



Kabel Deutschland
Ein Vodafone Unternehmen.

INVESTOR RELATIONS RELEASE

Kabel Deutschland reports 6.3% revenue growth in fiscal year 2014/15

Unterfoehring, May 18, 2015 – Kabel Deutschland Holding AG ('Kabel Deutschland', 'KDH' or 'the Company'), Germany's largest cable network operator, today released its consolidated financial results for the fiscal year 2014/15 ended March 31, 2015.

Highlights for the fiscal year ended March 31, 2015:

- Internet RGUs⁽¹⁾ grew by 450 thousand year on year. The Company now reports 2.6 million Internet RGUs. Net additions from managed migrations from Vodafone DSL amounted to ~77 thousand.
- Premium TV⁽²⁾ RGUs increased by 224 thousand net adds year on year to a total of 2.5 million Pay TV and DVR RGUs
- Total blended ARPU per subscriber⁽³⁾ for the year reached €18.34 – up by €1.23 or 7.2% on prior year
- Revenue grew by 6.3% year on year to €2,021 million
- Adjusted EBITDA (EBITDA)⁽⁴⁾ increased by 3.3% year on year to €939 million with an EBITDA margin⁽⁵⁾ of 46.5%
- The Company spent 28.3% of revenues or €571 million on regular Capex⁽⁶⁾, and €132 million on program Alpha. Operating free cash flow (EBITDA-Capex) amounted to €236 million
- The Company posted a net profit of €239 million or €2.70 per share (versus a net loss of €68 million or minus €0.77 per share last year)

The following table summarizes the key performance indicators for fiscal year 2014/15 in comparison with previous years.

Kabel Deutschland Holding AG Summary Table

<i>As of</i>	<i>Unit</i>	March 31, 2013	March 31, 2014	March 31, 2015	<i>yoy change</i>
Subscribers					
Direct Basic Cable subscribers	# '000	7,194	7,134	7,115	-0.3%
Internet & Phone 'Solo' subscribers ⁽⁷⁾	# '000	382	463	576	24.4%
Total direct subscribers	# '000	7,576	7,597	7,692	1.3%
Indirect Basic Cable subscribers	# '000	897	747	616	-17.5%
Total unique subscribers (homes connected)	# '000	8,473	8,344	8,308	-0.4%
<i> Thereof subscribers taking Internet & Phone services</i>	# '000	1,942	2,271	2,697	18.8%
RGUs					
Premium TV	# '000	2,070	2,302	2,526	9.7%
<i> Thereof Pay TV</i>	# '000	1,303	1,365	1,424	4.3%
<i> Thereof DVR</i>	# '000	767	938	1,102	17.5%
Internet	# '000	1,829	2,178	2,628	20.7%
Phone	# '000	1,831	2,131	2,547	19.5%
Subtotal Growth Business⁽⁸⁾	# '000	5,731	6,611	7,701	16.5%
Basic Cable ⁽⁹⁾	# '000	8,617	8,301	8,087	-2.6%
Total RGUs	# '000	14,348	14,913	15,787	5.9%
<i>RGUs per subscriber</i>		1.69	1.79	1.90	6.1%
For the period					
<i>For the period</i>	<i>Unit</i>	FY 2012/13	FY 2013/14	FY 2014/15	<i>yoy change</i>
ARPU per subscriber					
Total blended TV ARPU ⁽¹⁰⁾	€	10.37	10.77	11.07	2.8%
Total blended Internet & Phone ARPU ⁽¹¹⁾	€	28.27	27.50	26.90	-2.2%
Total blended ARPU	€	15.87	17.11	18.34	7.2%
Revenue					
TV Business revenue	€m	1,192	1,165	1,173	0.7%
Internet and Phone Business revenue	€m	638	735	848	15.3%
Total Revenue	€m	1,830	1,900	2,021	6.3%
Adjusted EBITDA					
Adjusted EBITDA	€m	862	910	939	3.3%
<i> Thereof adjustments for share-based payment expenses</i>	€m	-64.1	-62.2	-8.9	
<i> Thereof other adjustments</i>	€m	-11.4	-38.0	-7.9	
Adjusted EBITDA margin		47.1%	47.9%	46.5%	
Net Profit / Loss for the Period					
Net Profit / Loss for the Period	€m	247	-68	239	
Total Capex (incl. Alpha)					
Total Capex (incl. Alpha)	€m	472	575	703	22.3%
Capex to sales ratio					
Capex to sales ratio		25.8%	30.3%	34.8%	
Adjusted EBITDA - Capex (OpFCF)⁽¹²⁾					
Adjusted EBITDA - Capex (OpFCF) ⁽¹²⁾	€m	390	335	236	-29.4%
OpFCF margin					
OpFCF margin		21.3%	17.6%	11.7%	

Highlights for the fourth quarter ended March 31, 2015:

- The Internet RGU base increased by 123 thousand net additions quarter on quarter
- Premium TV RGUs increased by 46 thousand net additions quarter on quarter
- Revenue increased by 7.1% to €517 million from €483 million in the fourth quarter of the previous year
- EBITDA grew by 1.8% to €234 million with an EBITDA margin of 45.2%
- The Company spent 33.2% of revenues or €171 million on regular Capex and €31 million on program Alpha
- The Company posted a net profit of €52 million for the fourth quarter ended March 31, 2015 (versus a net loss of €1 million in the same period last fiscal year), representing earnings per share of €0.59 (versus minus €0.01 last year)

Operational Performance

In fiscal year 2014/15, Kabel Deutschland stepped up growth in its Internet business by adding 450 thousand RGUs year on year (up from 349 thousand in the previous fiscal year). This includes managed migrations from Vodafone DSL of approximately 77 thousand. The Company reports a total Internet RGU base of 2,628 thousand as of March 31, 2015. The total blended Internet & Phone ARPU amounted to €26.90, which fell slightly from €27.50 in the previous fiscal year primarily as a consequence of declining call minutes affecting the variable element.

In Premium TV, Kabel Deutschland recorded 224 thousand RGU net additions during fiscal year 2014/15. Both Pay TV and DVRs contributed to the increasing overall RGU base, which reached 2,526 thousand as of March 31, 2015. HD Private⁽¹³⁾ increased to 2,071 thousand activated smartcards (versus 1,714 thousand one year earlier). As a result of a better subscriber mix and growing Premium TV penetration, the total blended TV ARPU per subscriber improved to €11.07 from €10.77 for fiscal year 2013/14.

Kabel Deutschland's direct subscriber base expanded to 7.7 million (growth of 95 thousand net adds year on year) out of a total of 8.3 million unique subscribers. The overall RGU base increased by 874 thousand or 5.9% from the previous year to 15.8 million at the end of March 2015. Due to the increasing penetration of our growth business activities, the RGU per subscriber ratio climbed to 1.90 (1.79 one year ago) and the total blended ARPU per subscriber increased to €18.34, up by €1.23 or 7.2% year on year.

Financial Results

Kabel Deutschland achieved revenue growth of 6.3% year on year to €2,021 million. TV Business revenue increased by 0.7% to €1,173 million while Internet & Phone Business revenue grew strongly by 15.3% to €848 million.

EBITDA amounted to €939 million compared to €910 million one year earlier (up 3.3%) with an EBITDA margin of 46.5% (47.9% in fiscal year 2013/14).

To support network enhancements and subscriber growth the Company spent €703 million on Capex with €571 million or 28.3% of revenues on regular Capex and €132 million or 6.5% on program Alpha. €385 million or 67% of the regular Capex was success-based.

Kabel Deutschland generated €236 million of operating free cash flow, which translates into an operating free cash flow margin of 11.7%.

The Company posted a net profit of €239 million in the fiscal year just ended, representing earnings per share of €2.70 (net loss of €68 million and EPS of minus €0.77 in the last fiscal year).

Business Outlook

Based on further expanding its Internet & Phone customer base as well as upselling its Premium TV products with a strong foundation in the TV distribution market, Kabel Deutschland is well positioned to achieve continued growth. The Management Board of Kabel Deutschland announces the following guidance for the current fiscal year 2015/16:

- Mid to high single-digit revenue growth compared to fiscal year 2014/15
- Mid to high single-digit adjusted EBITDA growth compared to fiscal year 2014/15 (applying same adjustment items as in previous years)
- Adjusted EBITDA minus Capex to increase to over €300 million (from €236 million in fiscal year 2014/15)
- Shareholder remuneration will be independent of operating performance as a consequence of the domination and profit and loss transfer agreement, which provides for a recurring compensation payment per share of €3.77 gross (€3.17 net based on current taxation), payable for the first time after the Annual General Meeting in 2015.

Recent Developments

- On February 4, 2015, Kabel Deutschland announced a change in product names for its Internet & Phone and TV product portfolio to harmonize it with that of Vodafone Deutschland. This also entailed a marginal increase in pricing by €0.09 for most products.
- On March 20, 2015, Kabel Deutschland Holding AG held the extraordinary general meeting requested by Cornwall 2 GmbH & Co. KG. The agenda items were rejected by 79.4% of the votes cast.

Additional Information

The full financial report for the fiscal year 2014/15 ending March 31, 2015 is available for download on the website at www.kabeldeutschland.com. This financial report includes, amongst others, the consolidated statement of financial position as of March 31, 2015 and March 31, 2014, the consolidated statement of income for the period from April 1, 2014 to March 31, 2015 (and the respective prior year period) and the consolidated statement of cash flows for the period from April 1, 2014 to March 31, 2015 (and the respective prior year period).

Kabel Deutschland will host a conference call this afternoon at 4.00 pm CET for capital market participants. Please refer to www.kabeldeutschland.com for further information.

The financials for Kabel Deutschland Holding AG's first quarter of the current fiscal year ending on March 31, 2016 will be released on August 6, 2015.

About Kabel Deutschland – A Vodafone Company

The Vodafone Company Kabel Deutschland ('KD'), Germany's largest cable operator, offers its customers high definition (HD), digital (SD) and analog TV, Pay TV and DVR offerings, Video on Demand, broadband Internet (up to 200 Mbit/s), WiFi services and fixed-line Phone services via cable. Kabel Deutschland also distributes mobile services. Situated in Unterfoehring near Munich, the publicly listed company (MDAX, MSCI Europe, Stoxx 600 Europe) operates cable networks in 13 German federal states and supplies its services to approximately 8.3 million connected households. As of March 31, 2015, Kabel Deutschland had approximately 3,900 employees. For the fiscal year ended March 31, 2015, Kabel Deutschland reported revenues of €2,021 million and an Adjusted EBITDA of €939 million.

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

This Investor Relations release may contain forward-looking statements. 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. Although we believe that such forward-looking statements are reasonable, we cannot assure you that any forward-looking statements will prove to be correct. Such forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this Investor Relations release may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on the forward-looking statements.

This Investor Relations release may contain references to certain non-GAAP financial measures, such as Adjusted EBITDA and Capex, and operating measures, such as RGUs, ARPU, Unique subscribers pro forma calculation. These supplemental financial and operating measures should not be viewed in

isolation as alternatives to measures of Kabel Deutschland's financial condition, results of operations or cash flows as presented in accordance with IFRS in its Consolidated Financial Statements. The non-GAAP financial and operating measures used by Kabel Deutschland may differ from, and not be comparable to, similarly titled measures used by other companies. For further information please see in particular the footnotes in this Investor Relations release and the financial statements.

We disclaim any obligation to publicly update or revise any forward-looking statements or other information contained in this Investor Relations release. It is pointed out that the present Investor Relations release may be incomplete or condensed, and it may not contain all material information concerning Kabel Deutschland Holding AG or the Kabel Deutschland Group.

Kabel Deutschland Holding AG, Unterfoehring
Network data, Subscribers, Revenue Generating Units and ARPUs

	March 31, 2014	December 31, 2014	March 31, 2015	qoq change	qoq change %	yoy change	yoy change %
Network (in thousands)							
Homes Passed	15,233	15,269	15,246	-23	-0.2%	13	0.1%
Homes Passed upgraded for two-way communication	14,198	14,530	14,645	115	0.8%	447	3.1%
<i>Upgraded homes as % of Homes Passed</i>		95.2%	96.1%				
Homes upgraded for two-way communication being marketed ⁽¹⁴⁾	11,789	11,987	12,062	75	0.6%	273	2.3%
Subscribers (in thousands)							
Direct Basic Cable subscribers	7,134	7,114	7,115	1	0.0%	-19	-0.3%
Internet & Phone 'Solo' subscribers	463	541	576	35	6.5%	113	24.4%
Total direct subscribers	7,597	7,655	7,692	37	0.5%	95	1.3%
Indirect Basic Cable subscribers	747	690	616	-74	-10.7%	-131	-17.5%
Total unique subscribers (homes connected)	8,344	8,345	8,308	-37	-0.4%	-36	-0.4%
<i>Thereof Internet & Phone subscribers</i>	2,271	2,579	2,697	118	4.6%	426	18.8%
RGUs (in thousands)							
Premium TV	2,302	2,480	2,526	46	1.9%	224	9.7%
<i>Thereof Pay TV</i>	1,365	1,417	1,424	7	0.5%	59	4.3%
<i>Thereof DVR</i>	938	1,063	1,102	39	3.7%	164	17.5%
Internet	2,178	2,505	2,628	123	4.9%	450	20.7%
Phone	2,131	2,428	2,547	119	4.9%	416	19.5%
Subtotal Growth Business	6,611	7,412	7,701	289	3.9%	1,090	16.5%
<i>In % of total RGUs</i>	44.3%	47.5%	48.8%				
Basic Cable	8,301	8,176	8,087	-89	-1.1%	-214	-2.6%
Total RGUs	14,913	15,589	15,787	198	1.3%	874	5.9%
RGUs per subscriber (in units)	1.79	1.87	1.90	0.03	1.6%	0.11	6.1%
Penetration							
<i>Premium TV RGUs as % of total Basic Cable subscribers</i>	29.2%	31.8%	32.7%				
<i>Internet RGUs as % of total unique subscribers</i>	26.1%	30.0%	31.6%				
<i>Phone RGUs as % of total unique subscribers</i>	25.5%	29.1%	30.7%				
ARPU per Subscriber for the quarter ended (in €/month)							
Total blended TV ARPU	10.86	11.09	11.15	0.06	0.5%	0.29	2.7%
Total blended Internet & Phone ARPU	27.06	26.94	26.59	-0.35	-1.3%	-0.47	-1.7%
Total blended ARPU for the quarter	17.50	18.52	18.83	0.31	1.7%	1.33	7.6%
ARPU per Subscriber for the fiscal year (in €/month)							
Total blended TV ARPU	10.77		11.07			0.30	2.8%
Total blended Internet and Phone ARPU	27.50		26.90			-0.60	-2.2%
Total blended ARPU for the fiscal year	17.11		18.34			1.23	7.2%

Footnotes

- (1) **RGU** (revenue generating unit) relates to sources of revenue, which may not always be the same as subscriber numbers. For example, one subscriber may subscribe to two different services, in which case two RGUs would be assigned to that one subscriber.
- (2) **Premium TV** consists of RGUs for our Pay TV products (Vielfalt HD and TV International) as well as our DVR products TV Komfort HD and TV Komfort Vielfalt HD.
- (3) **Total blended ARPU per subscriber** is calculated by dividing recurring TV and Internet and Phone subscription revenue including usage dependent fees (excluding installation fees and other non-recurring revenue) generated in the relevant period in the TV Business and Internet and Phone Business segments by the sum of the monthly average number of total unique subscribers in that period.
- (4) **EBITDA** consists of profit from ordinary activities before depreciation and amortization. We calculate 'Adjusted EBITDA' as profit from ordinary activities before depreciation and amortization, expenses related to share-based payment programs, expenses related to takeover and changes in norms, expenses related to restructuring / legal reorganization, and expenses/income related to restructuring of the network infrastructure.
- (5) **EBITDA margin** is a calculation of Adjusted EBITDA as a percentage of total revenues.
- (6) **Capital expenditure (Capex)** consists of cash paid for investments in intangible assets as well as property and equipment and does not include cash paid for acquisitions.
- (7) **Internet & Phone 'Solo' subscribers** are non-Basic Cable service customers subscribing to Internet and / or Phone services only.
- (8) **Growth Business** consists of Premium TV as well as Internet & Phone.
- (9) **Basic Cable RGUs:** The difference between the number of Basic Cable subscribers and Basic Cable RGUs is due to the additional digital product component, 'Kabel Digital'. Until the end of fiscal year 2012/13, it was sold directly to the end customer in addition to the analog Basic Cable service, which is provided and billed via a housing association. A customer subscribing to the Kabel Digital product is counted as one Basic Cable subscriber (analog service via a housing association) and two Basic Cable RGUs (analog service via a housing association and digital service via a direct contract with the end customer).
- (10) **Total blended TV ARPU per subscriber** is calculated by dividing the subscription revenue (excluding installation fees and other non-recurring revenue) generated for a specified period from our TV Business products by the sum of the monthly average number of total Basic Cable subscribers in that period.
- (11) **Total blended Internet & Phone ARPU per subscriber** is calculated by dividing the Internet and Phone subscription revenue including usage dependent fees (excluding installation fees and other non-recurring revenue) generated in the relevant period by the sum of the monthly average number of Internet and Phone subscribers of these products in that period.
- (12) **Operating free cash flow:** Adjusted EBITDA less Capex.
- (13) **HD Private** is not counted as RGU.
- (14) **Homes upgraded for two-way communication being marketed** are those homes to which we currently sell our Internet and / or Phone products.