



Kabel Deutschland
Ein Vodafone Unternehmen.

INVESTOR RELATIONS RELEASE

Kabel Deutschland reports 7.3% revenue growth for the second quarter

Unterfoehring, November 9, 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 second quarter and six months ended September 30, 2015 of fiscal year 2015/16 ending March 31, 2016.

Highlights for the second quarter ended September 30, 2015:

- Internet RGUs⁽¹⁾ grew by 98 thousand in the quarter. The Company now reports 2.8 million Internet RGUs.
- Premium TV⁽²⁾ RGUs increased by 38 thousand net adds quarter on quarter to a total of 2.6 million Pay TV and DVR RGUs
- Total blended ARPU per subscriber⁽³⁾ for the quarter reached €19.59 – up by €1.43 or 7.9% on the prior year's second quarter
- Revenue grew by 7.3% year on year to €536 million
- Adjusted EBITDA (EBITDA)⁽⁴⁾ increased by 8.1% year on year to €263 million with an EBITDA margin⁽⁵⁾ of 49.1%
- The Company spent 26.3% of revenues or €141 million on regular Capex⁽⁶⁾, and €16 million on program Alpha. Operating free cash flow (EBITDA-Capex) amounted to €106 million
- The Company posted a net profit of €81 million or €0.91 per share (versus a net profit of €67 million or €0.75 per share in the second quarter of last year)

The following table summarizes the key performance indicators for the second quarter of fiscal year 2015/16 in comparison with previous years.

Kabel Deutschland Holding AG Summary Table

<i>As of</i>	<i>Unit</i>	September 30, 2013	September 30, 2014	September 30, 2015	<i>yoy change</i>
Subscribers					
Direct Basic Cable subscribers	# '000	7,165	7,111	7,101	-0.1%
Internet & Phone 'Solo' subscribers ⁽⁷⁾	# '000	421	510	634	24.3%
Total direct subscribers	# '000	7,586	7,621	7,735	1.5%
Indirect Basic Cable subscribers	# '000	805	708	610	-13.8%
Total unique subscribers (homes connected)	# '000	8,391	8,329	8,345	0.2%
<i>Thereof subscribers taking Internet & Phone services</i>	# '000	2,097	2,449	2,889	18.0%
RGUs					
Premium TV	# '000	2,149	2,425	2,602	7.3%
<i>Thereof Pay TV</i>	# '000	1,306	1,402	1,431	2.1%
<i>Thereof DVR</i>	# '000	843	1,023	1,171	14.5%
Internet	# '000	1,995	2,369	2,828	19.4%
Phone	# '000	1,970	2,302	2,743	19.2%
Subtotal Growth Business⁽⁸⁾	# '000	6,114	7,096	8,174	15.2%
Basic Cable ⁽⁹⁾	# '000	8,440	8,210	8,041	-2.1%
Total RGUs	# '000	14,554	15,306	16,216	5.9%
<i>RGUs per subscriber</i>		1.73	1.84	1.94	5.4%
For the period					
	<i>Unit</i>	Q2 FY 2013/14	Q2 FY 2014/15	Q2 FY 2015/16	<i>yoy change</i>
ARPU per subscriber					
Total blended TV ARPU ⁽¹⁰⁾	€	10.72	11.05	11.23	1.6%
Total blended Internet & Phone ARPU ⁽¹¹⁾	€	27.64	26.99	26.99	0.0%
Total blended ARPU	€	16.95	18.16	19.59	7.9%
Revenue					
TV Business revenue	€m	290	294	294	0.1%
Internet and Phone Business revenue	€m	181	206	242	17.6%
Total Revenue	€m	471	500	536	7.3%
Adjusted EBITDA					
Adjusted EBITDA	€m	232	244	263	8.1%
<i>Thereof adjustments for share-based payment expenses</i>	€m	11	3	2	
<i>Thereof other adjustments</i>	€m	26	0	0	
Adjusted EBITDA margin		49.3%	48.8%	49.1%	
Net Profit / (Loss) for the Period	€m	(129)	67	81	20.8%
Total Capex (incl. Alpha)	€m	129	176	158	-10.3%
Capex to sales ratio		27.5%	35.2%	29.4%	
Adjusted EBITDA - Capex (OpFCF)⁽¹²⁾	€m	103	68	106	55.7%
OpFCF margin		21.8%	13.6%	19.7%	

Highlights for the six months ended September 30, 2015:

- Revenue increased by 7.2% to €1,062 million from €991 million in the first six months of the previous year
- EBITDA grew by 7.4% to €504 million with an EBITDA margin of 47.5%
- Regular Capex increased to €257 million (versus €252 million in the previous year's first six months). In addition, the Company spent €28 million on program Alpha, overall representing a Capex to sales ratio of 26.8% in H1 (versus 32.0% in H1 of last fiscal year)
- Operating free cash flow amounted to €219 million (previous year: €153 million)
- The Company posted a net profit of €147 million for the six months ended September 30, 2015 (versus a net profit of €114 million in the same period last fiscal year), representing an EPS of €1.66 (versus €1.29 last fiscal year)

Operational Performance

In the second quarter of fiscal year 2015/16, Kabel Deutschland added 98 thousand net additions in the quarter in its Internet business. This includes managed migrations from Vodafone DSL of approximately 22 thousand. Over the last twelve months, the Company added 459 thousand Internet RGUs and reports a total RGU base of 2,828 thousand as of September 30, 2015. The total blended Internet & Phone ARPU increased by €0.19 versus the first quarter and amounted to €26.99.

In Premium TV, Kabel Deutschland recorded 38 thousand RGU net additions in the second quarter of fiscal year 2015/16, reaching 2,602 thousand as of September 30, 2015. HD Private⁽¹³⁾ increased to 2,188 thousand activated smartcards (versus 1,902 thousand one year earlier). As a result of a better product mix and growing Premium TV penetration, the total blended TV ARPU per subscriber improved to €11.23 in the second quarter.

Kabel Deutschland's direct subscriber base expanded to 7.7 million (114 thousand net adds year on year) out of a total of 8.3 million unique subscribers. The overall RGU base increased by 910 thousand or 5.9% from the previous year to 16.2 million at the end of September 2015. Due to the increasing penetration of our growth business activities, the RGU per subscriber ratio climbed to 1.94 (1.84 one year ago) and the total blended ARPU per subscriber increased to €19.59, up by €1.43 or 7.9% year on year.

Financial Results for second quarter ended September 30, 2015

Kabel Deutschland achieved revenue growth of 7.3% year on year to €536 million. TV Business revenue increased by 0.1% to €294 million while Internet & Phone Business revenue grew strongly by 17.6% to €242 million.

EBITDA for the second quarter amounted to €263 million compared to €244 million one year earlier (up 8.1%) with an EBITDA margin of 49.1% (48.8% in the second quarter of fiscal year 2014/15).

To support subscriber growth and network enhancements the Company spent €158 million on Capex with €141 million or 26.3% of revenues on regular Capex and €16 million or 3.1% on program Alpha. €97 million or 69% of the regular Capex was success-based.

Kabel Deutschland generated €106 million of operating free cash flow, which translates into an operating free cash flow margin of 19.7%.

The Company posted a net profit of €81 million, representing earnings per share of €0.91 (net profit of €67 million and EPS of €0.75 in the second quarter of 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 announced the following guidance for the current fiscal year 2015/16 on May 18, 2015:

- 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), paid for the first time after the Annual General Meeting in October 2015.

Recent Developments

- On July 31, 2015, Kabel Deutschland reduced the available committed revolving term loan from Vodafone Investments from €300 million to €200 million.
- On September 2, 2015, the Vodafone brand replaced the Kabel Deutschland brand in the retail business.
- On September 3, 2015, Kabel Deutschland announced that it had received an instruction from the controlling company, Vodafone Vierte Verwaltungs AG, to file an application with the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) for revocation of admission of the shares of the Company to trading on the regulated market as well as to trading on the segment of the regulated market with additional post-admission obligations (Prime Standard) – so-called delisting. The Frankfurt Stock Exchange announced on October 1, 2015, that this revocation becomes effective at the end of April 1, 2016.
- On October 6, 2015, Kabel Deutschland announced that its Chief Marketing Officer, Erik Adams, left the company effective October 31, 2015. From November 1, 2015, the Management Board of the Company was reduced to three positions.
- On October 28, 2015, the Annual General Meeting of Kabel Deutschland Holding AG elected Ingrid Haas (Vodafone Deutschland) and Dr. Christoph Clément (Vodafone Deutschland) as new members of the Supervisory Board.

Additional Information

The full financial report for the first half and second quarter ended September 30, 2015 of fiscal year 2015/16 ending March 31, 2016 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 September 30, 2015 and March 31, 2015, the consolidated statement of income for the periods from April 1, 2015, and July 1 to September 30, 2015 (and the respective prior year periods) and the consolidated statement of cash flows for the period from April 1, 2015 to September 30, 2015 (and the respective prior year period).

The financials for Kabel Deutschland Holding AG's nine months and third quarter of the current fiscal year ending March 31, 2016 will be released on February 12, 2016.

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) 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. Kabel Deutschland reports its financials applying the accounting policies as defined in its annual report and quarterly reports, which differ in certain respects from the accounting policies of Vodafone Group Plc.

Contact:

Kabel Deutschland Holding AG
Investor Relations
Betastrasse 6-8
85774 Unterfoehring
Germany

Michael Frank: +49 89 / 960 10 - 142; michael.frank@kabeldeutschland.de

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

	Sept 30, 2014	June 30, 2015	Sept 30, 2015	qoq change	qoq change %	yoy change	yoy change %
Network (in thousands)							
Homes Passed	15,256	15,266	15,265	-1	0.0%	9	0.1%
Homes Passed upgraded for two-way communication	14,410	14,708	14,741	33	0.2%	331	2.3%
<i>Upgraded homes as % of Homes Passed</i>	94.5%	96.3%	96.6%				
Homes upgraded for two-way communication being marketed ⁽¹⁴⁾	11,914	12,067	12,112	45	0.4%	198	1.7%
Subscribers (in thousands)							
Direct Basic Cable subscribers	7,111	7,113	7,101	-12	-0.2%	-10	-0.1%
Internet & Phone 'Solo' subscribers	510	606	634	28	4.6%	124	24.3%
Total direct subscribers	7,621	7,719	7,735	16	0.2%	114	1.5%
Indirect Basic Cable subscribers	708	613	610	-3	-0.5%	-98	-13.8%
Total unique subscribers (homes connected)	8,329	8,331	8,345	14	0.2%	16	0.2%
<i>Thereof Internet & Phone subscribers</i>	<i>2,449</i>	<i>2,793</i>	<i>2,889</i>	<i>96</i>	<i>3.4%</i>	<i>440</i>	<i>18.0%</i>
RGUs (in thousands)							
Premium TV	2,425	2,564	2,602	38	1.5%	177	7.3%
<i>Thereof Pay TV</i>	<i>1,402</i>	<i>1,425</i>	<i>1,431</i>	<i>6</i>	<i>0.4%</i>	<i>29</i>	<i>2.1%</i>
<i>Thereof DVR</i>	<i>1,023</i>	<i>1,139</i>	<i>1,171</i>	<i>32</i>	<i>2.8%</i>	<i>148</i>	<i>14.5%</i>
Internet	2,369	2,730	2,828	98	3.6%	459	19.4%
Phone	2,302	2,646	2,743	97	3.7%	441	19.2%
Subtotal Growth Business	7,096	7,939	8,174	235	3.0%	1,078	15.2%
<i>In % of total RGUs</i>	<i>46.4%</i>	<i>49.6%</i>	<i>50.4%</i>				
Basic Cable	8,210	8,068	8,041	-27	-0.3%	-169	-2.1%
Total RGUs	15,306	16,007	16,216	209	1.3%	910	5.9%
RGUs per subscriber (in units)	1.84	1.92	1.94	0.02	1.0%	0.10	5.4%
Market Penetration							
<i>Premium TV RGUs as % of total Basic Cable subscribers</i>	<i>31.0%</i>	<i>33.2%</i>	<i>33.8%</i>				
<i>Internet RGUs as % of total unique subscribers</i>	<i>28.4%</i>	<i>32.8%</i>	<i>33.9%</i>				
<i>Phone RGUs as % of total unique subscribers</i>	<i>27.6%</i>	<i>31.8%</i>	<i>32.9%</i>				
ARPU per subscriber for the quarter ended (in €/month)							
Total blended TV ARPU	11.05	11.20	11.23	0.03	0.3%	0.18	1.6%
Total blended Internet & Phone ARPU	26.99	26.80	26.99	0.19	0.7%	0.00	0.0%
Total blended ARPU for the quarter	18.16	19.25	19.59	0.34	1.8%	1.43	7.9%

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 changes in norms, and expenses/income related to restructuring.
- (5) **EBITDA margin** is a calculation of Adjusted EBITDA as a percentage of total revenue.
- (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 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 (OpFCF):** 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.