



# INVESTOR & ANALYST PRESENTATION

## Q1 2019 RESULTS

May 2, 2019



# SAFE HARBOR DISCLAIMER

## Private Securities Litigation Reform Act of 1995

Various statements contained in this document constitute “forward-looking statements” as that term is defined under the U.S. Private Securities Litigation Reform Act of 1995. Words like “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expects,” “estimates,” “projects,” “positioned,” “strategy,” and similar expressions identify these forward-looking statements related to our financial and operational outlook; future growth prospects; strategies; product, network and technology launches and expansion and the anticipated impact of the acquisitions of Coditel Brabant SPRL, Coditel S.à r.l. and Nextel on our combined operations and financial performance, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted whether expressed or implied, by these forward-looking statements. These factors include: potential adverse developments with respect to our liquidity or results of operations; potential adverse competitive, economic or regulatory developments; our significant debt payments and other contractual commitments; our ability to fund and execute our business plan; our ability to generate cash sufficient to service our debt; interest rate and currency exchange rate fluctuations; the impact of new business opportunities requiring significant up-front investments; our ability to attract and retain customers and increase our overall market penetration; our ability to compete against other communications and content distribution businesses; our ability to maintain contracts that are critical to our operations; our ability to respond adequately to technological developments; our ability to develop and maintain back-up for our critical systems; our ability to continue to design networks, install facilities, obtain and maintain any required governmental licenses or approvals and finance construction and development, in a timely manner at reasonable costs and on satisfactory terms and conditions; our ability to have an impact upon, or to respond effectively to, new or modified laws or regulations; our ability to make value-accretive investments; and our ability to sustain or increase shareholder distributions in future periods. We assume no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

Adjusted EBITDA, Operating Free Cash Flow and Adjusted Free Cash Flow are non-GAAP measures as contemplated by the U.S. Securities and Exchange Commission’s Regulation G. For related definitions and reconciliations, see the Investor Relations section of the Liberty Global plc website (<http://www.libertyglobal.com>). Liberty Global plc is our controlling shareholder.



# 1

## EXECUTIVE SUMMARY

John Porter, Chief Executive Officer



# RAMPING UP COMMERCIAL ACTIVITY & FINALISING SFR MIGRATION

**WIGO**  
100%  
FAMILY  
PROOF

FOLLOW US ON [DEFAMILIEVANDAAG.BE](https://defamilievandaag.be)

**BUSINESS**

VERSCHIJN GRATIS MET  
UW TOFSTE COMPLIMENT  
OP HLN.BE

Kong Business Unlimited  
VANAF NU OOK  
ONBEPERKT SURFEN

€35  
/MAAND

Profiteer nu

Frederic Degraeuwe  
Garage Degraeuwe

**BUSINESS**

L'illimité le plus rapide

Devenez BASE Unlimited

**BASE**

Infos et conditions sur [BASE.be](https://base.be)

Welkomspromo

€20 Pro Unlimited  
ONBEPERKT SURFEN,  
BELLEN EN SMS'EN

35  
/maand

NOUVEAU  
Jusqu'à  
**4 GB**  
15€/mois

**BASE**

Les offres et les prix indiqués sont valables sous réserve de l'absence d'imposition supplémentaire, d'erreurs et/ou de modifications. Plus d'infos et conditions sur [BASE.be](https://base.be).  
Telenet Group SA - 100 Rue Tassel, 1050 Bruxelles - TVA BE 0462 923 689 - RPR Bruxelles



WE ARE  
GOING  
TO BOOST  
YOUR CITY.

INTERNET  
AND 4G  
ULTRAFAST

€30  
PER MONTH  
FOR 5 MONTHS

Discover more

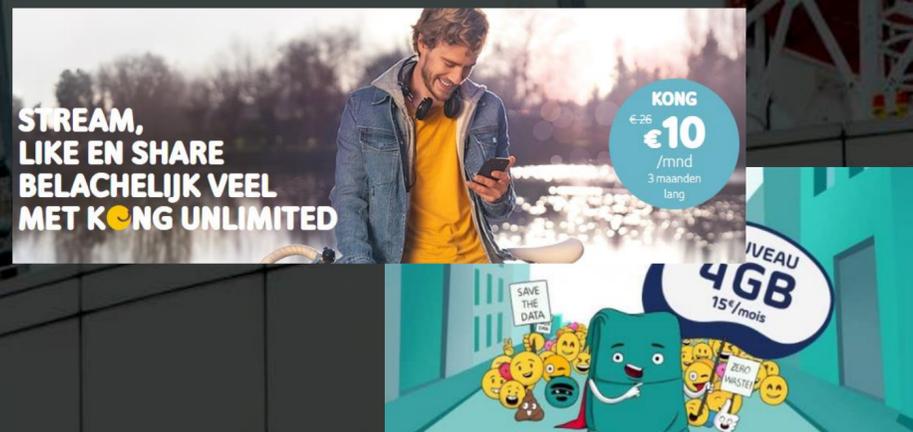


# ...RESULTING IN STRONG OPERATIONAL PERFORMANCE

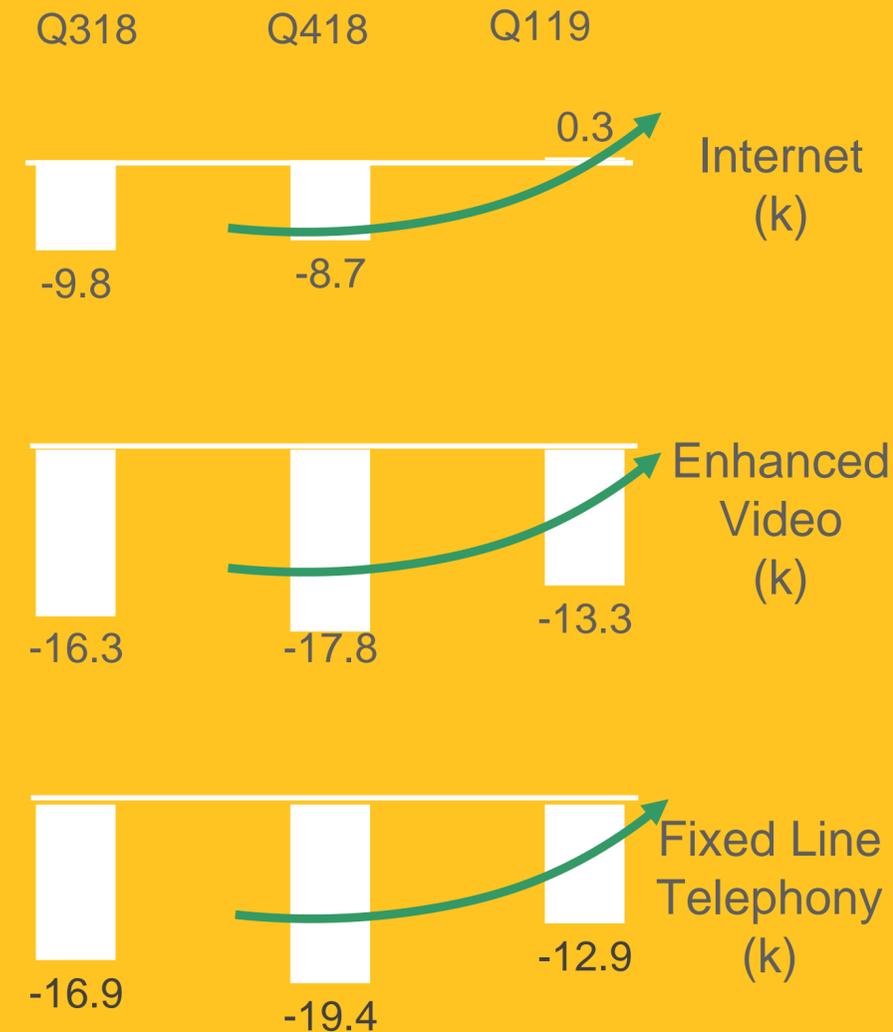
Accelerated FMC net adds (k) driven by WIGO spec increase



Better mobile postpaid net adds (k) driven by upgraded tariffs<sup>1</sup>



Q1 19 fixed RGU trends improving, broadband back to positive<sup>2</sup>



<sup>1</sup> See (a) Important reporting changes, p. 22

<sup>2</sup> See (c) Important reporting changes, p. 22



Premiering Game Of Thrones final season

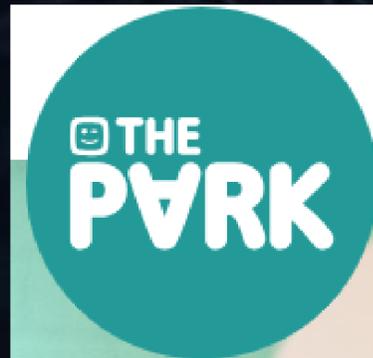
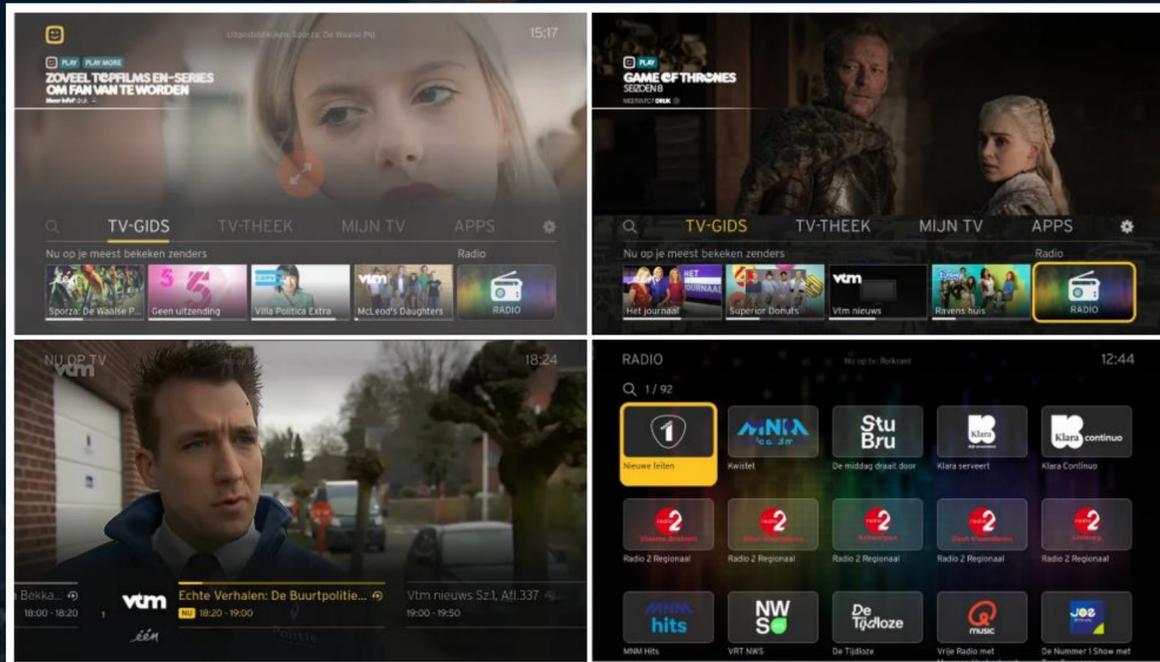
# UNDERPINNING LEADING POSITION IN PREMIUM ENTERTAINMENT

Play/Play More subs evolution (k)





# TELENET AT THE FOREFRONT OF INNOVATION





# 2

## FINANCIAL HIGHLIGHTS

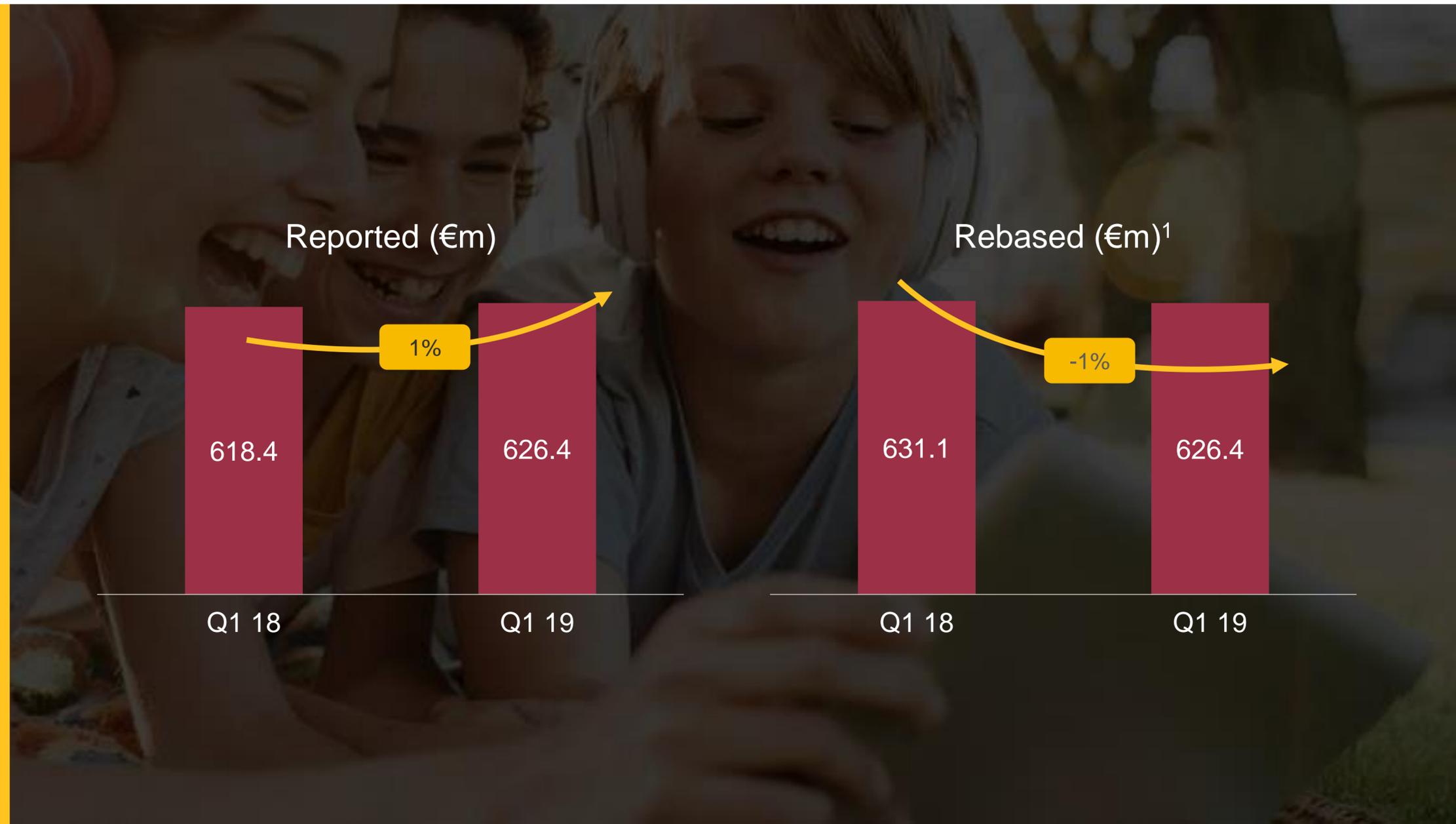
Erik Van den Enden, Chief Financial Officer



# Q1 2019 REVENUE OF €626.4 MILLION BROADLY STABLE ON REBASED<sup>1</sup> BASIS

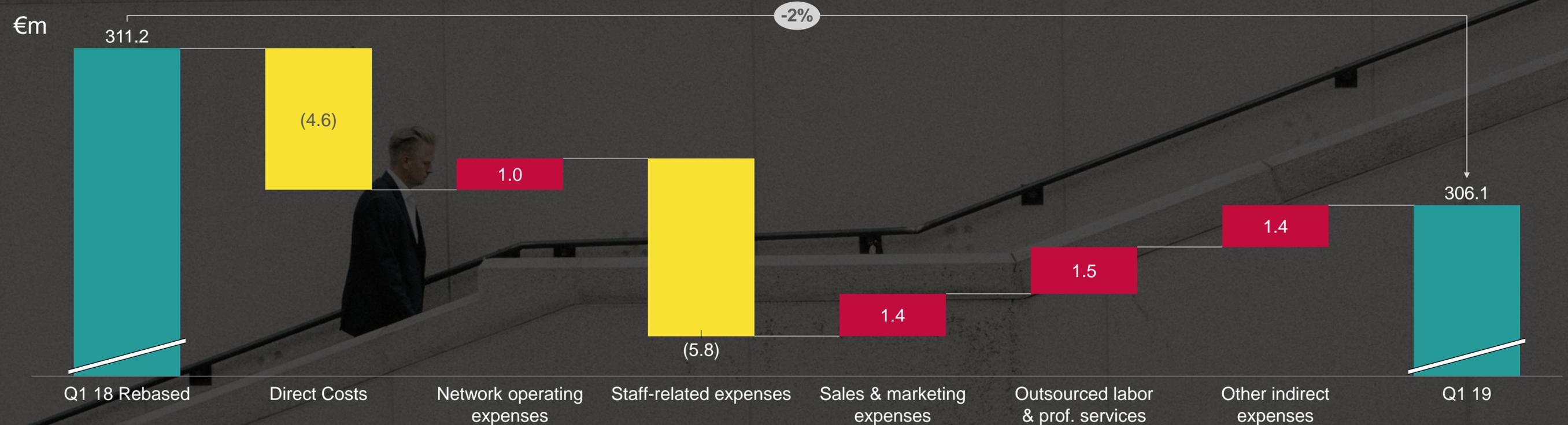
- Revenue of €626.4m in Q1 2019, up 1% yoy, and including a full quarter contribution from Nextel since the May 31, 2018 acquisition date.
- On a rebased basis<sup>1</sup>, our revenue was broadly stable, impacted by lower interconnection revenue following fixed termination rate regulation and the transition of a mobile wholesale partner from light to full MVNO.
- Cable subscription revenue grew 1% yoy on the back of the July 2018 price adjustment and continued growth in the B2B SOHO segment.

<sup>1</sup> On a rebased basis. See Definitions in Appendix for additional disclosure





# REBASED<sup>1</sup> OPERATING EXPENSES DECREASED 2% YOY ON CONTINUED TIGHT COST CONTROL



- 4% reduction in our direct costs driven by lower MVNO-related and interconnection costs.
- 8% lower staff-related expenses, reflecting the transfer of our network field services to a joint venture.
- Sales and marketing expenses +6% yoy as a result of our latest marketing campaigns to support the launch of our new product propositions, leading to improved operational performance in the quarter.

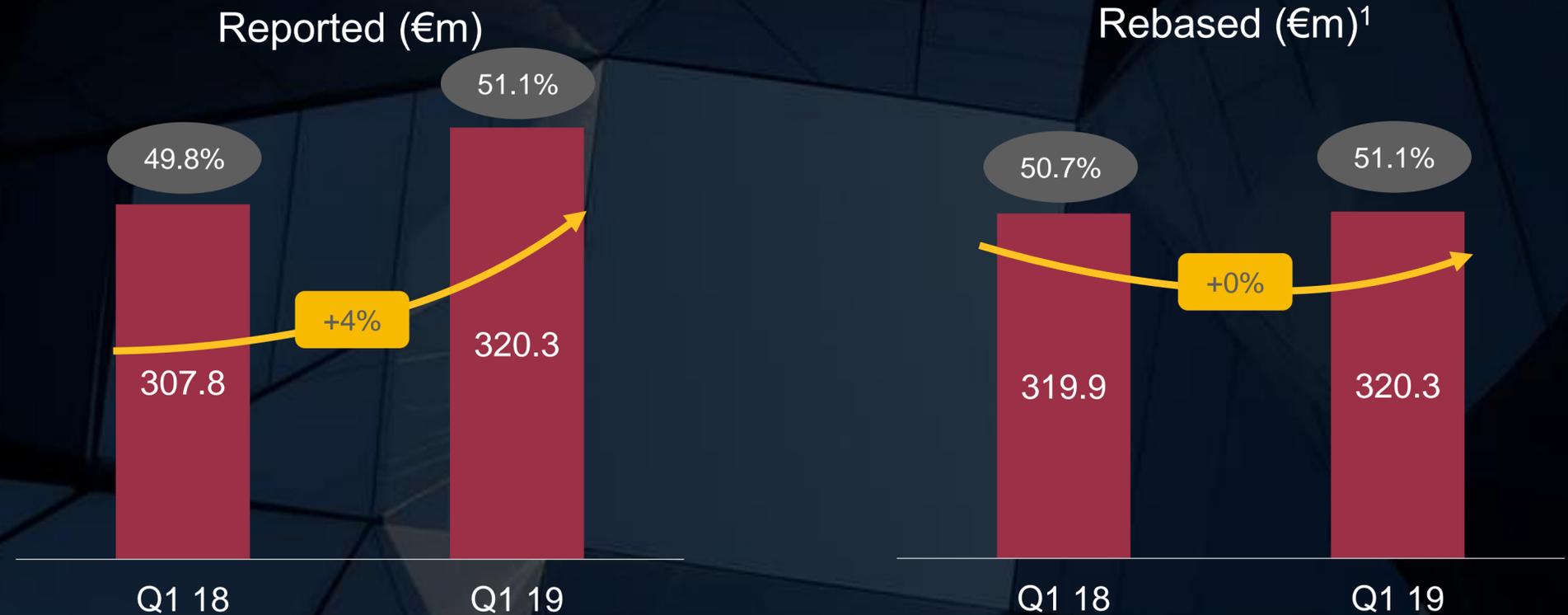
<sup>1</sup> On a rebased basis. See Definitions in Appendix for additional disclosure



Q1 2019  
ADJUSTED  
EBITDA OF  
€320.3 MILLION

BROADLY  
STABLE YOY  
ON REBASED  
BASIS<sup>1</sup>, UP 4%  
REPORTED

<sup>1</sup>On a rebased basis. See Definitions in Appendix for additional disclosure



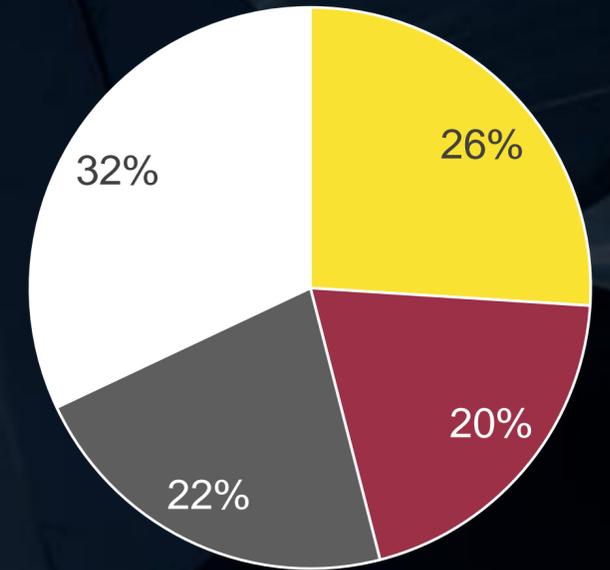
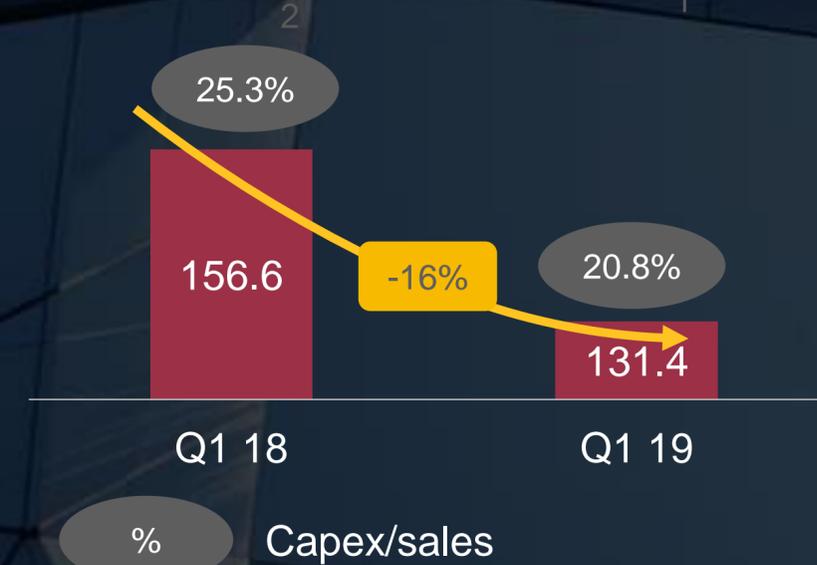
- Stable yoy Adjusted EBITDA of €320.3m in Q1 2109 on a rebased basis<sup>1</sup>.
- In Q1 2019, we achieved an Adjusted EBITDA margin of 51.1%, representing an improvement of 40 basis points on a rebased basis<sup>1</sup> compared to same quarter of previous year.
- Due to the loss of the MEDIALAAN MVNO contract and certain regulatory headwinds, we expect a more outspoken impact on both our rebased revenue and Adjusted EBITDA as of Q2 2019, in line with our FY 2019 outlook.



# 16% YOY<sup>1</sup> REDUCTION IN ACCRUED CAPITAL EXPENDITURES TO AROUND 21% OF REVENUE<sup>1</sup>

<sup>1</sup>Excluding the recognition of football broadcasting rights

Accrued Capital Expenditures<sup>1</sup> (€m)



- Customer Premise Equipment
- Products & Services
- Network growth
- Maintenance & Other

- Accrued capital expenditures of €172.7m in Q1 2019, up 10% yoy as Q1 2019 included the recognition of the UK Premier League broadcasting rights for 3 seasons.
- Excluding this impact, accrued capital expenditures decreased significantly by 16% yoy.
- As a percentage revenue, our capital intensity decreased from around 25% in Q1 last year to around 21% in Q1 2019.
- Approximately 68% of our accrued capital expenditures were scalable or growth-related for Q1 2109.



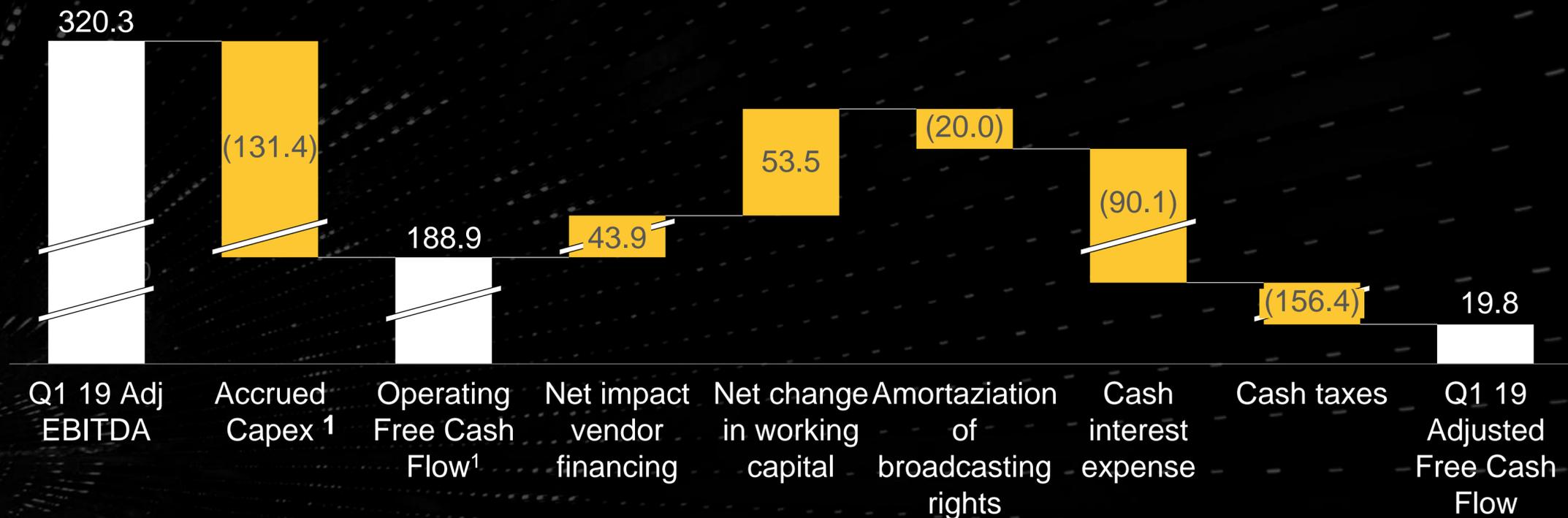
# SOFTER ADJUSTED FREE CASH FLOW IN Q1 RELATIVE TO THE REST OF THE YEAR

Adjusted Free Cash Flow<sup>1</sup> (€m)



- Adjusted Free Cash Flow decreased 76% versus Q1 2018.
- Primarily impacted by (i) €52.6m higher cash taxes paid versus last year, (ii) €48.6m higher cash interest and cash derivatives due to phasing and (iii) a €36.1m lower contribution from our vendor financing program.

Adjusted Free Cash Flow<sup>1</sup> conversion (in €m)



<sup>1</sup> See Definitions in Appendix for additional disclosure



# STRONG LIQUIDITY AND SOLID DEBT MATURITY PROFILE



■ Senior Secured Notes

■ Undrawn Credit Facilities

■ 2018 Amended Senior Credit Facility

**8.2**  
Years  
Weighted average maturity

**3.6%**  
Weighted average cost of debt

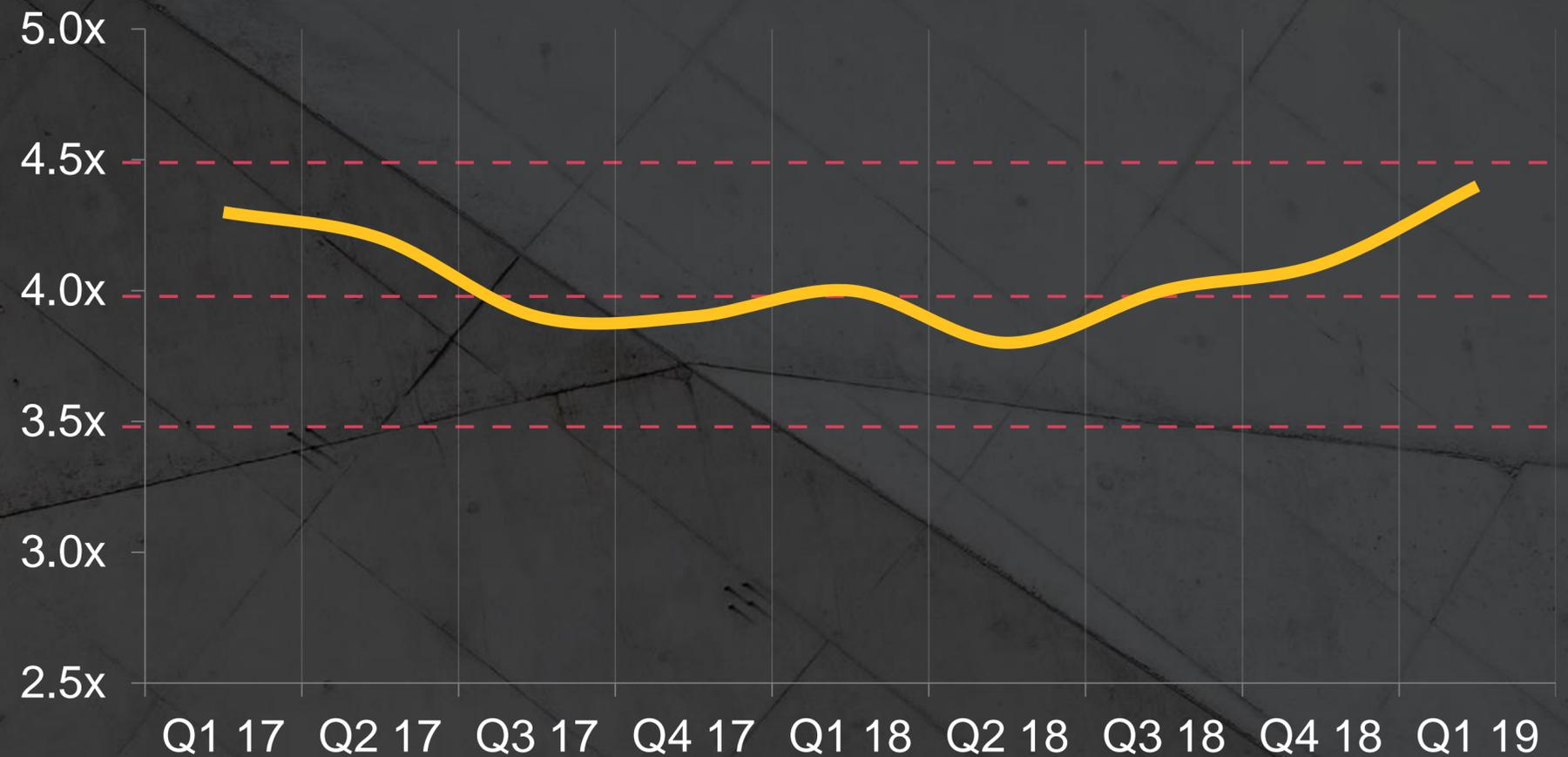
**€492m**  
Untapped liquidity, incl. cash

**100%**  
Swapped into fixed rates



# SEQUENTIAL UPTICK IN OUR NET TOTAL LEVERAGE<sup>1</sup> RATIO TO 4.4X

Net total leverage ratio<sup>1</sup>



- Net total leverage<sup>1</sup> ratio of 4.4x at March 31, 2019 versus 4.1x at December 31, 2018.
- The relative step-up reflected (i) our seasonally lower Adjusted Free Cash Flow in Q1, (ii) a relatively softer Consolidated Annualized EBITDA<sup>1</sup>, (iii) continued share repurchases under our €300.0 million Share Repurchase Program 2018bis and (iv) a further increase in our vendor financing program, which we expect to unwind in the remainder of the year.

<sup>1</sup> See Definitions in Appendix for additional disclosure



# 3

## FULL YEAR 2019 OUTLOOK

Erik Van den Enden, Chief Financial Officer



# WE AIM TO DELIVER SUSTAINABLE PROFITABLE FINANCIAL GROWTH OVER THE 2018-2021 PERIOD

## 2018-2021 CAGR<sup>1</sup>

Revenue	→ Stable
Adjusted EBITDA <sup>2</sup>	↗ Grow
Accrued Cap. Expenditures <sup>2, 3</sup>	↘ Decrease
Operating Free Cash Flow <sup>2, 3</sup>	↗ Grow
Adjusted Free Cash Flow <sup>2</sup>	↗ Grow

# 6.5-8.0%

## 2018-2021 CAGR

*(Excl. recognition football broadcasting rights and mobile spectrum licenses, Excl. impact IFRS 16)*



<sup>1</sup> CAGR: Compound Annual Growth Rate

<sup>2</sup> See Definitions in Appendix for additional disclosure

<sup>3</sup> Excluding the impact of IFRS 16, applicable as of January 1, 2019



# 2019 OUTLOOK REAFFIRMED

Revenue decline  
(rebased)

Around 2.5%  
(FY 2018 rebased: €2,553.9m)<sup>6</sup>

Adjusted EBITDA decline<sup>1</sup>  
(rebased)

Between 1% and 2%  
(FY 2018 rebased: €1,368.2m,  
including IFRS 16 impact)<sup>6</sup>

Operating Free Cash Flow<sup>2</sup>

Between 16-18%<sup>3</sup>  
(FY 2018 rebased: €712.4 million)<sup>6</sup>

Adjusted Free Cash Flow<sup>4</sup>

€380.0 - €400.0m<sup>5</sup>

Excluding the lower contribution from our MVNO business, both our revenue and Adjusted EBITDA performance would be broadly stable in 2019 on a rebased basis

<sup>1</sup> A reconciliation of our Adjusted EBITDA guidance for 2019 to a EU IFRS measure is not provided as not all elements of the reconciliation are projected as part of our forecasting process, as certain items may vary significantly from one period to another.

<sup>2</sup> A reconciliation of our Operating Free Cash Flow CAGR over the 2018-2021 period to a EU IFRS measure is not provided as not all elements of the reconciliation are projected as part of our forecasting process, as certain items may vary significantly from one period to another.

<sup>3</sup> Excluding the recognition of football broadcasting rights and mobile spectrum licenses and excluding the impact from IFRS 16.

<sup>4</sup> A reconciliation of our Adjusted Free Cash Flow guidance for 2019 to a EU IFRS measure is not provided as not all elements of the reconciliation are projected as part of our forecasting process, as certain items may vary significantly from one period to another.

<sup>5</sup> Assuming certain payments are made on our current 2G and 3G mobile spectrum licenses in Q4 2019 and the tax payment on our 2018 tax return will not occur until early 2020.

<sup>6</sup> FY 2018 numbers updated with Nextel contribution



# COMMITTED TO DRIVE ATTRACTIVE SHAREHOLDER VALUE IN 2019 AND BEYOND

<sup>1</sup> See Definitions in Appendix for additional disclosure

Committed to fully execute the remainder of our €300.0m Share Repurchase Program 2018bis

€50.4m spent on share repurchases in Q1 2019, reaching €249.0m at March 31, 2019

Extraordinary Shareholders' Meeting: new five-year authorization to acquire shares up to the maximum number as set forth in the applicable legislation – cancellation of nearly 1.9m treasury shares

Targeted completion of the €300 million Share Repurchase Program 2018bis with total shareholder disbursements of €900m since June 2018

Considering to pay an intermediate dividend, subject to compliance with our objective to remain around the 4.0x mid-point of our net total leverage<sup>1</sup> framework

Executing against our updated shareholder remuneration policy

Q1  
2019

April  
2019

June  
2019

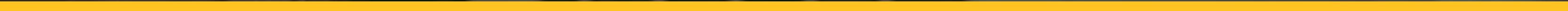
Q4  
2019

2020  
2021



# 4

## Q&A





# IMPORTANT REPORTING CHANGES

- a. Representation of mobile postpaid telephony subscribers: We have represented the March 31, 2018, the June 30, 2018, the September 30, 2018 and the December 31, 2018 mobile postpaid subscriber base following the removal of inactive "pay as you subscribers". These subscribers do not pay a monthly subscription fee and are only being billed on their effective usage. As a result of the inactive status of certain SIM cards, we reduced both our mobile postpaid subscriber base and total mobile subscribers by 49,400, 58,800, 52,700 and 47,100, respectively for the periods mentioned above. This adjustment did not impact our mobile telephony revenue.
- b. Representation of mobile telephony small and medium-sized ("SME") customers: As of April 1, 2018, mobile telephony SME subscribers are considered to be business customers and are no longer included in our mobile telephony subscriber count. For comparable reasons, we have restated our March 31, 2018 mobile telephony subscriber base by removing 127,300 mobile telephony SME subscribers.
- c. Representation of cable RGUs: We have represented the March 31, 2018 and the June 30, 2018 RGUs for our video, enhanced video, broadband internet and fixed-line telephony services to correctly reflect the migrations of former SFR Belux subscribers to our Telenet-branded products and services. For comparable reasons, we have restated our Q1 2018 and Q2 2018 subscriber count.



# DEFINITIONS

- a. For purposes of calculating rebased growth rates on a comparable basis for the three months ended March 31, 2019, we have adjusted our historical revenue and Adjusted EBITDA to include the pre-acquisition revenue and Adjusted EBITDA of Nextel (fully consolidated since May 31, 2018) and the impact of IFRS 16 (applied as of January 1, 2019) in our rebased amounts for the three months ended March 31, 2018 to the same extent that the revenue and Adjusted EBITDA of such entity is included in our results for the three months ended March 31, 2019. We have reflected the revenue and Adjusted EBITDA of Nextel in our 2018 rebased amounts based on what we believe to be the most reliable information that is currently available to us (generally pre-acquisition financial statements), as adjusted for the estimated effects of (a) any significant differences between our accounting policies and those of the acquired entities, (b) any significant effects of acquisition accounting adjustments, and (c) other items we deem appropriate. We do not adjust pre-acquisition periods to eliminate nonrecurring items or to give retroactive effect to any changes in estimates that might be implemented during post-acquisition periods. As we did not own or operate the acquired businesses during the pre-acquisition periods, no assurance can be given that we have identified all adjustments necessary to present the revenue and Adjusted EBITDA of these entities on a basis that is comparable to the corresponding post-acquisition amounts that are included in our historical results or that the pre-acquisition financial statements we have relied upon do not contain undetected errors. In addition, the rebased growth percentages are not necessarily indicative of the revenue and Adjusted EBITDA that would have occurred if these transactions had occurred on the dates assumed for purposes of calculating our rebased amounts or the revenue and Adjusted EBITDA that will occur in the future. The rebased growth percentages have been presented as a basis for assessing growth rates on a comparable basis, and are not presented as a measure of our pro forma financial performance.
- b. EBITDA is defined as profit before net finance expense, the share of the result of equity accounted investees, income taxes, depreciation, amortization and impairment. Adjusted EBITDA is defined as EBITDA before stock-based compensation, post measurement period adjustments related to business acquisitions and restructuring charges, and before operating charges or credits related to successful or unsuccessful acquisitions or divestitures. Operating charges or credits related to acquisitions or divestitures include (i) gains and losses on the disposition of long-lived assets, (ii) due diligence, legal, advisory and other third-party costs directly related to the Company's efforts to acquire or divest controlling interests in businesses, and (iii) other acquisition-related items, such as gains and losses on the settlement of contingent consideration. Adjusted EBITDA is an additional measure used by management to demonstrate the Company's underlying performance and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.



# DEFINITIONS

- c. Accrued capital expenditures are defined as additions to property, equipment and intangible assets, including additions from capital leases and other financing arrangements, as reported in the Company's consolidated statement of financial position on an accrued basis.
- d. Operating Free Cash Flow ("OFCF") is defined as Adjusted EBITDA minus accrued capital expenditures as reported in the Company's consolidated financial statements. Accrued capital expenditures exclude the recognition of football broadcasting rights and mobile spectrum licenses.
- e. Adjusted Free Cash Flow is defined as net cash provided by the Company's operating activities, plus (i) cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and divestitures and (ii) expenses financed by an intermediary, less (i) purchases of property and equipment and purchases of intangibles as reported in the Company's consolidated statement of cash flows, (ii) principal payments on amounts financed by vendors and intermediaries, (iii) principal payments on capital leases (exclusive of network-related leases that were assumed in acquisitions), and (iv) principal payments on post acquisition additions to network leases, each as reported in the Company's consolidated statement of cash flows. Adjusted Free Cash Flow is an additional measure used by management to demonstrate the Company's ability to service debt and fund new investment opportunities and should not replace the measures in accordance with EU IFRS as an indicator of the Company's performance, but rather should be used in conjunction with the most directly comparable EU IFRS measure.
- f. Basic Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's video service over the Combined Network either via an analog video signal or via a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Encryption-enabling technology includes smart cards, or other integrated or virtual technologies that Telenet uses to provide its enhanced service offerings. Telenet counts Revenue Generating Unites ("RGUs") on a unique premises basis. In other words, a subscriber with multiple outlets in one premise is counted as one RGU and a subscriber with two homes and a subscription to Telenet's video service at each home is counted as two RGUs.
- g. Enhanced Video Subscriber is a home, residential multiple dwelling unit or commercial unit that receives Telenet's video service over the Combined Network via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology. Enhanced Video Subscribers are counted on a unique premises basis. For example, a subscriber with one or more set-top boxes that receives Telenet's video service in one premise is generally counted as just one subscriber. An Enhanced Video Subscriber is not counted as a Basic Video Subscriber. As Telenet migrates customers from basic to enhanced video services, Telenet reports a decrease in its Basic Video Subscribers equal to the increase in Telenet's Enhanced Video Subscribers.
- h. Internet Subscriber is a home, residential multiple dwelling unit or commercial unit that receives internet services over the Combined Network.
- i. Fixed-line Telephony Subscriber is a home, residential multiple dwelling unit or commercial unit that receives fixed-line voice services over the Combined Network. Fixed-line telephony Subscribers exclude mobile telephony subscribers.



# DEFINITIONS

- j. Telenet's mobile subscriber count represents the number of active subscriber identification module ("SIM") cards in service rather than services provided. For example, if a mobile subscriber has both a data and voice plan on a smartphone this would equate to one mobile subscriber. Alternatively, a subscriber who has a voice and data plan for a mobile handset and a data plan for a laptop (via a dongle) would be counted as two mobile subscribers. Customers who do not pay a recurring monthly fee are excluded from Telenet's mobile telephony subscriber counts after a 90-day inactivity period.
- k. Customer Relationships are the number of customers who receive at least one of Telenet's video, internet or telephony services that Telenet counts as RGUs, without regard to which or to how many services they subscribe. Customer Relationships generally are counted on a unique premises basis. Accordingly, if an individual receives Telenet's services in two premises (e.g. a primary home and a vacation home), that individual generally will count as two Customer Relationships. Telenet excludes mobile-only customers from Customer Relationships.
- l. Average Revenue Per Unit ("ARPU") refers to the average monthly subscription revenue per average customer relationship and is calculated by dividing the average monthly subscription revenue (excluding mobile services, Business-to-Business ("B2B") services, interconnect, channel carriage fees, mobile handset sales and installation fees) for the indicated period, by the average of the opening and closing balances for customer relationships for the period.
- m. Homes Passed are homes, residential multiple dwelling units or commercial units that can be connected to the Combined Network without materially extending the distribution plant. Telenet's Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results.
- n. RGU is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Fixed-line Telephony Subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer subscribed to Telenet's enhanced video service, fixed-line telephony service and broadband internet service, the customer would constitute three RGUs. Total RGUs is the sum of Basic Video, Enhanced Video, Internet and Fixed-line Telephony Subscribers. RGUs generally are counted on a unique premises basis such that a given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of Telenet's services in two premises (e.g. a primary home and a vacation home), that individual will count as two RGUs for that service. Each bundled cable, internet or fixed-line telephony service is counted as a separate RGU regardless of the nature of any bundling discount or promotion. Non-paying subscribers are counted as subscribers during their free promotional service period. Some of these subscribers may choose to disconnect after their free service period. Services offered without charge on a long-term basis (e.g. VIP subscribers, free service to employees) generally are not counted as RGUs. Telenet does not include subscriptions to mobile services in its externally reported RGU counts.
- o. Customer Churn represents the rate at which customers relinquish their subscriptions. The annual rolling average basis is calculated by dividing the number of disconnects during the preceding 12 months by the average number of customer relationships. For the purpose of computing churn, a disconnect is deemed to have occurred if the customer no longer receives any level of service from Telenet and is required to return Telenet's equipment. A partial product downgrade, typically used to encourage customers to pay an outstanding bill and avoid complete service disconnection is not considered to be disconnected for purposes of Telenet's churn calculations. Customers who move within Telenet's cable footprint and upgrades and downgrades between services are also excluded from the disconnect figures used in the churn calculation.



# DEFINITIONS

- p. Telenet's ARPU per mobile subscriber calculation that excludes interconnect revenue refers to the average monthly mobile subscription revenue per average mobile subscribers in service and is calculated by dividing the average monthly mobile subscription revenue (excluding activation fees, handset sales and late fees) for the indicated period, by the average of the opening and closing balances of mobile subscribers in service for the period. Telenet's ARPU per mobile subscriber calculation that includes interconnect revenue increases the numerator in the above-described calculation by the amount of mobile interconnect revenue during the period.
- q. Net total leverage is defined as the sum of all of the Company's short-term and long-term liabilities minus cash and cash equivalents ("Net Total Debt"), as recorded in the Company's statement of financial position, divided by the last two quarters' Consolidated Annualized EBITDA.
- r. Net covenant leverage is calculated as per the 2017 Amended Senior Credit Facility definition, using Net Total Debt, excluding (i) subordinated shareholder loans, (ii) capitalized elements of indebtedness under the Clientele and Annuity Fees, (iii) any finance leases entered into on or prior to August 1, 2007, (iv) any indebtedness incurred under the network lease entered into with the pure intermunicipalities and (v) any vendor financing-related liabilities, divided by last two quarters' Consolidated Annualized EBITDA including certain unrealized cost synergies related to the BASE and SFR Belux acquisitions.