Telenet – Q3 2015 Results

Investor & Analyst Presentation

October 29, 2015

Safe harbor disclaimer

Safe Harbor Statement under the 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 acquisition of BASE Company NV 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 and 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.

Executive Summary

First to launch digital TV in Flanders 10 years ago

Well positioned for the future thanks to our connected entertainment strategy

2005

83%
enhanced video penetration

2015

Providing an enriched 360° premium entertainment experience…

Play

Play More

Play Sports

… and superfast connectivity in and beyond the home…

… while staying close to our customers

Increasingly digital and connected lifestyles

Internet volumes

x2

every 18 months

>50%

Flemish households have +4 connected devices

60%

of Belgians regularly consume online video

1x/day

1m Belgians watch YouTube

Triple-play RGUs up 7% yoy, ~49% of customer relationships

Net broadband internet RGU growth up 51% sequentially

>41% of homes passed subscribe to our fixed-line telephony service

Exceeding 1.7 million enhanced video RGUs, 83% of video RGUs

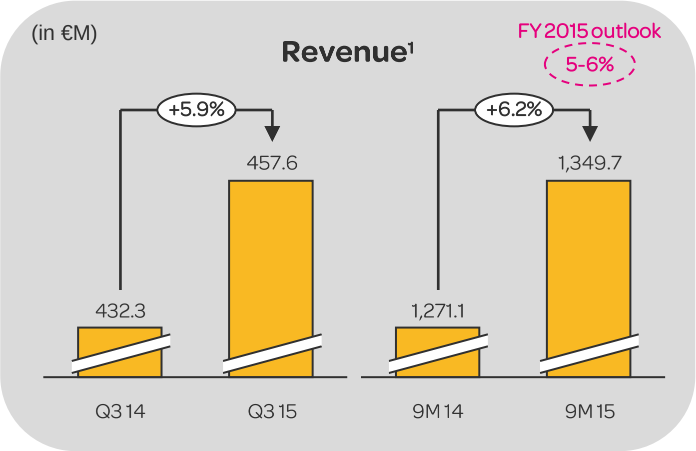
Continued traction for our premium sVOD services

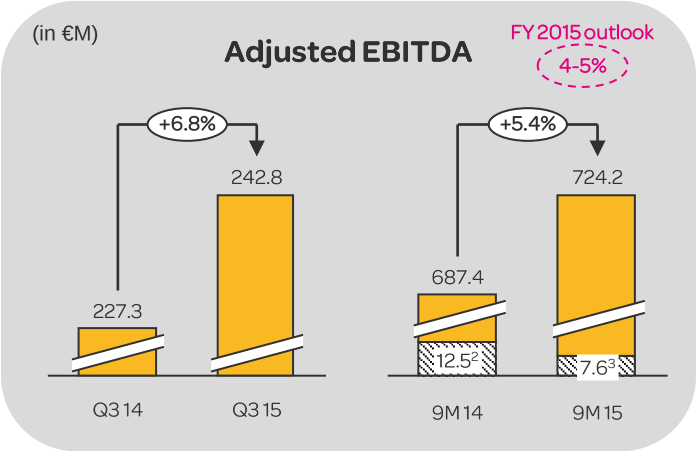
13% growth in mobile postpaid subscribers to 977,200

Launch of "FreePhone Business" for SOHO and SMEs

Well on track to deliver on our FY 2015 outlook

Having achieved revenue and Adjusted EBITDA growth of 6% and 5%, respectively



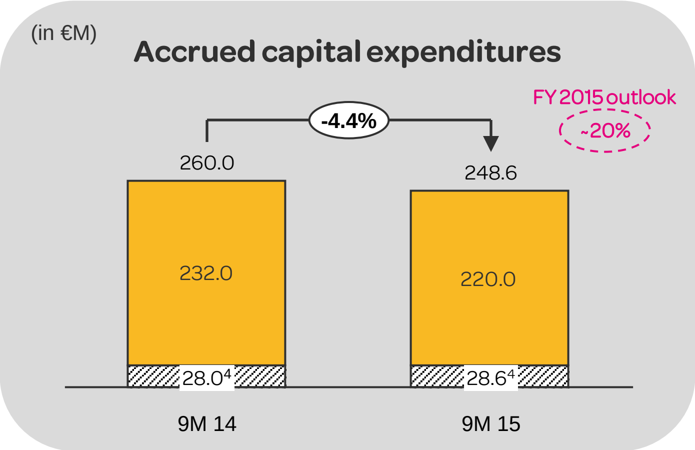


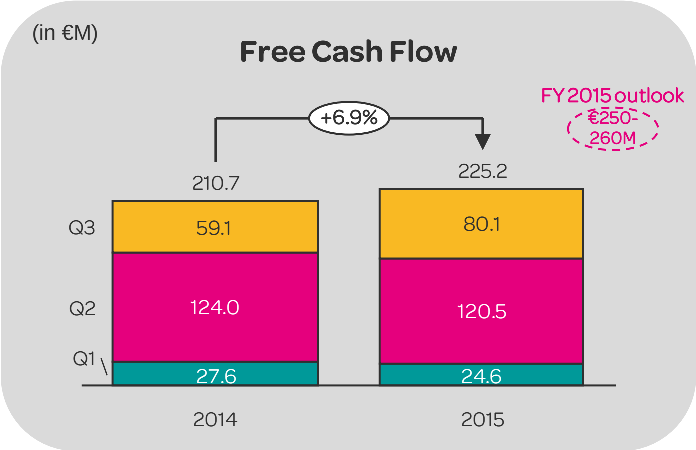
- **Revenue of €1,349.7 million** in 9M 2015**, up 6% yoy,** driven by (i) solid multiple-play growth, (ii) the benefit from the selective price increases in January 2015, (iii) a €19.1 million higher contribution from our mobile activities and (iv) a 13% increase in our business services revenue;
- **Adjusted EBITDA up 5% yoy to €724.2 million** in 9M 2015 which, excluding one-off favorable impacts in both 9M 2015 and 9M 2014, was driven by (i) accretive multiple-play growth and (ii) continued focus on carefully managing our overhead expenses, partly offset by (i) higher content-related costs, (ii) higher interconnection costs and (iii) higher costs associated with handset sales and subsidies.

See Notes page for additional disclosure

Well on track to deliver on our FY 2015 outlook

Free Cash Flow up 7% yoy despite significantly higher cash taxes paid in Q1 2015





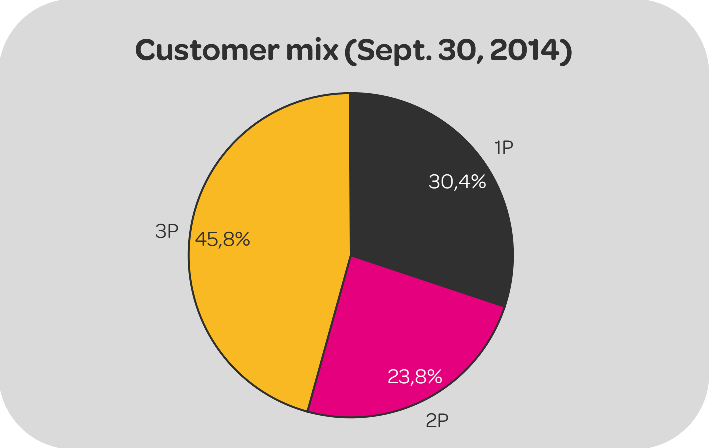
- **Accrued capital expenditures of €248.6 million** in 9M 2015, down 4% yoy due to significantly lower set-top box expenditures and 10% lower capital expenditures for customer installations, partly offset by higher network-related investments;
- **Free Cash Flow of €225.2 million** in 9M 2015, **up 7% yoy**, and predominantly driven by the combined effect of (i) solid Adjusted EBITDA growth, (ii) an improvement in our working capital trend and (iii) substantially lower cash interest expenses, which more than offset the €77.6 million higher cash taxes paid in Q1 2015.

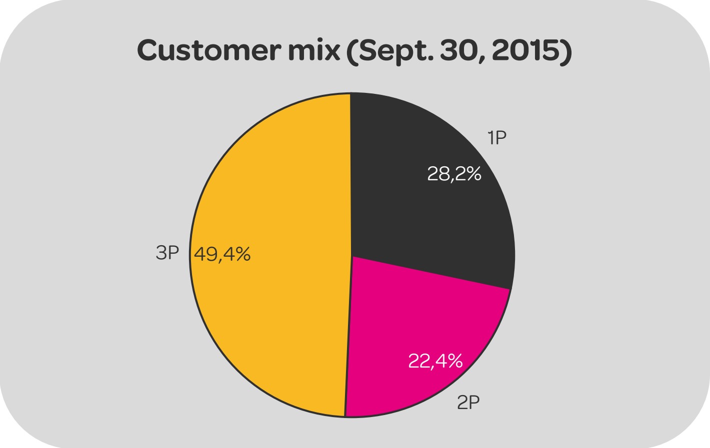
See Notes page for additional disclosure

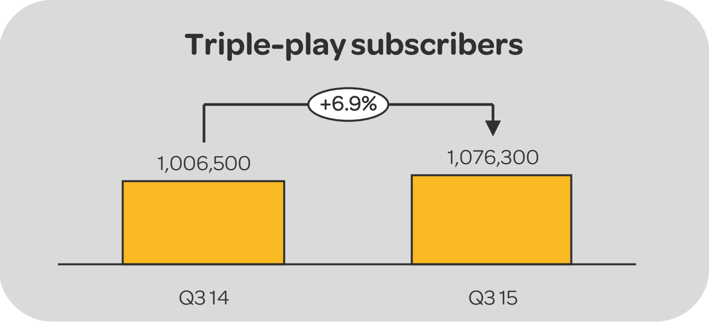
Operational Highlights

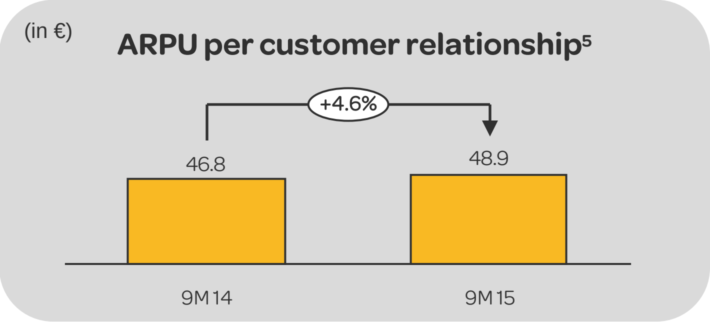
Multiple-play penetration

Triple-play subscribers up 7% in Q3 2015, representing around 49% of our customer base





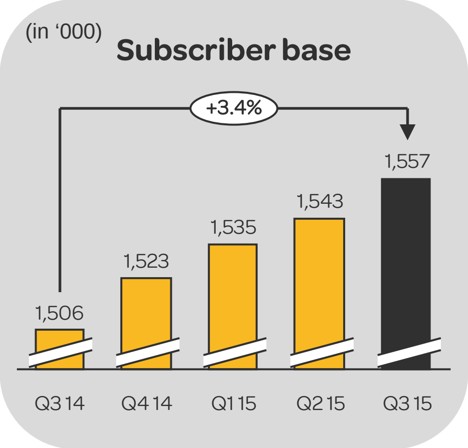


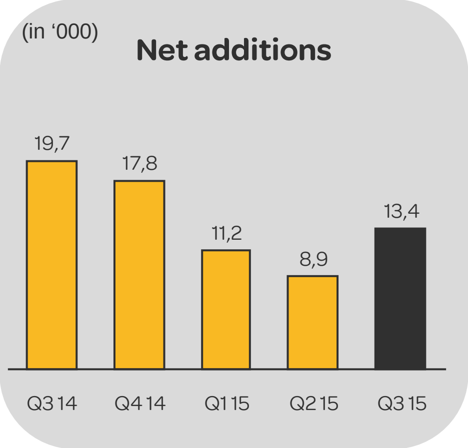


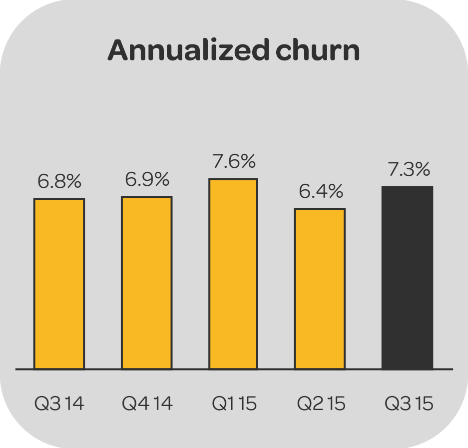
See Notes page for additional disclosure

Broadband internet

51% sequential increase in net subscriber additions driven by successful promotions and marketing campaigns



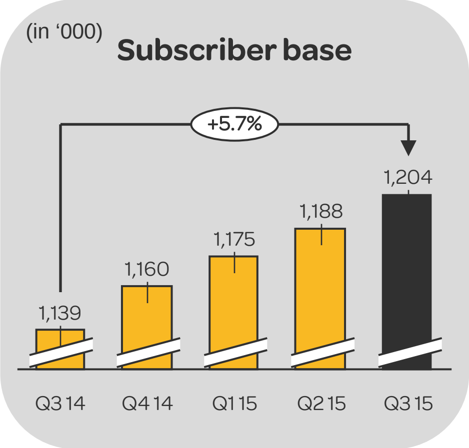


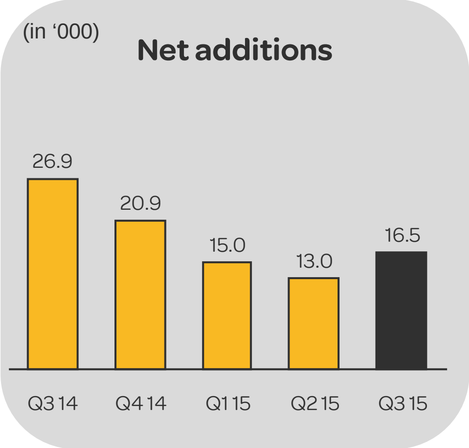


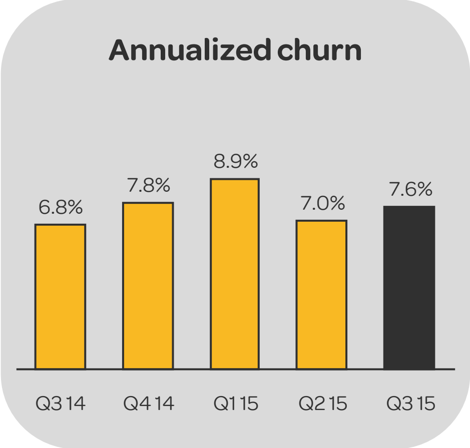
- **13,400 net broadband internet subscriber additions** in Q3 2015, a 51% sequential increase driven by successful promotions and family-centered marketing campaigns;
- Reaching **1,556,800 broadband internet subscribers** at September 30, 2015, +3% yoy, resulting in 53.1% penetration of homes passed by our leading HFC network;
- **Annualized churn of 7.3%** in Q3 2015**,** up 90 basis points sequentially, reflecting the intensively competitive environment.

Fixed-line telephony

More than 41% of homes passed subscribed to our attractive fixed-line telephony offers at September 30, 2015



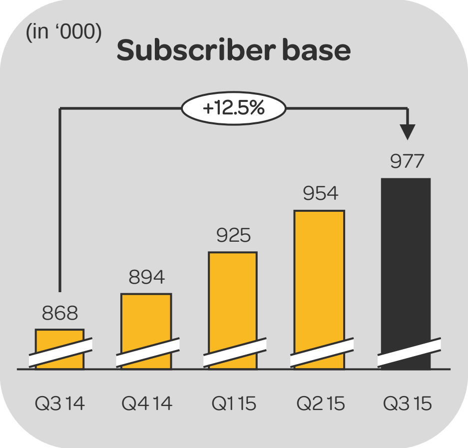


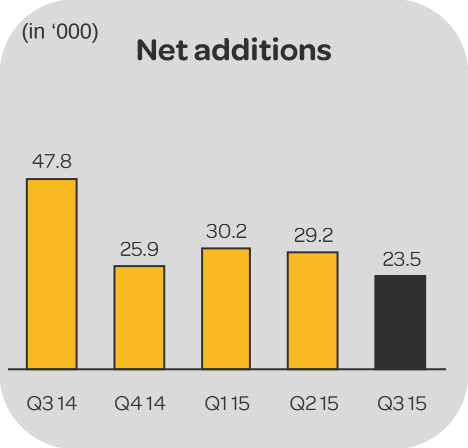


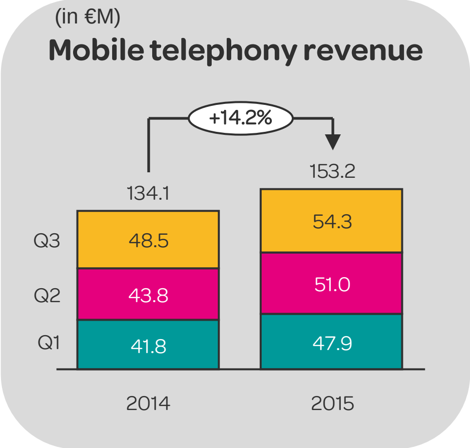
- **16,500 net fixed-line telephony subscriber additions** in Q3 2015, again exceeding net broadband subscriber additions, demonstrating continued triple-play conversion;
- **1,204,000 fixed-line telephony subscribers** at the end of Q3 2015, up 6% yoy, equivalent to 41.1% penetration of homes passed by our network;
- **Annualized churn of 7.6%** in Q3 2015, +60 basis points qoq, but broadly in line with recent quarters;
- **Around 33% of fixed-line telephony subscribers** were actively using our VoIP app "**Triiing**" at September 30, 2015.

Mobile telephony

Continued double-digit net subscriber growth to 977,200 active SIMs per September 30, 2015



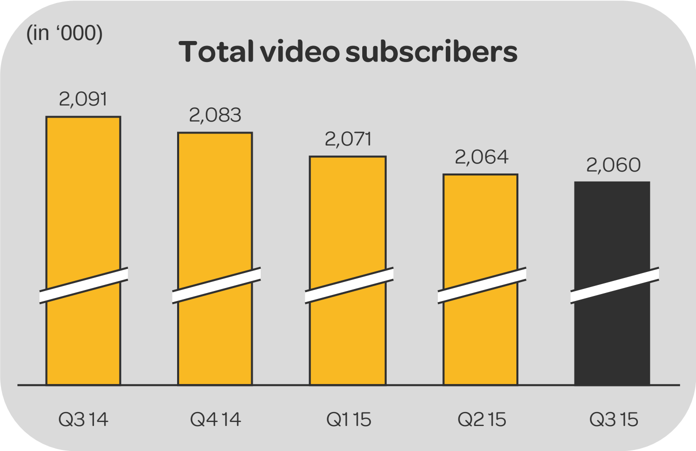


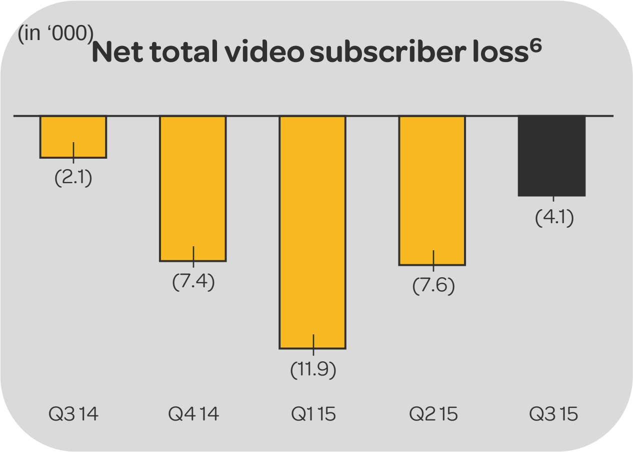


- Continued traction for our "**Family Deal**" proposition and implementation of a **handset financing program** in connection with our "Choose Your Device" program in Q3 2015;
- **23,500 net mobile postpaid subscribers added** in Q3 2015 to 977,200 active SIMs at September 30, 2015, reflecting the intensely competitive environment and timing variances in our campaigns;
- **Mobile telephony subscription revenue of €153.2 million** in 9M 2015 (excluding interconnection), up 14% yoy, reflecting continued double-digit postpaid subscriber growth, partially offset by a decrease in usage-related revenue per user.

Video

Further improvement in net subscriber loss in Q3 2015, reflecting our continued focus on providing a great customer experience



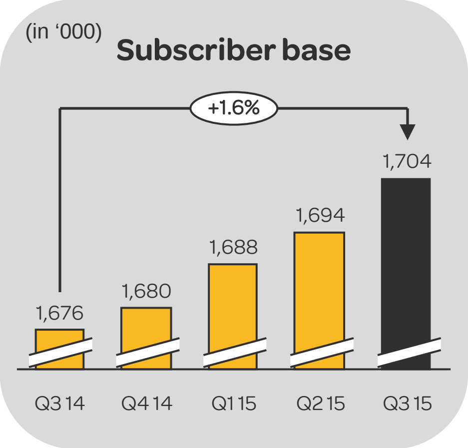


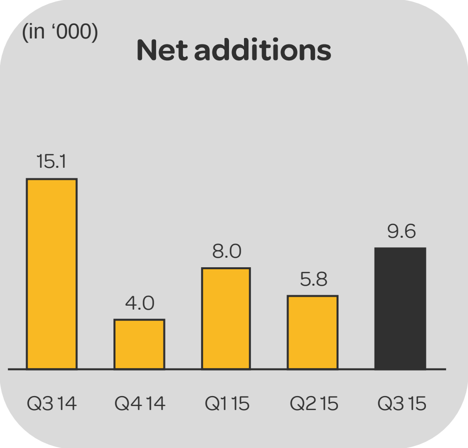
- **2,059,700 video subscribers** at September 30, 2015, representing approximately 70% of the homes passed by our network;
- **Improved net loss trend** compared to the first half of 2015, when our churn was impacted by the anticipated impact from the January 2015 price adjustments.

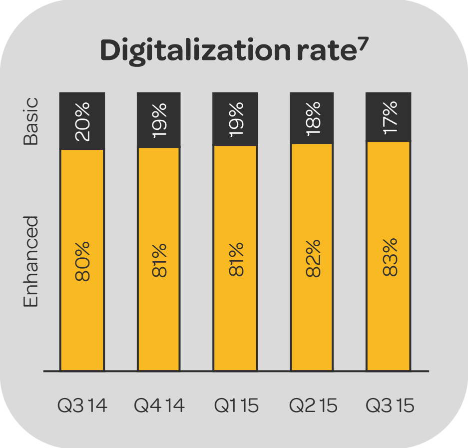
See Notes page for additional disclosure

Enhanced video

Over 1.7 million enhanced video subscribers at September 30, 2015, equivalent to around 83% of video customers





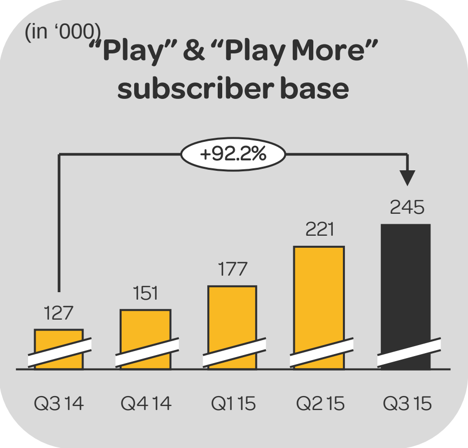


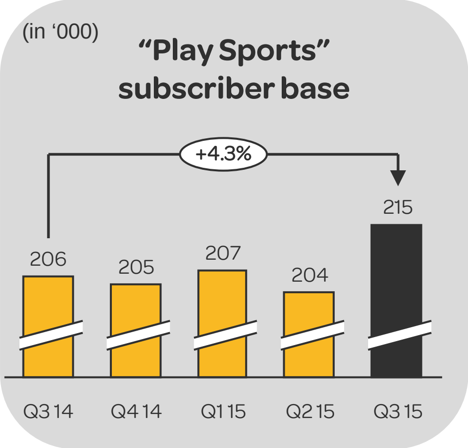
- **9,600 net enhanced video subscribers added** in Q3 2015, being significantly lower compared to prior year period when we conducted the switch-off of our legacy SD platform;
- **1,703,500 enhanced video subscribers** at September 30, 2015, up 2% yoy, and representing around 83% of our video subscriber base;
- Active user base of **"Yelo Play",** our OTT platform, reached **approximately 24% of our enhanced video subscriber base** at September 30, 2015.

See Notes page for additional disclosure

Unique positioning in premium entertainment

Subscription VOD packs showing continued meaningful uptake across our enhanced video subscriber base



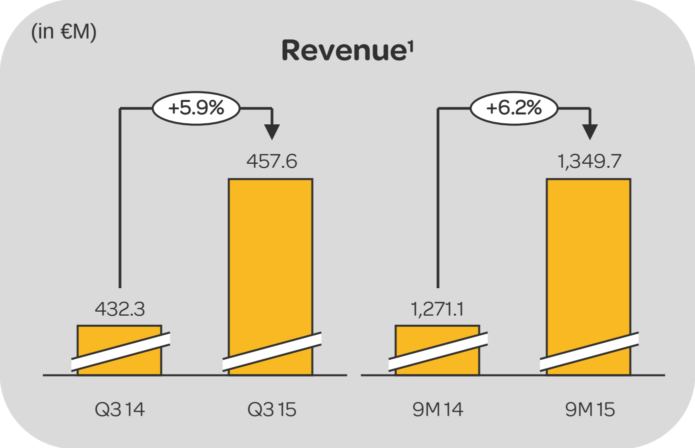


- Our **subscription VOD packages "Play" and "Play More" had 244,700 customers** at September 30, 2015, up 11% compared to Q2 2015 and driven in part by temporary promotions;
- At September 30, 2015, **214,900 customers subscribed to our sports pay television channels**, recovering strongly after having been temporarily impacted in Q2 2015 by the end of the 2014-2015 football season throughout both domestic and international leagues;
- **The 2015-2016 Jupiler Pro League season started at the end of July 2015** and we will continue to broadcast all league matches on a non-exclusive basis.

Financial Highlights & FY 2015 Outlook

Revenue of €1,349.7 million, up 6% yoy

Solid revenue growth driven by higher cable subscription revenue and double-digit growth in mobile telephony and B2B

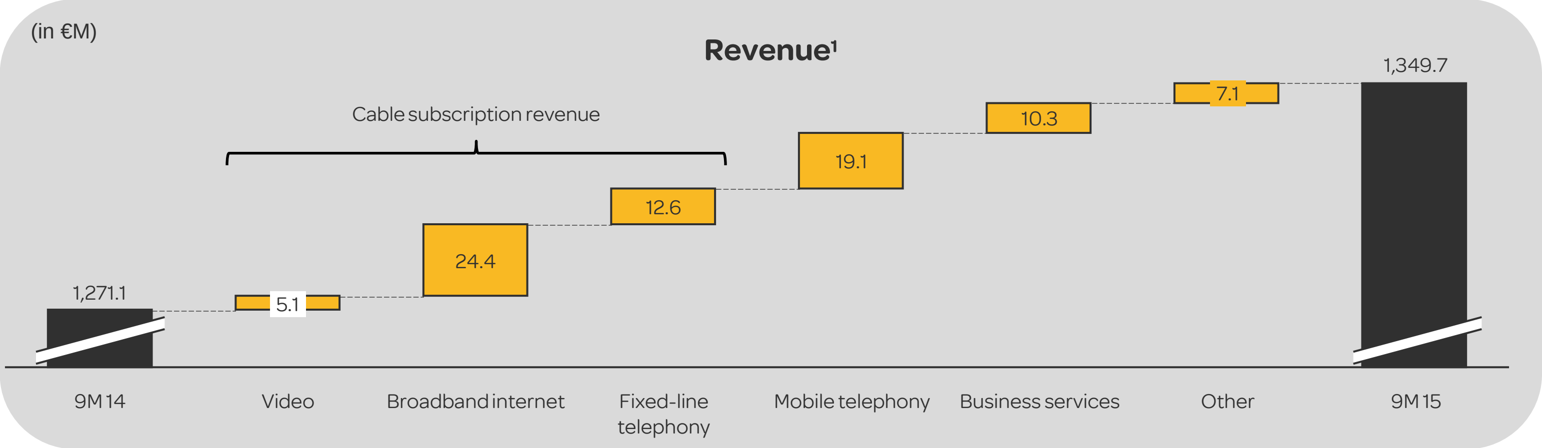


- **Revenue of €1,349.7 million in 9M 2015, up 6% yoy,** driven by (i) solid multiple-play growth, (ii) the benefit from the selective price increases in January 2015, (iii) a €19.1million higher contribution from our mobile activities and (iv) a 13% increase in our business services revenue;
- **Revenue of €457.6 million in Q3 2015, up 6% yoy**, reflecting largely the same growth drivers as discussed above. Revenue growth in Q3 2015 also benefited from our handset financing program, introduced in July 2015, through which we are able to fully recognize the sales price of the handset upon delivery versus over time previously.

See Notes page for additional disclosure

Revenue of €1,349.7 million, up 6% yoy

Solid revenue growth driven by higher cable subscription revenue and double-digit growth in mobile telephony and B2B

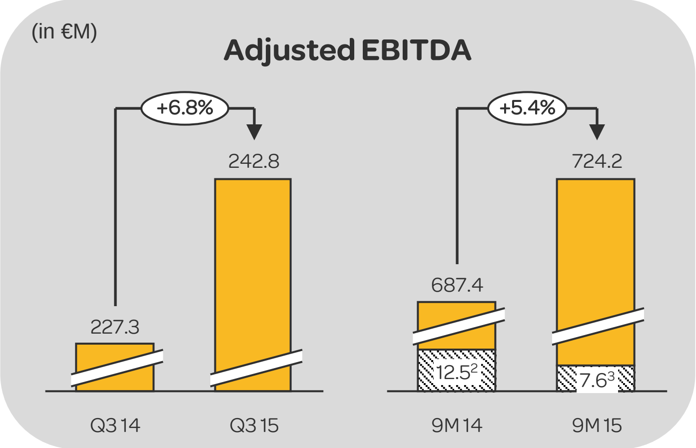


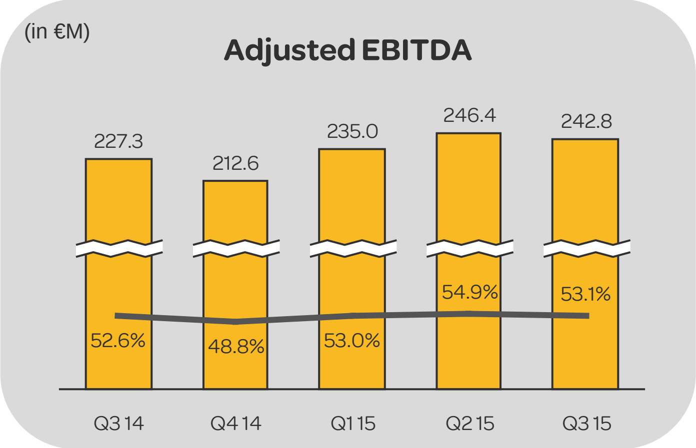
- **Cable subscription revenue up 4% yoy** driven by (i) continued growth in our fixed RGU base and (ii) the benefit from the January 2015 price adjustments, partly offset by increased bundle discounts;
- **Mobile telephony revenue up €19.1 million, or 14% yoy**, reflecting continued double-digit growth in the number of postpaid subscribers, partially offset by a decrease in usage-related revenue per user;
- **B2B revenue up 13% yoy**, driven by higher security-related revenue, higher revenue from business connectivity solutions and higher revenue from carrier services for mobile;
- **Other revenue up €7.1 million**, reflecting the impact of our handset financing program as of Q3 2015.

See Notes page for additional disclosure

Adjusted EBITDA of €724.2 million, up 5% yoy

Excluding one-off benefits of €12.5 million and €7.6 million for Q1 2014 and Q2 2015, respectively, our Adjusted EBITDA growth would have been slightly higher



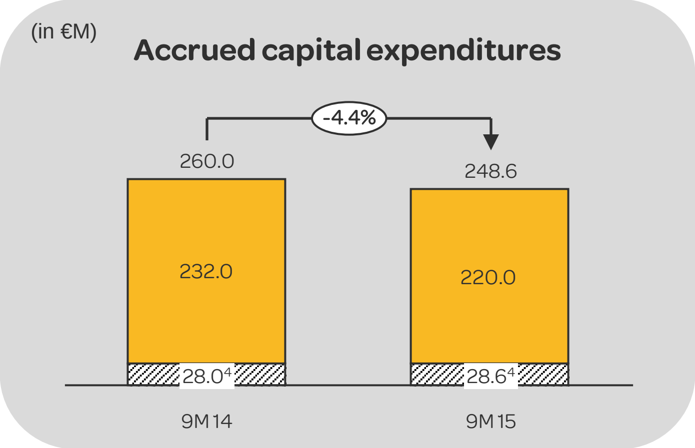


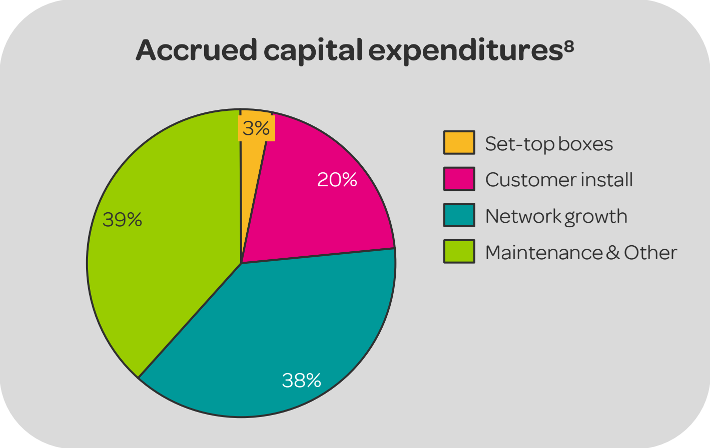
- **Adjusted EBITDA up 5% yoy to €724.2 million** with 9M 2015 and 9M 2014 including favorable impacts of €7.6 million and €12.5 million, respectively, related to the resolution of certain operational contingencies;
- **Excluding these impacts, Adjusted EBITDA growth** was driven by (i) accretive multiple-play growth and (ii) continued focus on carefully managing our overhead expenses, partly offset by (i) higher content-related costs, (ii) higher interconnection costs and (iii) higher costs associated with handset sales and subsidies;
- **Q3 2015 Adjusted EBITDA of €242.8 million,** +7% yoy, margin of 53.1%, reflecting significantly lower handset subsidies due to timing variances in our campaigns and continued focus on operational excellence.

See Notes page for additional disclosure

Accrued capital expenditures of €248.6 million

Representing around 16% of revenue excluding the recognition of the Belgian football broadcasting rights for the 2015-2016 season



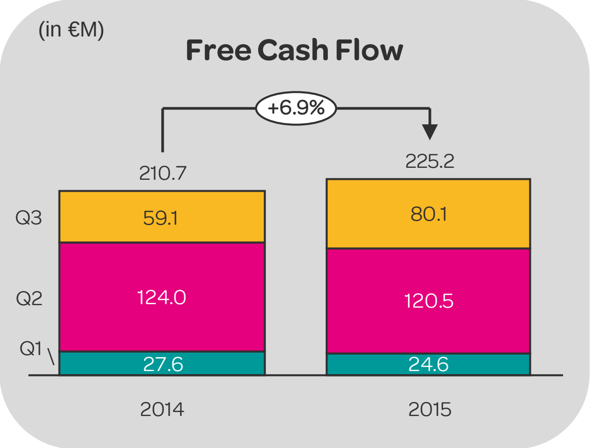


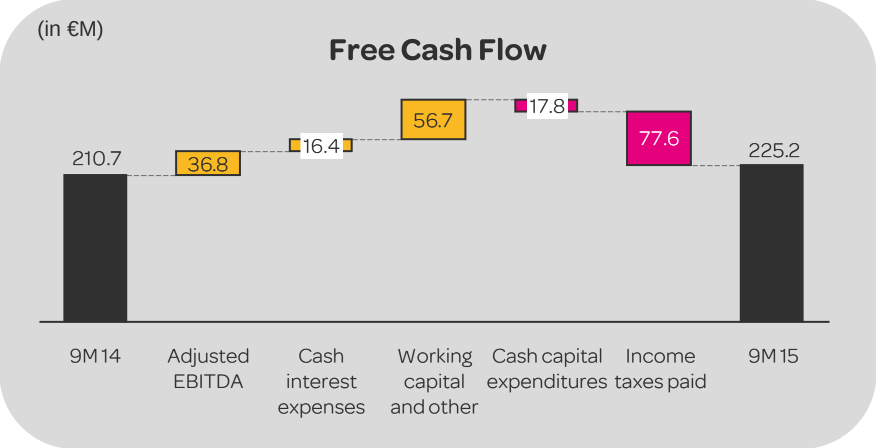
- **Accrued capital expenditures of €248.6 million** in 9M 2015, down 4% yoy due to significantly lower set-top box expenditures and 10% lower capital expenditures for customer installations, partly offset by higher network-related investments;
- Accrued capital expenditures for both 9M 2015 and 9M 2014 reflected the **recognition of the Belgian football broadcasting rights** for the 2015-2016 and 2014-2015 seasons, respectively;
- **Excluding the Belgian football broadcasting rights**, accrued capital expenditures were **around 16% of revenue** due to timing of planned expenditures and lower set-top box expenditures.

See Notes page for additional disclosure

Free Cash Flow of €225.2 million, up 7% yoy

Significantly higher cash taxes more than offset by solid Adjusted EBITDA growth, lower cash interest expenses and working capital improvements

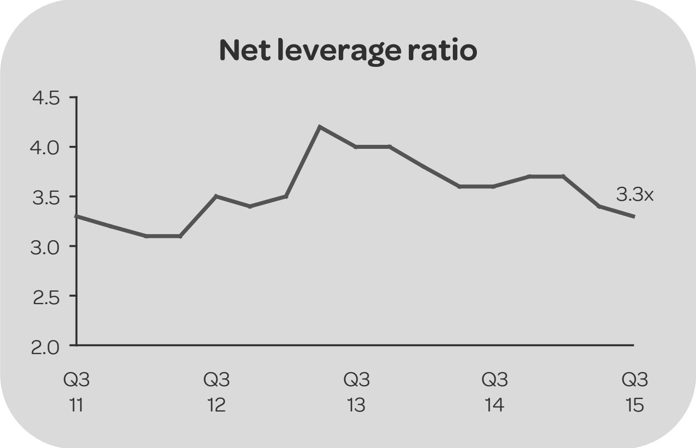


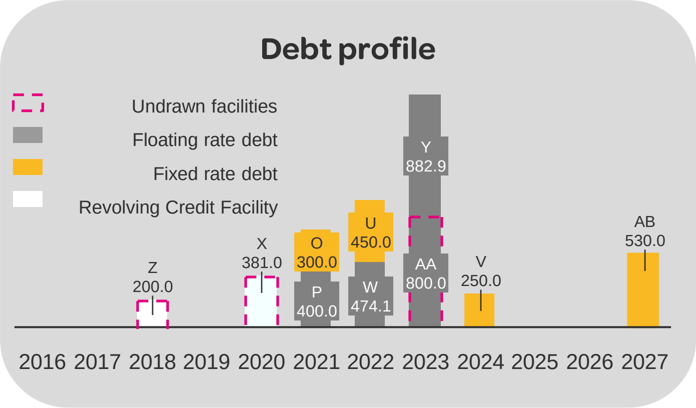


- In 9M 2015, **we generated €225.2 million of Free Cash Flow** compared to €210.7 million in 9M 2014, up 7% yoy, **despite €77.6 million cash taxes** paid in Q1 2015
- **Free Cash Flow growth** for 9M 2015 was predominantly driven by the combined effect of (i) solid Adjusted EBITDA growth, (ii) an improved trend in our working capital as a result of a tighter working capital management and (iii) substantially lower cash interest expenses due to recent refinancings;
- **Q3 2015 Free Cash Flow of €80.1 million**, up a strong 36% yoy.

Net leverage ratio of 3.3x at September 30, 2015

Sequential decrease driven by robust Consolidated Annualized EBITDA growth in the third quarter





- **Net leverage ratio of 3.3x** at September 30, 2015 as compared to 3.7x at December 31, 2014;
- Net leverage ratio at the end of September 2015 **excluded** the additional debt facilities related to the **acquisition of BASE Company**;
- **Issuance of €530.0 million 4.875% Senior Secured Notes due 2027** in July 2015 with net proceeds being used for the early repayment of the €500.0 million Senior Secured Notes due 2020;
- **Cancellation of short-dated RCF S** (€26.9 million) in September 2015 was more than offset by the July 2015 **upsizing of our RCF X by a net €85.0 million** to €381.0 million.

Full year 2015 outlook reconfirmed

Well on track to deliver on our outlook as upgraded on July 30, 2015

	As presented on February 12, 2015	As presented on July 30, 2015
Revenue growth	**4 – 5%**	**5 – 6%**
Adjusted EBITDA growth	**Around 4%**	**4 – 5%**
Accrued capital expenditures (as % of revenue)	**Around 21%**[8]	**Around 20%**[8]
Free Cash Flow	**€240.0 – 250.0 million**[9]	**€250.0 – 260.0 million**[9]

See Notes page for additional disclosure

Thank you!

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Important reporting changes

Revenue by nature: In Q1 2015, we changed the way we present the disclosure of our revenue in order to further align with our controlling shareholder and to provide a greater level of transparency on the underlying evolution of (i) our traditional cable subscription revenue, (ii) the revenue generated by our mobile telephony customers, (iii) our B2B revenue and (iv) our other revenue, which includes amongst others the revenue generated from the sale of set-top boxes and handsets, interconnection revenue and carriage fees. We have also applied these changes retroactively to the prior year quarters.

RGU adjustment: In Q1 2015, we changed the way we calculate certain operational key performance indicators to further align with our controlling shareholder. From January 1, 2015, RGUs 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 our services in two premises (for instance a primary and a secondary home) that individual will count as two RGUs for that service. This definition adjustment also impacted certain other derived operational parameters, including amongst others multiple-play penetration levels, the number of services per unique customer and the underlying ARPU generated by such unique customers. During the first quarter of 2015, we also modified certain video subscriber definitions to better align these definitions with the underlying services received by our customers and have replaced our “digital cable TV” and “analog cable TV” subscriber definitions with “enhanced video” and “basic video” respectively. We have also applied these changes retroactively to the prior year quarters.

Free Cash Flow: In Q1 2015, we changed our Free Cash Flow definition, adding cash payments for third-party costs directly associated with successful and unsuccessful acquisitions and dispositions to the net cash provided by our continuing operations. We have also applied these changes retroactively to the prior year quarters. Additionally, in Q3 2015, we changed our Free Cash Flow definition to further align with our controlling shareholder. From July 1, 2015, Free Cash Flow is defined as net cash provided by the Company’s continuing operations, 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 of its continuing operations, (ii) principal payments on capital-related vendor financing obligations, (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. This adjustment had no impact on the Company’s Free Cash Flow for the prior year quarters.

Reclassification of certain device-related payments: In Q4 2014, we changed the classification of certain device-related payments from purchases of property and equipment in the investing section of our consolidated cash flow statement to working capital changes and other non-cash items in the operating section of our consolidated cash flow statement. We have applied this classification retroactively to January 1, 2014. Accordingly, €40.8 million of device-related payments during the first nine months of 2014 (Q3 2014: €14.1 million) were reclassified to working capital changes and other non-cash items in the operating section of our consolidated cash flow statement. The reclassification of these cash flows did not impact our net results or our Free Cash Flow.

Definitions

a) **Under “Choose Your Device” contractual arrangements**, which include separate contracts for the mobile handset and airtime, we generally recognize the full sales price for the mobile handset upon delivery as a component of other revenue, regardless of whether the sales price is received upfront or in instalments. Revenue associated with the airtime services is recognized as mobile subscription revenue over the contractual term of the airtime services contract. Prior to the launch of “Choose Your Device” in July 2015, handsets were generally provided to customers on a subsidized basis. As a result, revenue associated with the handset was only recognized upfront to the extent of cash collected at the time of sale, and the monthly amounts collected for both the handset and airtime were included in mobile subscription revenue over the term of the contract. Handset costs associated with “Choose Your Device” handset revenue are expensed at the point of sale.

b) **EBITDA** is defined as profit before net finance expense, income taxes, depreciation, amortization and impairment. **Adjusted EBITDA** is defined as EBITDA before stock-based compensation 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 and (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. 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.

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) **Free Cash Flow** is defined as net cash provided by the Company’s continuing operations, 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 of its continuing operations, (ii) principal payments on capital-related vendor financing obligations, (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. 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.

e) **Basic Video Subscriber** is a home, residential multiple dwelling unit or commercial unit that receives our 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 we use to provide our enhanced service offerings. We count 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 our video service at each home is counted as two RGUs.

Definitions

f) **Enhanced Video Subscriber** is a home, residential multiple dwelling unit or commercial unit that receives our 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 our 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 we migrate customers from basic to enhanced video services, we report a decrease in our Basic Video Subscribers equal to the increase in our Enhanced Video Subscribers.

g) **Internet Subscriber** is a home, residential multiple dwelling unit or commercial unit that receives internet services over the Combined Network.

h) **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.

i) Our **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 our mobile telephony subscriber counts after a 90-day inactivity period.

j) **Customer Relationships** are the number of customers who receive at least one of our video, internet or telephony services that we count 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 our services in two premises (e.g., a primary home and a vacation home), that individual generally will count as two Customer Relationships. We exclude mobile-only customers from Customer Relationships.

k) **Average monthly revenue (“ARPU”) per RGU and ARPU per customer relationship** are calculated as follows: average total monthly recurring revenue (including revenue earned from carriage fees and set-top box rentals and excluding interconnection revenue, installation fees, B2B revenue, mobile telephony revenue and set-top box sales) for the indicated period, divided by the average of the opening and closing RGU base or customer relationships, as applicable, for the period.

l) **Homes Passed** are homes, residential multiple dwelling units or commercial units that can be connected to our networks without materially extending the distribution plant. Our Homes Passed counts are based on census data that can change based on either revisions to the data or from new census results.

Definitions

m) **RGU** is separately a Basic Video Subscriber, Enhanced Video Subscriber, Internet Subscriber or Telephony Subscriber. A home, residential multiple dwelling unit, or commercial unit may contain one or more RGUs. For example, if a residential customer to our 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 our 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. We do not include subscriptions to mobile services in our externally reported RGU counts.

n) **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 us and is required to return our 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 our churn calculations. Customers who move within our cable footprint and upgrades and downgrades between services are also excluded from the disconnect figures used in the churn calculation.

o) **Net leverage ratio** is calculated as per the 2010 Amended Senior Credit Facility definition, using net total debt, excluding (a) subordinated shareholder loans, (b) capitalized elements of indebtedness under the Clientele and Annuity Fees, (c) any finance leases entered into on or prior to August 1, 2007, and (d) any indebtedness incurred under the network lease entered into with the pure intermunicipalities up to a maximum aggregate amount of €195.0 million, divided by last two quarters’ Consolidated Annualized EBITDA.

Notes

1) Under “Choose Your Device” contractual arrangements, which include separate contracts for the mobile handset and airtime, we generally recognize the full sales price for the mobile handset upon delivery as a component of other revenue, regardless of whether the sales price is received upfront or in instalments. Revenue associated with the airtime services is recognized as mobile subscription revenue over the contractual term of the airtime services contract. Prior to the launch of “Choose Your Device” in July 2015, handsets were generally provided to customers on a subsidized basis. As a result, revenue associated with the handset was only recognized upfront to the extent of cash collected at the time of sale, and the monthly amounts collected for both the handset and airtime were included in mobile subscription revenue over the term of the contract. Handset costs associated with “Choose Your Device” handset revenue are expensed at the point of sale.
2) Adjusted EBITDA in Q1 2014 included a €12.5 million nonrecurring benefit related to the settlement of certain operational contingencies.
3) Adjusted EBITDA in Q2 2015 included a €7.6 million favorable impact from the resolution of a contingency associated with universal service obligations.
4) Accrued capital expenditures for both 9M 2015 and 9M 2015 included the recognition of the Belgian football broadcasting rights (“Jupiler Pro League”) for the 2014-2015 and 2015-2016 seasons. Under EU IFRS, these non-exclusive broadcasting rights have been capitalized as intangible assets and will be amortized on a pro-rata basis as the season progresses.
5) Average monthly revenue (ARPU) per revenue generating unit (RGU) and ARPU per customer relationship are calculated as follows: average total monthly recurring revenue (including revenue earned from carriage fees and set-top box rentals and excluding interconnection revenue, installation fees, mobile telephony revenue and set-top box sales) for the indicated period, divided by the average of the opening and closing RGU base or customer relationships, as applicable, for the period.
6) Our net organic loss rate excludes migrations to our enhanced video service and represents customers churning to competitors’ platforms, such as other digital television, OTT and satellite providers, or customers terminating their television service or having moved out of our service footprint.
7) Digitalization rate equals the number of enhanced video subscribers at the end of a given period over the total number of video subscribers at the end of a given period.
8) Excluding the impact from the recognition of the Belgian football broadcasting rights.
9) Assuming the tax payment on our 2014 tax return will not occur until early 2016 and excluding additional cash interest expenses incurred for the new debt facilities related to the acquisition of BASE Company NV.