upgraded areas.
- Starting October 2005, the first cable ready PVR was offered in the German market by the well-known electronic devices manufacturer Humax.
- On October 18, 2005 the new channel "Gute Laune TV" with folk and country music content was added to the existing 31 TV channels in KDG's Kabel Digital HOME package.

- In October 2005, KDG entered into an agreement with Turner Broadcasting Systems Europe which added cartoon channel “Boomerang” and movie channel “Turner Classic Movies” to the Company’s English Kabel Digital INTERNATIONAL package. The two new channels will go on air on January 1, 2006. “Boomerang” in a dubbed version will complement the Company’s Kabel Digital HOME package during the second calendar quarter 2006.

KDG’s financial results for the six months ended September 30, 2005

Cash flow and liquidity

Cash flow from operations for the six months ended September 30, 2005 amounted to € 145.1 million compared to a cash flow from operations of € 136.1 million in the same period in the prior year. Net cash from operating activities after interest payments and taxes declined to € 71.6 million compared to € 91.5 million in the prior year. The primary reason for the decline was an increase in interest paid of approximately € 34.1 million. The increase in interest expense reflects higher average indebtedness primarily related to the November 2004 distribution and higher effective interest expenses associated with the issuance of the Senior Notes.

Capital expenditures of € 46.4 million recorded in the six months ended September 30, 2005 included € 36.0 million for the maintenance, expansion and upgrade of the cable television network and € 10.5 million in IT systems and other intangible assets.

Cash flow from operating activities covered all capital expenditures and investing activities allowing an increase in the cash balance of approximately € 24.5 million. Total cash position as of September 30, 2005 amounted to € 157.4 million.

Indebtedness and unused credit facilities

Total indebtedness is reported net of unamortized financing fees and hedge transactions under IFRS. As of September 30, 2005 total interest bearing indebtedness amounted to € 1,981.4 million nominal value.

On September 30, 2005, the Company had € 50.0 million of unused availability under its Revolver.

General remark on the release of the quarterly / half year financials

The financials for these reporting periods (KDG's second quarter / first six months of its fiscal year 2005 / 2006) as well as the prior year same periods have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements for the quarter / six months ended September 30, 2004 were initially prepared under German accounting standards (HGB) and subsequently converted to IFRS. With respect to the interim consolidated financial statements for the quarter / six months ended September 30, 2005, consistent accounting and valuation methods were applied compared to the consolidated financial statements as of June 30 and March 31, 2005.

The financials released today should be read in conjunction with the annual report for the fiscal year ended March 31, 2005 released on July 29, 2005 and with the complete "Interim Consolidated Financial Statements and Management Discussion and Analysis for the Quarter and the Six Months Ended September 30, 2005" which is available as of today on our website www.kabeldeutschland.com. Please refer to our website for further information.

Release of financial statements for Kabel Deutschland Holding GmbH

Together with this release the Company released the financial statements for Kabel Deutschland Holding GmbH, the financing entity that issued € 400 million in PIK Notes in December 2004. Please note that Kabel Deutschland Holding GmbH has no substantial operations other than the financing activities. The complete "Interim Consolidated Financial Statements and Management Discussion and Analysis for the Quarter Ended September 30, 2005" for Kabel Deutschland Holding GmbH will be available on our website www.kabeldeutschland.com as of today.

Financial calendar

The financials for the quarter / nine months ending December 31, 2005 (Q3 / 9 months of fiscal year ending March 31, 2006) under IFRS accounting standards will be made available in the second half of February 2006. On that occasion we will again host a conference call with the management team of Kabel Deutschland.

About Kabel Deutschland

Kabel Deutschland (KDG) operates cable networks in 13 German states and supplies around 10 million connected TV households in Germany. Kabel Deutschland is Germany's biggest cable network operator. The company continuously develops new products for digital TV, high-speed Internet, and additional services such as Internet and telephony via TV cable. KDG offers an open platform for digital TV for all program providers. It operates networks, markets cable connections, and provides comprehensive cable connectivity services. In fiscal 2004/2005 (year ended March 31, 2005), the company reported revenues of more than €1 billion and had around 2,500 employees. In 2003, an investment consortium comprising Apax Partners, Providence Equity, and Goldman Sachs Capital Partners acquired Kabel Deutschland from Deutsche Telekom

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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.'

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. The total RGU numbers for the first time have been calculated without Premiere subscribers distributed via our network. The RGUs for the previous periods have been accordingly restated.
- (2) **Total blended ARPU** is calculated by dividing analog cable television, Kabel Digital and Highspeed Internet subscription revenues for the relevant period by the average number of subscribers for that period and the number of months in the period.
- (3) **EBITDA** is defined as earnings before interest, taxes, depreciation and amortization and non-cash-compensation. EBITDA is not a recognized accounting term and should not be used as a measure of liquidity. It is a measure commonly used in the cable television industry to reflect financial performance and it is used by KDG management as a basis for many of their decisions, and it is also used by KDG's banks in formulating certain financial covenants.
- (4) **EBITDA margin** is defined as EBITDA as defined above for the period divided by revenues for the period.
- (5) **ARPU** (Average revenue per unit) is calculated by dividing the subscription revenue (excluding installation fees) for a period by the average number of RGU's for that period and the number of months in that period.
- (6) **Kabel Highspeed ARPU** includes ARPU for the Kabel Phone product as of April 1, 2005.

Kabel Deutschland GmbH, Unterfoehring
Consolidated income statement according to IFRS for the period from July 1 to September 30, 2005
and July 1 to September 30, 2004

	July 1, 2005 to September 30, 2005	July 1, 2004 to September 30, 2004	change
	€('000)	€('000)	€('000)
1. Revenues	261,224	254,411	6,813
2. Cost of services rendered	-125,775	-161,839	-36,064
<i>thereof depreciation/amortization</i>	-26,863	-61,314	-34,451
3. Other operating income	2,257	4,271	-2,014
4. Selling expenses	-57,454	-49,000	8,454
<i>thereof depreciation/amortization</i>	-21,939	-17,341	4,598
5. General and administrative expenses	-29,358	-21,945	7,413
<i>thereof depreciation/amortization</i>	-3,506	-622	2,884
6. Profit from ordinary activities	50,894	25,898	24,996
7. Interest income	449	3,372	-2,923
8. Interest expense	-42,765	-50,876	-8,111
9. Accretion/Depreciation on investments and other securities	-132	142	-274
10. Income from associates	103	143	-40
11. Profit/Loss before taxes	8,550	-21,321	29,871
12. Taxes on income	-5,878	-7,718	1,840
13. Net profit/Net loss for the period	2,672	-29,039	31,711
EBITDA ⁽³⁾	106,394	107,767	-1,373
EBITDA margin ⁽⁴⁾	40.7%	42.4%	

Kabel Deutschland GmbH, Unterfoehring
Consolidated income statement according to IFRS for the period from April 1 to September 30, 2005
and April 1 to September 30, 2004

	April 1, 2005 to September 30, 2005	April 1, 2004 to September 30, 2004	<i>change</i>
	<u>€('000)</u>	<u>€('000)</u>	<u>€('000)</u>
1. Revenues	528,010	513,646	14,364
2. Cost of services rendered	-258,224	-323,157	-64,933
<i>thereof depreciation/amortization</i>	-54,028	-121,252	-67,224
3. Other operating income	4,791	5,217	-426
4. Selling expenses	-120,114	-103,493	16,621
<i>thereof depreciation/amortization</i>	-43,572	-38,363	5,209
5. General and administrative expenses	-53,312	-50,057	3,255
<i>thereof depreciation/amortization</i>	-6,716	-3,783	2,933
6. Profit from ordinary activities	101,152	42,156	58,996
7. Interest income	1,070	7,047	-5,977
8. Interest expense	-86,415	-83,965	2,450
9. Accretion/Depreciation on investments and other securities	118	-190	308
10. Income from associates	466	106	360
11. Profit/Loss before taxes	16,391	-34,846	51,237
12. Taxes on income	938	-5,927	6,865
13. Net profit/Net loss for the period	<u>17,328</u>	<u>-40,773</u>	<u>58,101</u>
EBITDA ⁽³⁾	212,197	210,739	1,458
EBITDA margin ⁽⁴⁾	40.2%	41.0%	

Kabel Deutschland GmbH, Unterfoehring
Consolidated balance sheet according to IFRS as of September 30, 2005

ASSETS	September 30, 2005	March 31, 2005
	<u>€('000)</u>	<u>€('000)</u>
Current assets		
1. Cash and cash equivalents	107,517	102,908
2. Money market funds	49,866	29,849
3. Trade receivables	60,683	81,458
4. Receivables from shareholders	351	351
5. Receivables from affiliates	988	915
6. Receivables from associates	5	5
7. Inventories	7,499	7,551
8. Receivables from tax authorities	814	4,251
9. Other current assets	6,441	9,104
10. Prepaid expenses	16,450	24,414
Total current assets	<u>250,612</u>	<u>260,806</u>
Non-current assets		
1. Intangible assets	543,762	582,440
2. Property and equipment	847,624	866,975
3. Equity investments in associates	5,537	5,837
4. Financial assets	7,470	7,531
5. Deferred tax assets	89,807	84,301
6. Other non-current assets	283	799
Total non-current assets	<u>1,494,482</u>	<u>1,547,883</u>
Total assets	<u>1,745,094</u>	<u>1,808,689</u>

Kabel Deutschland GmbH, Unterfoehring
Consolidated balance sheet according to IFRS as of September 30, 2005 (cont'd)

EQUITY AND LIABILITIES	September 30, 2005	March 31, 2005
	<u>€('000)</u>	<u>€('000)</u>
Current liabilities		
1. Current financial liabilities	25,141	19,971
2. Trade payables	115,081	119,327
3. Payments on account	2,093	16
4. Liabilities to affiliates	1,795	1,770
5. Liabilities to associates	323	327
6. Other current provisions	4,479	7,523
7. Liabilities due to income taxes	28,529	23,251
8. Deferred income	146,864	243,502
9. Other current liabilities	50,602	51,000
Total current liabilities	<u>374,907</u>	<u>466,687</u>
Non-current liabilities		
1. Senior Notes	716,432	714,964
2. Non-current financial liabilities	1,215,752	1,254,884
3. Deferred tax liabilities	121,789	104,898
4. Provision for pensions	19,276	17,579
5. Other non-current provisions	17,817	18,295
6. Other non-current liabilities	760	1,011
Total non-current liabilities	<u>2,091,826</u>	<u>2,111,631</u>
Equity		
1. Subscribed capital	1,025	1,025
2. Capital reserve	22,006	15,485
3. Fair value reserve	-23,004	-47,145
4. Retained earnings	-721,666	-738,994
Total equity	<u>-721,638</u>	<u>-769,629</u>
Total equity and liabilities	<u>1,745,094</u>	<u>1,808,689</u>

Kabel Deutschland GmbH, Unterfoehring
Consolidated cash flow statements according to IFRS for the period from April 1 to September 30, 2005
and April 1 to September 30, 2004

	April 1, 2005 to September 30, 2005	April 1, 2004 to September 30, 2004	change
	€('000)	€('000)	€('000)
1. Cash flows from operating activities			
Net profit/Net loss for the period before taxation	16,391	-34,846	51,237
Adjustments for:			
Depreciation and amortization on fixed assets	104,316	163,398	-59,082
Accretion/Depreciation on investments and other securities	-118	190	-308
Compensation expense relating to share-based payments	6,521	5,185	1,336
Interest income	-1,070	-7,047	5,977
Interest expense	86,415	83,965	2,450
	<u>212,455</u>	<u>210,845</u>	<u>1,610</u>
Increase (-)/Decrease (+) of inventories, trade receivables and other assets not related to investing or financing activities	29,830	-13,531	43,361
Increase (+)/Decrease (-) of trade payables and other liabilities not related to investing or financing activities	-21,341	-76,740	55,399
Increase (+)/Decrease (-) of deferred income	-96,638	-44,560	-52,078
Increase (+)/Decrease (-) of other provisions	13,369	30,616	-17,247
Increase (+)/Decrease (-) of provisions for pensions	1,697	1,157	540
Profit (-)/Loss (+) on derecognition of fixed assets (intangible assets; property and equipment; financial assets)	148	-227	375
Changes of book value of financial assets and equity investments in associates	363	648	-285
Increase (+)/Decrease (-) in current financial liabilities	5,170	27,883	-22,713
Cash generated from operations	<u>145,053</u>	<u>136,091</u>	<u>8,962</u>
Interest paid	-77,244	-43,125	-34,119
Interest received	1,018	2,017	-999
Income taxes paid (-)/received (+)	2,768	-3,471	6,239
Net cash from operating activities	<u>71,595</u>	<u>91,512</u>	<u>-19,917</u>
2. Cash flows from investing activities			
Cash received from derecognition of fixed assets (intangible assets; property and equipment; financial assets)	74	617	
Cash paid for investments in intangible assets	-10,499	-19,668	9,169
Cash paid for investments in property and equipment	-36,011	-44,103	8,092
Cash paid for investments in financial assets	0	-25	25
Net cash used in investing activities	<u>-46,436</u>	<u>-63,179</u>	<u>16,743</u>
3. Cash flows from financing activities			
Cash received from senior notes and non-current financial liabilities	0	755,553	-755,553
Cash repayments of non-current financial liabilities	-652	-750,000	749,348
Net cash used in financing activities	<u>-652</u>	<u>5,553</u>	<u>-6,205</u>
4. Cash and short term investments at the end of the period			
Changes in cash and short term investments (subtotal of 1 to 3)	24,507	33,886	-9,379
Accretion/Depreciation on investments and other securities	118	-190	308
Cash and short term investments at the beginning of the period	<u>132,758</u>	<u>184,692</u>	<u>-51,934</u>
Cash and short term investments at the end of the period	<u>157,383</u>	<u>218,388</u>	<u>-61,005</u>
5. Composition of cash and short term investments			
Cash and cash equivalents	107,517	108,578	-1,061
Money market funds	49,866	109,810	-59,944
Cash and short term investments at the end of the period	<u>157,383</u>	<u>218,388</u>	<u>-61,005</u>

Kabel Deutschland GmbH, Unterfoehring
Revenue Generating Units and ARPU calculation

		Quarter ended in Sep 04	Quarter ended in Sep 05	<i>change</i>
1. Revenue Generating Units ('000)				
Kabel Anschluss	#	9,643.2	9,566.7	-76.5
Kabel Digital	#	111.5	317.4	205.9
Kabel Highspeed	#	7.0	21.8	14.8
Total RGUs⁽¹⁾	#	9,761.7	9,905.9	144.2
2. ARPU⁽⁵⁾				
Kabel Anschluss - blended	€	7.08	7.25	0.17
<i>Incremental ARPU</i>				
Kabel Digital	€	6.36	7.16	0.80
Kabel Highspeed ⁽⁶⁾	€	27.60	22.50	-5.10
Total blended ARPU⁽²⁾	€	7.09	7.27	0.18