



Presentation Q2/H1 FY 2015/16

Ended September 30, 2015

Unterfoehring, November 9, 2015



Kabel Deutschland
Ein Vodafone Unternehmen.

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All figures in this presentation are calculated based on exact numbers and results are rounded to appropriate accuracy.

Agenda: Q2/H1 FY 2015/16 presentation

1 Highlights

2 Appendix

Q2 FY 2015/16 highlights

FINANCIAL PERFORMANCE

- Revenue increased by 7.3% yoy to €536m
 - Adjusted EBITDA up 8.1% yoy to €263m (49.1% margin)
 - Total capex (incl. Alpha) of €158m, thereof regular capex of €141m (26.3% of revenue)
 - Net income of €81m
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MARKET PERFORMANCE

- 98k Internet RGU net adds qoq; 459k in last 12 months
 - ~22k Internet RGU net adds from managed migrations from Vodafone DSL
 - 38k Premium TV net adds qoq
 - Direct subscriber base at 7.7m
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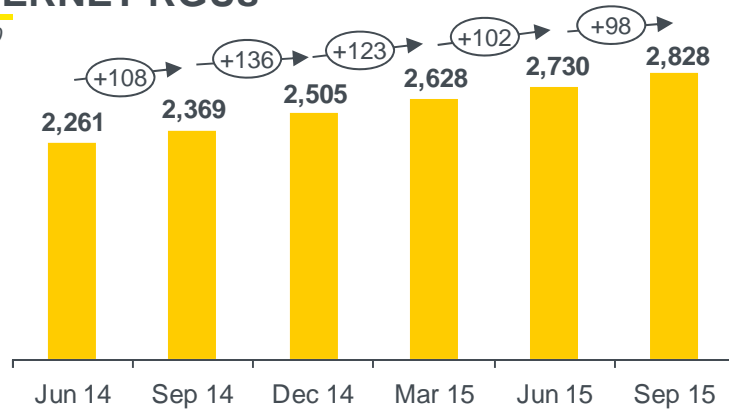
INTEGRATION WITH VODAFONE

- Regulations of domination and profit and loss transfer agreement effective since April 1, 2014
 - Operational focus of integration with Vodafone on cross selling and network
 - Vodafone brand replaced Kabel Deutschland brand in consumer retail business in Sept. 2015
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Growth in broadband

INTERNET RGUs

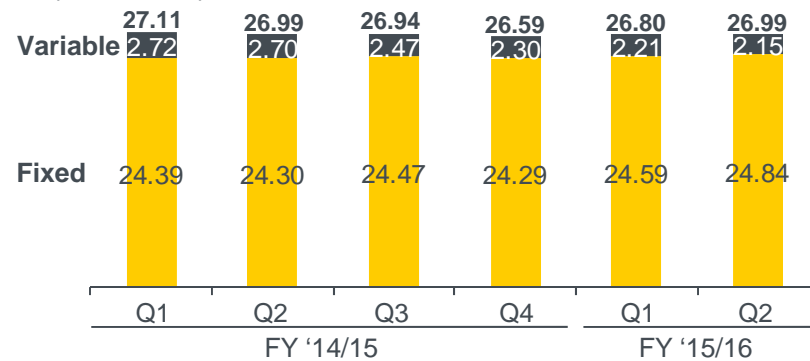
in '000



- 98k Internet RGU net adds in Q2 include ~22k net adds from managed migrations from Vodafone DSL
- LTM runrate of 459k net adds

BLENDED MONTHLY I&P ARPU

in € per subscriber per month

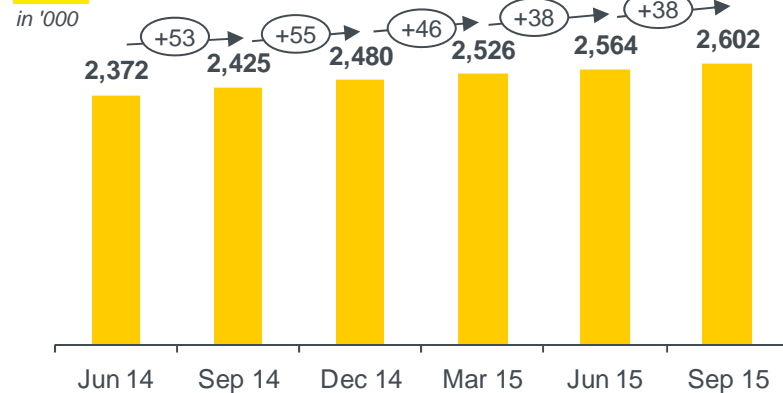


- Increase in ARPU by €0.19 qoq, stable yoy
- Fixed ARPU component up by €0.25 qoq
- Pressure on variable ARPU due to continued decline in call minutes



Premium TV performance

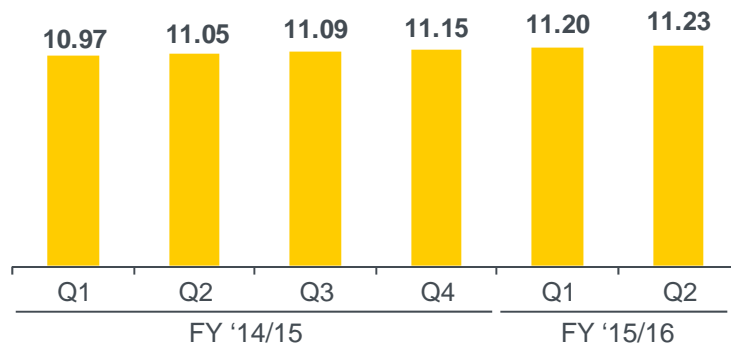
PREMIUM TV RGUs



- 38k Premium TV RGU net additions in Q2, thereof 32k DVR and 6k Pay TV

BLENDED MONTHLY TV ARPU

in € per subscriber per month

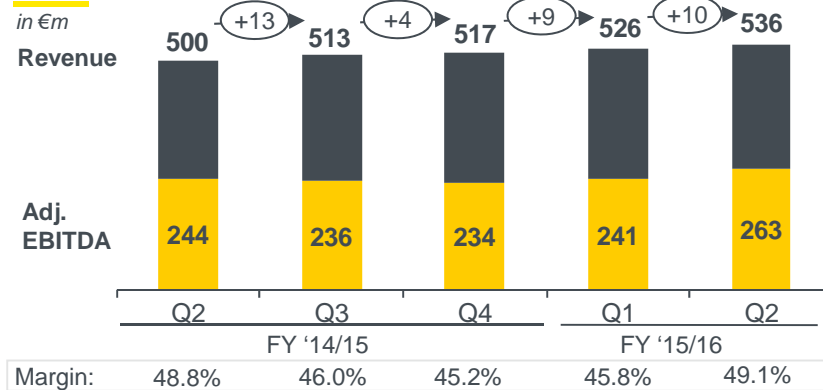


- Increase of blended TV ARPU in Q2 by €0.03 qoq and €0.18 yoy due to continued upsell of Premium TV



Revenue and adj. EBITDA growth

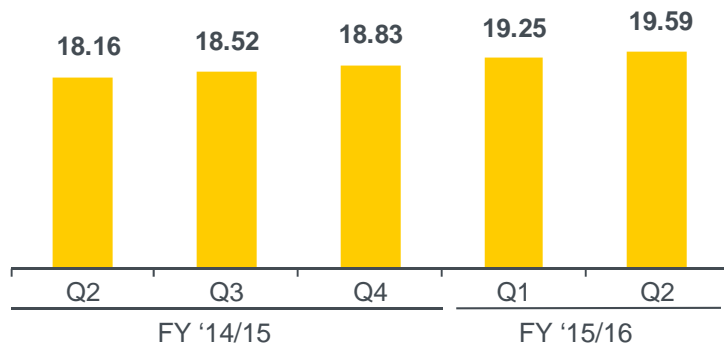
QUARTERLY REVENUE AND ADJ. EBITDA



- Q2 revenue increased by 7.3% yoy
 - TV revenue up 0.1% yoy to €294m
 - Internet & Phone revenue up 17.6% yoy to €242m
- Adj. EBITDA margin of 49.1%

TOTAL BLENDED MONTHLY ARPU

in € per subscriber per month



- Continued total blended monthly ARPU expansion (+€0.34 qoq; +€1.43 yoy) driven by upsell of Internet & Phone and Premium TV products

Cost development driven by investment in growth

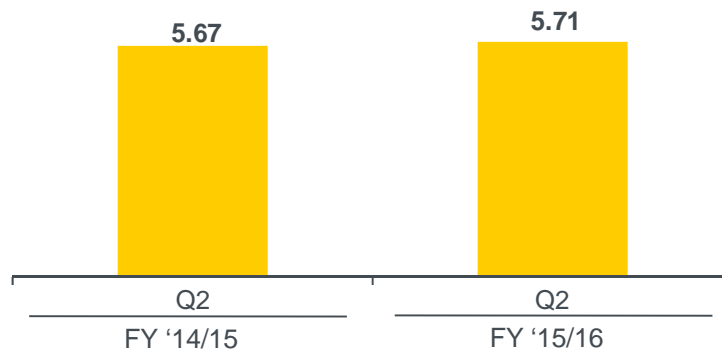
OPERATING EXPENSES (W/O D&A)

in €m	Q2			
	FY '14/15	FY '15/16	yoy	%yoy
Cost of Services rendered ¹	129	138	8.6	6.7%
<i>thereof DTAG SLAs</i>	31	38	6.6	21.1%
Selling Expenses ¹	64	68	3.9	6.0%
G&A Expenses ¹	11	12	1.3	11.8%
Personnel Expenses ²	54	58	3.8	7.0%
Total Adjusted Expenses	258	276	17.5	6.8%
<i>% of revenues</i>	<i>52%</i>	<i>51%</i>		
Adjustments ³	3	1	(1.6)	(54.1%)
Total Expenses	261	277	15.9	6.1%

- Total adjusted expenses up 6.8% yoy
- Cost of services rendered include only €6m DTAG SLA reimbursement (prior year €11m)
- Increase in selling expenses primarily driven by subscriber growth
- Adjustments in Q2 FY 2015/16 include share-based payment expenses (€2m)

ADJ. COSTS PER RGU

in € per month



¹ Excluding personnel expenses and adjustments – see footnote 3

² Excluding adjustments – see footnote 3

³ Expenses related to share-based payment programs, changes in norms and expenses/income related to restructuring



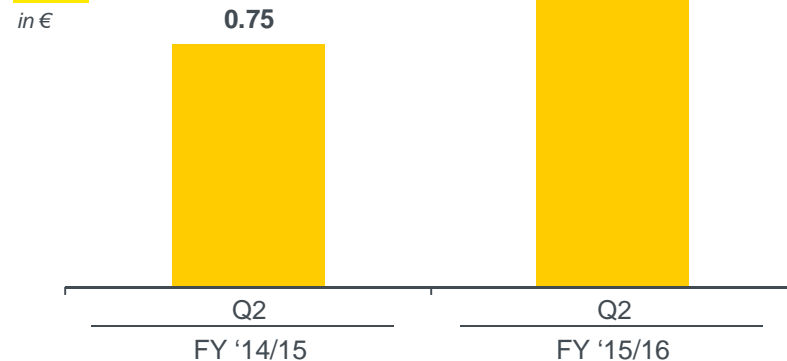
Net income and EPS increase

FROM ADJUSTED EBITDA TO NET INCOME

in €m	Q2		yoy
	FY '14/15	FY '15/16	
Adjusted EBITDA	244	263	20
<i>Margin</i>	48.8%	49.1%	
Adjustments	(3)	(1)	2
EBITDA	241	262	21
Depreciation & Amortization	(112)	(120)	(8)
EBIT	129	142	14
Net Financial Result	(28)	(24)	4
EBT	101	118	17
Tax (Expense)/Income	(34)	(38)	(4)
Net Income/(Loss)	67	81	14

- Net income of €81m (€0.91 per share)
- Increase in D&A primarily driven by capex for customer growth and Alpha program
- Net financial result reflects lower outstanding debt and reduced base rate

EPS

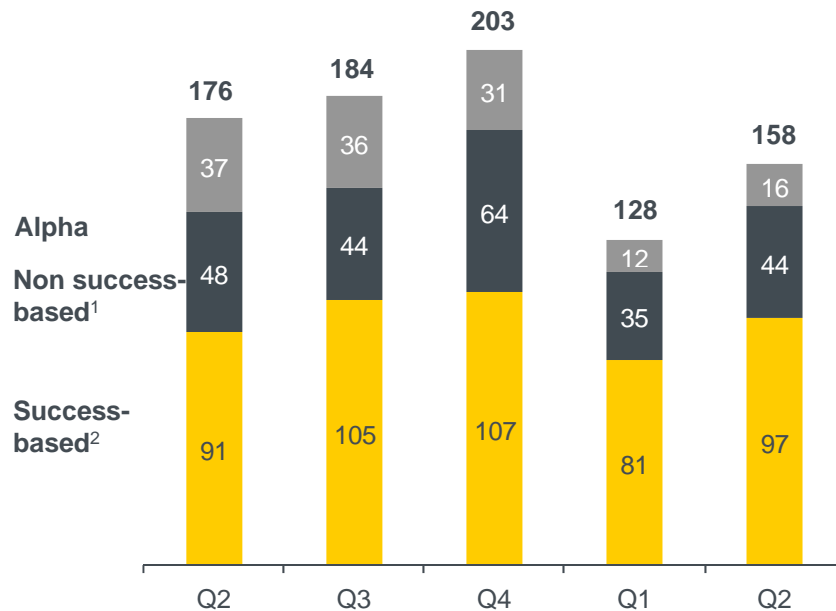


Based on 88.5m shares

Continued investment in growth and network

CAPEX

in €m



Capex/sales

Regular:	27.8%	28.9%	33.2%	22.0%	26.3%
'Alpha':	7.3%	7.0%	6.0%	2.3%	3.1%

¹ Core network and maintenance, IT

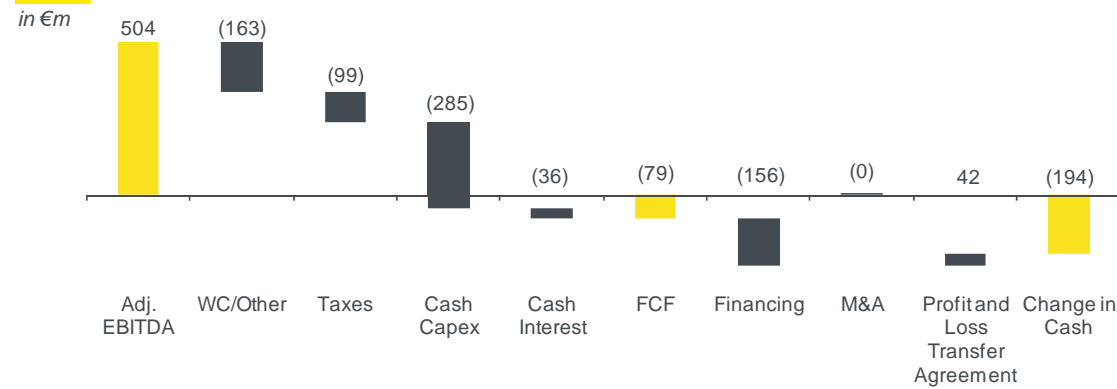
² CPE and installation, smartcards, Internet & Phone buildout, housing association upgrade, cost of acquisition, segmentation, CMTS, other

- €158m of total capex or 29.4% of revenue
- €141m of regular capex or 26.3% of revenue (69% success-based and 31% non success-based)
- Regular capex also includes various projects related to integration with Vodafone
- Alpha program will be completed during FY 2015/16 with a focus on fiber build-out



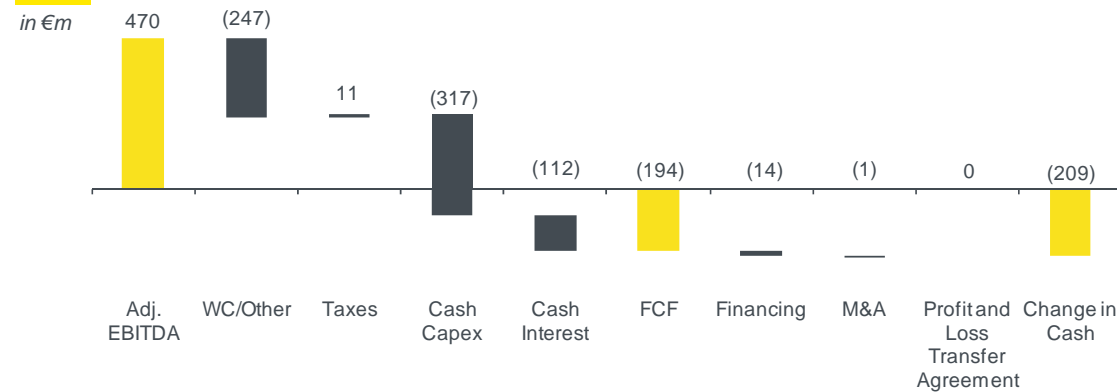
Cash Flow

H1 FY 2015/16



- Change in cash: outflow of €194m
- Financing includes optional debt redemption
- Includes €42m loss absorption by Vodafone based on profit and loss transfer agreement

H1 FY 2014/15



Guidance for FY 2015/16

REVENUE

- Mid to high single-digit revenue growth vs. FY 2014/15
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ADJ. EBITDA

- Mid to high single-digit adj. EBITDA growth vs. FY 2014/15
-
-

ADJ. EBITDA- CAPEX

- Increase to >€300m
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SHAREHOLDER REMUNERATION

- Will be independent of operating performance as a consequence of domination and profit and loss transfer agreement ('DPL')
 - DPL provides for recurring compensation payment per share of €3.77 gross (€3.17 net based on current taxation) paid for the first time after the AGM in October 2015
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Agenda: Q2/H1 FY 2015/16 presentation

1 Highlights

2 Appendix

Network data, subscribers and RGUs

Network data, subscribers and RGUs

(in thousand unless otherwise stated)	12 months ended							3 months ended				3 months ended				3 months ended	
	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Network data																	
Homes passed ⁽¹⁾	15,293	15,293	15,293	15,293	15,293	15,233	15,246	15,293	15,160	15,189	15,233	15,248	15,256	15,269	15,246	15,266	15,265
thereof homes upgraded ⁽¹⁾	12,008	12,116	12,608	12,682	13,334	14,198	14,645	13,452	13,859	14,033	14,198	14,294	14,410	14,530	14,645	14,708	14,741
% upgraded	78.5%	79.2%	82.4%	82.9%	87.2%	93.2%	96.1%	88.0%	91.4%	92.4%	93.2%	93.7%	94.5%	95.2%	96.1%	96.3%	96.6%
thereof homes being marketed	8,580	9,520	10,496	10,632	11,220	11,789	12,062	11,358	11,566	11,659	11,789	11,880	11,914	11,987	12,062	12,067	12,112
Subscribers																	
Direct Basic Cable subscribers	7,397	7,307	7,299	7,232	7,194	7,134	7,115	7,179	7,165	7,149	7,134	7,116	7,111	7,114	7,115	7,113	7,101
Internet and Phone "Solo" subscribers ⁽²⁾	110	186	241	304	382	463	576	402	421	441	463	482	510	541	576	606	634
Total direct subscribers	7,507	7,493	7,540	7,536	7,576	7,597	7,692	7,581	7,586	7,590	7,597	7,598	7,621	7,655	7,692	7,719	7,735
Indirect Basic Cable subscribers	1,616	1,428	1,205	1,009	897	747	616	822	805	798	747	729	708	690	616	613	610
Total subscribers	9,123	8,920	8,745	8,545	8,473	8,344	8,308	8,403	8,391	8,389	8,344	8,327	8,329	8,345	8,308	8,331	8,345
Subscribers taking Internet and Phone services	838	1,131	1,382	1,634	1,942	2,271	2,697	2,013	2,097	2,185	2,271	2,347	2,449	2,579	2,697	2,793	2,889
RGUs⁽³⁾																	
Premium TV RGUs	963	1,073	1,264	1,680	2,070	2,302	2,526	2,094	2,149	2,235	2,302	2,372	2,425	2,480	2,526	2,564	2,602
thereof Pay TV	849	878	969	1,139	1,303	1,365	1,424	1,290	1,306	1,343	1,365	1,389	1,402	1,417	1,424	1,425	1,431
thereof DVR	113	195	295	540	767	938	1,102	804	843	892	938	983	1,023	1,063	1,102	1,139	1,171
Internet	737	999	1,260	1,518	1,829	2,178	2,628	1,906	1,995	2,088	2,178	2,261	2,369	2,505	2,628	2,730	2,828
Phone	738	1,038	1,296	1,549	1,831	2,131	2,547	1,895	1,970	2,050	2,131	2,204	2,302	2,428	2,547	2,646	2,743
Subtotal Growth Business	2,437	3,110	3,821	4,747	5,731	6,611	7,701	5,895	6,114	6,373	6,611	6,836	7,096	7,412	7,701	7,939	8,174
Basic Cable RGUs	9,254	9,009	8,878	8,702	8,617	8,301	8,087	8,498	8,440	8,392	8,301	8,251	8,210	8,176	8,087	8,068	8,041
Total RGUs	11,692	12,119	12,698	13,449	14,348	14,913	15,787	14,393	14,554	14,765	14,913	15,087	15,306	15,589	15,787	16,007	16,216
Total RGUs / subscriber	1.28	1.36	1.45	1.57	1.69	1.79	1.90	1.71	1.73	1.76	1.79	1.81	1.84	1.87	1.90	1.92	1.94

⁽¹⁾ Modified definition of 'homes passed': from Sept. 30, 2013 homes passed are defined as households currently or once connected to our network. The number of homes passed of prior periods has not been adjusted

⁽²⁾ Internet and Phone "Solo" subscribers: Non-Basic Cable service customers subscribing to Internet and/or Phone services only

⁽³⁾ 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



Revenue breakdown and capex

Revenue

(in €m unless otherwise stated)	12 months ended							3 months ended				3 months ended				3 months ended	
	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Revenue breakdown																	
TV Business	1,108	1,123	1,133	1,158	1,192	1,165	1,173	290	290	294	291	292	294	295	292	293	294
thereof subscription fees	991	994	988	995	1,018	1,031	1,040	257	257	259	258	259	260	260	260	260	260
thereof carriage fees and other revenue	117	129	145	164	173	134	133	33	33	34	34	33	34	35	32	33	33
Internet and Phone Business	262	378	466	541	638	735	848	174	181	188	191	199	206	218	224	233	242
thereof subscription fees	243	348	436	508	605	695	797	166	171	177	181	188	194	204	211	221	230
thereof installation fees and other non-recurring revenue	19	31	30	33	34	40	51	9	11	11	10	11	12	15	14	12	12
Total revenue	1,370	1,502	1,599	1,700	1,830	1,900	2,021	464	471	482	483	491	500	513	517	526	536
% growth	14.5%	9.6%	6.5%	6.3%	7.7%	3.8%	6.3%	4.6%	4.0%	3.7%	3.0%	5.8%	6.0%	6.5%	7.1%	7.1%	7.3%
Total blended monthly ARPU (€/ sub)⁽¹⁾	11.25	12.35	13.40	14.44	15.87	17.11	18.34	16.71	16.95	17.30	17.50	17.86	18.16	18.52	18.83	19.25	19.59
TV blended monthly ARPU (€/ sub)	9.10	9.30	9.52	9.86	10.37	10.77	11.07	10.66	10.72	10.83	10.86	10.97	11.05	11.09	11.15	11.20	11.23
Internet and Phone blended monthly ARPU (€/ sub)	31.52	28.99	29.15	28.24	28.27	27.50	26.90	27.85	27.64	27.51	27.06	27.11	26.99	26.94	26.59	26.80	26.99

Capex

(in €m unless otherwise stated)	12 months ended							3 months ended				3 months ended				3 months ended	
	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Success-based	255	233	215	275	312	319	385	72	75	87	85	82	91	105	107	81	97
Non success-based	118	94	122	116	161	155	186	23	35	37	61	30	48	44	64	35	44
'Alpha' capex						101	132	14	20	25	43	29	37	36	31	12	16
Total Capex	373	327	337	391	472	575	703	108	129	149	189	141	176	184	203	128	158
Capex to sales ratio	27.2%	21.8%	21.1%	23.0%	25.8%	30.3%	34.8%	23.3%	27.5%	30.9%	39.1%	28.7%	35.2%	35.9%	39.2%	24.2%	29.4%

⁽¹⁾ 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 & Phone Business segments by the sum of the monthly average number of total unique subscribers in that period.



Costs and expenses

Costs and expenses⁽¹⁾

(in €m unless otherwise stated)

	12 months ended							3 months ended				3 months ended				3 months ended	
	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Total revenue	1,370	1,502	1,599	1,700	1,830	1,900	2,021	464	471	482	483	491	500	513	517	526	536
Cost of services rendered	(426)	(462)	(473)	(496)	(530)	(530)	(559)	(134)	(127)	(135)	(134)	(141)	(129)	(143)	(146)	(145)	(138)
Cost of services rendered (excl. restructuring)	(426)	(462)	(462)	(496)	(530)	(528)	(562)	(134)	(127)	(135)	(131)	(141)	(129)	(146)	(146)	(145)	(138)
Other operating income	18	15	12	12	13	11	12	2	3	3	3	3	2	3	4	3	3
Personnel expenses (adjusted)	(168)	(167)	(180)	(177)	(197)	(215)	(229)	(53)	(52)	(52)	(57)	(58)	(54)	(59)	(57)	(61)	(58)
Personnel expenses (as reported)⁽²⁾	(195)	(173)	(199)	(200)	(264)	(280)	(248)	(87)	(64)	(66)	(64)	(60)	(57)	(60)	(70)	(63)	(60)
Selling expenses																	
Cost of materials and services	(23)	(24)	(32)	(32)	(36)	(27)	(28)	(7)	(6)	(7)	(7)	(6)	(7)	(7)	(8)	(6)	(7)
Other costs and expenses	(148)	(159)	(167)	(170)	(178)	(191)	(225)	(45)	(46)	(50)	(50)	(52)	(58)	(56)	(60)	(66)	(61)
Total selling expenses (as reported)	(171)	(183)	(199)	(203)	(214)	(218)	(253)	(52)	(52)	(57)	(57)	(58)	(64)	(63)	(68)	(72)	(68)
Selling expenses (excl. restructuring)				(203)	(213)	(218)	(253)	(52)	(52)	(57)	(57)	(58)	(64)	(63)	(68)	(72)	(68)
G&A expenses⁽³⁾	(53)	(44)	(41)	(40)	(41)	(41)	(50)	(10)	(10)	(11)	(11)	(11)	(11)	(12)	(16)	(10)	(12)
Total costs and expenses⁽⁴⁾	(818)	(857)	(882)	(916)	(980)	(1,002)	(1,093)	(250)	(242)	(254)	(256)	(268)	(258)	(280)	(287)	(288)	(276)
Adjusted EBITDA	571	659	729	795	862	910	939	217	232	231	230	226	244	236	234	241	263
% margin	41.6%	43.9%	45.6%	46.8%	47.1%	47.9%	46.5%	46.8%	49.3%	47.8%	47.6%	46.0%	48.8%	46.0%	45.2%	45.8%	49.1%
Share-based payment expenses	(2)	(9)	(17)	(20)	(64)	(62)	(9)	(33)	(11)	(12)	(6)	(2)	(3)	(2)	(3)	(3)	(2)
Restructuring expenses/legal reorganization	(29)	4	(2)	(6)	(4)	(0)	(11)	0	0	(0)	0	0	0	0	(11)	0	0
IPO related expenses	0	(3)	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring network infrastructure	0	0	(11)	0	0	(3)	3	0	0	0	(3)	0	0	3	0	0	0
Expenses related to acquisitions/takeover and changes in norms	0	0	0	0	(8)	(35)	(0)	(3)	(26)	(3)	(3)	0	(0)	0	0	0	0
Reported EBITDA	540	652	697	769	787	810	923	181	195	215	219	224	241	237	220	238	262

⁽¹⁾ Split of total expenses based on KD reporting. Personnel expenses as well as depreciation and amortization have been extracted out of cost of services rendered, total selling expenses and total general and administrative expenses to be grouped as separate line items

⁽²⁾ Including share-based payment expenses, expenses related to acquisitions/takeover and changes in norms and expenses related to restructuring/legal reorganization

⁽³⁾ Excluding restructuring/legal reorganization and IPO related expenses as well as expenses related to acquisitions/takeover and changes in norms

⁽⁴⁾ Adjusted for IPO, restructuring/legal reorganization items, expenses related to acquisitions/takeover and changes in norms as well as for expenses related to restructuring of network infrastructure and expenses related to share-based payments



Financial calendar & Investor Relations contact

- February 12, 2016 Q3/9M FY 2015/16
- May 25, 2016 Full Year FY 2015/16

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