



**Kabel Deutschland**  
Ein Vodafone Unternehmen.

## INVESTOR RELATIONS RELEASE

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# Kabel Deutschland shows continued growth with Internet & Phone

**Unterfoehring, February 12, 2016** – Kabel Deutschland Holding AG ('Kabel Deutschland', 'KDH' or 'the Company'), Germany's largest cable network operator, today released its consolidated financial results for the third quarter and nine months ended December 31, 2015 of fiscal year 2015/16 ending March 31, 2016.

### Highlights for the third quarter ended December 31, 2015:

- Internet RGUs<sup>(1)</sup> grew by 96 thousand in the quarter. The Company now reports 2.9 million Internet RGUs.
- Premium TV<sup>(2)</sup> RGUs increased by 46 thousand net adds quarter on quarter to a total of 2.6 million Pay TV and DVR RGUs
- Total blended ARPU per subscriber<sup>(3)</sup> for the quarter reached €19.93 – up by €1.41 or 7.6% on the prior year's third quarter
- Revenue grew by 6.8% year on year to €548 million
- Adjusted EBITDA<sup>(4)</sup> increased by 8.7% year on year to €257 million with an adjusted EBITDA margin<sup>(5)</sup> of 46.8%
- The Company spent 25.4% of revenues or €139 million on regular Capex<sup>(6)</sup>, and €10 million on program Alpha. Operating free cash flow (adjusted EBITDA-Capex) amounted to €107 million
- The Company posted a net profit of €66 million or €0.74 per share (versus a net profit of €73 million or €0.82 per share in the third quarter of last year)

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

### Kabel Deutschland Holding AG Summary Table

<i>As of</i>	<i>Unit</i>	December 31, 2013	December 31, 2014	December 31, 2015	<i>yoy change</i>
<b>Subscribers</b>					
Direct Basic Cable subscribers	# '000	7,149	7,114	7,100	-0.2%
Internet & Phone 'Solo' subscribers <sup>(7)</sup>	# '000	441	541	658	21.6%
<b>Total direct subscribers</b>	# '000	<b>7,590</b>	<b>7,655</b>	<b>7,758</b>	1.3%
Indirect Basic Cable subscribers	# '000	798	690	605	-12.3%
<b>Total unique subscribers (homes connected)</b>	# '000	<b>8,389</b>	<b>8,345</b>	<b>8,363</b>	0.2%
<i>    Thereof subscribers taking Internet &amp; Phone services</i>	# '000	2,185	2,579	2,982	15.6%
<b>RGUs</b>					
Premium TV	# '000	2,235	2,480	2,648	6.8%
<i>    Thereof Pay TV</i>	# '000	1,343	1,417	1,443	1.8%
<i>    Thereof DVR</i>	# '000	892	1,063	1,205	13.4%
Internet	# '000	2,088	2,505	2,924	16.7%
Phone	# '000	2,050	2,428	2,842	17.1%
<b>Subtotal Growth Business<sup>(8)</sup></b>	# '000	<b>6,373</b>	<b>7,412</b>	<b>8,413</b>	13.5%
Basic Cable <sup>(9)</sup>	# '000	8,392	8,176	8,021	-1.9%
<b>Total RGUs</b>	# '000	<b>14,765</b>	<b>15,589</b>	<b>16,434</b>	5.4%
<i>RGUs per subscriber</i>		1.76	1.87	1.97	5.3%
<b>For the period</b>					
	<i>Unit</i>	Q3 FY 2013/14	Q3 FY 2014/15	Q3 FY 2015/16	<i>yoy change</i>
<b>ARPU per subscriber</b>					
Total blended TV ARPU <sup>(10)</sup>	€	10.83	11.09	11.25	1.4%
Total blended Internet & Phone ARPU <sup>(11)</sup>	€	27.51	26.94	27.19	0.9%
<b>Total blended ARPU</b>	€	<b>17.30</b>	<b>18.52</b>	<b>19.93</b>	7.6%
<b>Revenue</b>					
TV Business revenue	€m	294	295	297	0.6%
Internet and Phone Business revenue	€m	188	218	252	15.2%
<b>Total Revenue</b>	€m	<b>482</b>	<b>513</b>	<b>548</b>	6.8%
<b>Adjusted EBITDA</b>					
Adjusted EBITDA	€m	231	236	257	8.7%
<i>    Thereof adjustments for share-based payment expenses</i>	€m	12.4	1.6	1.1	
<i>    Thereof other adjustments</i>	€m	3.4	(2.7)	14.9	
<b>Adjusted EBITDA margin</b>		<b>47.8%</b>	<b>46.0%</b>	<b>46.8%</b>	
<b>Net Profit / (Loss) for the Period</b>	€m	<b>33</b>	<b>73</b>	<b>66</b>	-9.9%
<b>Total Capex (incl. Alpha)</b>	€m	<b>149</b>	<b>184</b>	<b>150</b>	-18.7%
<b>Capex to sales ratio</b>		<b>30.9%</b>	<b>35.9%</b>	<b>27.3%</b>	
<b>Adjusted EBITDA - Capex (OpFCF)<sup>(12)</sup></b>	€m	<b>82</b>	<b>52</b>	<b>107</b>	105.8%
<b>OpFCF margin</b>		<b>17.0%</b>	<b>10.1%</b>	<b>19.5%</b>	

## Highlights for the nine months ended December 31, 2015:

- Revenue increased by 7.1% to €1,610 million from €1,504 million in the first nine months of the previous year
- Adjusted EBITDA grew by 7.8% to €761 million with an adjusted EBITDA margin of 47.2%
- Regular Capex decreased to €396 million (versus €400 million in the previous year's first nine months). In addition, the Company spent €39 million on program Alpha, overall representing a Capex to sales ratio of 27.0% in the first nine months (versus 33.3% in the first nine months of last fiscal year)
- Operating free cash flow amounted to €326 million (previous year: €205 million)
- The Company posted a net profit of €213 million for the nine months ended December 31, 2015 (versus a net profit of €187 million in the same period last fiscal year), representing an EPS of €2.40 (versus €2.11 last fiscal year)

## Operational Performance

In the third quarter of fiscal year 2015/16, Kabel Deutschland recorded 96 thousand net additions in its Internet business. This includes managed migrations from Vodafone DSL of approximately 16 thousand. Over the last twelve months, the Company added 419 thousand Internet RGUs and reports a total RGU base of 2,924 thousand as of December 31, 2015. The total blended Internet & Phone ARPU increased by €0.20 versus the second quarter and amounted to €27.19.

In Premium TV, Kabel Deutschland recorded 46 thousand RGU net additions in the third quarter of fiscal year 2015/16, reaching 2,648 thousand as of December 31, 2015. HD Private<sup>(13)</sup> increased to 2,246 thousand activated smartcards (versus 1,991 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 €11.25 in the third quarter.

Kabel Deutschland's direct subscriber base expanded to 7.8 million (103 thousand net adds year on year) out of a total of 8.4 million unique subscribers. The overall RGU base increased by 845 thousand or 5.4% from the previous year to 16.4 million at the end of December 2015. Due to the increasing penetration of our growth business activities, the RGU per subscriber ratio climbed to 1.97 (1.87 one year ago) and the total blended ARPU per subscriber increased to €19.93, up by €1.41 or 7.6% year on year.

## Financial Results for third quarter ended December 31, 2015

Kabel Deutschland achieved revenue growth of 6.8% year on year to €548 million. TV Business revenue increased by 0.6% to €297 million while Internet & Phone Business revenue grew strongly by 15.2% to €252 million.

Adjusted EBITDA for the third quarter amounted to €257 million compared to €236 million one year earlier (up 8.7%) with an adjusted EBITDA margin of 46.8% (46.0% in the third quarter of fiscal year 2014/15).

To support subscriber growth and network enhancements the Company spent €150 million on Capex with €139 million or 25.4% of revenues on regular Capex and €10 million or 1.9% on program Alpha. €87 million or 62% of the regular Capex was success-based.

Kabel Deutschland generated €107 million of operating free cash flow, which translates into an operating free cash flow margin of 19.5%.

The Company posted a net profit of €66 million, representing earnings per share of €0.74 (net profit of €73 million and EPS of €0.82 in the third 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 December 3, 2015, Deutsche Börse announced that effective December 21, 2015, shares of Kabel Deutschland Holding AG were no longer included in the MDAX stock index.

## **Additional Information**

The full financial report for the first nine months and third quarter ended December 31, 2015 of fiscal year 2015/16 ending March 31, 2016 is available for download on the website at [www.kabeldeutschland.com](http://www.kabeldeutschland.com). This financial report includes, amongst others, the consolidated statement of financial position as of December 31, 2015 and March 31, 2015, the consolidated statement of income for the

periods from April 1, 2015, and October 1 to December 31, 2015 (and the respective prior year periods) and the consolidated statement of cash flows for the period from April 1, 2015 to December 31, 2015 (and the respective prior year period).

The financials for Kabel Deutschland Holding AG's fiscal year ending March 31, 2016 will be released on May 25, 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. Situated in Unterfoehring near Munich, the publicly listed company operates cable networks in 13 German federal states and supplies its services to approximately 8.4 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.

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This release is also available at [www.kabeldeutschland.com](http://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**

	December 31, 2014	September 30, 2015	December 31, 2015	qoq change	qoq change %	yoy change	yoy change %
<b>Network (in thousands)</b>							
Homes Passed	15,269	15,265	15,297	32	0.2%	28	0.2%
Homes Passed upgraded for two-way communication	14,530	14,741	14,842	101	0.7%	312	2.1%
<i>Upgraded homes as % of Homes Passed</i>	95.2%	96.6%	97.0%				
Homes upgraded for two-way communication being marketed <sup>(14)</sup>	11,987	12,112	12,240	128	1.1%	253	2.1%
<b>Subscribers (in thousands)</b>							
Direct Basic Cable subscribers	7,114	7,101	7,100	-1	0.0%	-14	-0.2%
Internet & Phone 'Solo' subscribers	541	634	658	24	3.8%	117	21.6%
<b>Total direct subscribers</b>	<b>7,655</b>	<b>7,735</b>	<b>7,758</b>	<b>23</b>	<b>0.3%</b>	<b>103</b>	<b>1.3%</b>
Indirect Basic Cable subscribers	690	610	605	-5	-0.8%	-85	-12.3%
<b>Total unique subscribers (homes connected)</b>	<b>8,345</b>	<b>8,345</b>	<b>8,363</b>	<b>18</b>	<b>0.2%</b>	<b>18</b>	<b>0.2%</b>
<i>Thereof Internet &amp; Phone subscribers</i>	2,579	2,889	2,982	93	3.2%	403	15.6%
<b>RGUs (in thousands)</b>							
Premium TV	2,480	2,602	2,648	46	1.8%	168	6.8%
<i>Thereof Pay TV</i>	1,417	1,431	1,443	12	0.8%	26	1.8%
<i>Thereof DVR</i>	1,063	1,171	1,205	34	2.9%	142	13.4%
Internet	2,505	2,828	2,924	96	3.4%	419	16.7%
Phone	2,428	2,743	2,842	99	3.6%	414	17.1%
<b>Subtotal Growth Business</b>	<b>7,412</b>	<b>8,174</b>	<b>8,413</b>	<b>239</b>	<b>2.9%</b>	<b>1,001</b>	<b>13.5%</b>
<i>In % of total RGUs</i>	47.5%	50.4%	51.2%				
Basic Cable	8,176	8,041	8,021	-20	-0.2%	-155	-1.9%
<b>Total RGUs</b>	<b>15,589</b>	<b>16,216</b>	<b>16,434</b>	<b>218</b>	<b>1.3%</b>	<b>845</b>	<b>5.4%</b>
<b>RGUs per subscriber (in units)</b>	<b>1.87</b>	<b>1.94</b>	<b>1.97</b>	<b>0.03</b>	<b>1.5%</b>	<b>0.10</b>	<b>5.3%</b>
<b>Penetration</b>							
<i>Premium TV RGUs as % of total Basic Cable subscribers</i>	31.8%	33.8%	34.4%				
<i>Internet RGUs as % of total unique subscribers</i>	30.0%	33.9%	35.0%				
<i>Phone RGUs as % of total unique subscribers</i>	29.1%	32.9%	34.0%				
<b>ARPU per subscriber for the quarter ended (in €/month)</b>							
Total blended TV ARPU	11.09	11.23	11.25	0.02	0.2%	0.16	1.4%
Total blended Internet & Phone ARPU	26.94	26.99	27.19	0.20	0.7%	0.25	0.9%
<b>Total blended ARPU for the quarter</b>	<b>18.52</b>	<b>19.59</b>	<b>19.93</b>	<b>0.34</b>	<b>1.7%</b>	<b>1.41</b>	<b>7.6%</b>

## 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) **Adjusted 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) **Adjusted 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.