Press Release

Utrecht, April 16, 2014
Ziggo N.V. Q1 2014 results

Solid start of 2014 with continued growth in internet and business bundles

Higher investments in customer services, innovation and marketing affect Q1 EBITDA

- **Continued growth in broadband internet and mobile telephony**
- **Customer churn continues to decline**
- **Strong growth in 2p offsets lower growth in 3p**
- **Ziggo Mobile records 30,000 new subscriptions in Q1 to reach a total of 63,000**
- **Successful B2B sales campaigns with almost 3,800 bundle net adds and double digit organic revenue growth**
- **Outlook for 2014 unchanged**

Operational highlights Q1 2014

- Total internet subscribers up 38,000 in Q1 to a total of 1.95 million, representing 2.0% sequential growth and 7.5% y-o-y growth
- All-in-1 bundle subscribers up 20,000 (incl. 3,800 triple play business bundles)[1] in Q1 to a total of 1.56 million, resulting in 1.3% sequential growth and 7.0% y-o-y growth
- All-in-1 penetration reaches 57.1% of our consumer customer base
- Telephony usage revenue down 7.9% y-o-y and down 7.0% excluding FTA rate reduction
- Digital pay TV revenue down 4.3% y-o-y due to a 16,000 decline in subscribers, partly offset by an ARPU increase and an uptake in VOD
- Consumer ARPU for the quarter up 3.6% y-o-y to €43.07
- Price increase for consumer products and changes to the fixed telephony offering effective as of April 1

Financial highlights Q1 2014

- Revenue up 1.7% y-o-y to €394.2 million; up 0.8% y-o-y excl. Esprit and 'other revenue'
- Adjusted EBITDA €213.1 million, down 4.3% y-o-y; down 4.7% y-o-y excl. Esprit
- Opex increase of €15.8m y-o-y and €13.4m or 14.1% excl. Esprit due to higher investment in marketing & sales and higher cost for customer service
- Net result reduced to -€38.4 million from €92.7 million in Q1 last year due to one-off costs of approximately €93 million net of taxes related to the refinancing, intended acquisition and fair value losses on our hedges
- Net debt amounts to €3.1 billion, stable compared to year-end 2013
- Leverage ratio of 3.6x, slightly up compared to 3.5x at year-end 2013

CEO René Obermann:

"Clearly, the recommended offer on Ziggo from Liberty Global, which was announced on January 27, was the most important event for the company during the first quarter. We believe that the combination of the two Dutch cable companies offers a great opportunity for all stakeholders as it allows us to jointly invest and provide even better services to our customers.

[1] All-in-1 bundle customers includes the triple play business bundles (office basis and office plus) as from Q4 2013. Historic numbers have been restated accordingly to facilitate comparison.

When we focus on the operational developments in the quarter, we see a continuation of the operational trends from the second half of 2013: continued RGU growth for both consumer and B2B, particularly in broadband internet. Similar to the last two quarters, growth in internet RGUs has exceeded growth in triple play subscriptions following the success of our double play TV and internet offering which particularly addresses the 'mobile-only' telephony households. The success of our internet is strongly supported by WifiSpots as well as on-going speed increases of up to 180Mbit/s as recently announced. We expect our announced speed increase to make us even more competitive in broadband and support further growth in this area. For Ziggo mobile we recorded 30,000 net adds in the first quarter, in line with the previous quarter.

In the B2B segment, we see continuing positive trends. We are pleased to announce another quarter of double digit organic revenue growth on the back of our on-going success with the sales of business bundles.

Finally, as expected, telephony usage revenue has resumed its declining trend in Q1 2014. With the change of our fixed line telephony offering as from April 2014, we have taken a number of measures which we expect will mitigate this trend going forward.

The decline in EBITDA in the first quarter came primarily from external personnel hired which are needed to drive our ambitious innovation agenda forward, including migrating some of our legacy IT-systems, and the investment in customers services and sales and promotions.

Until if and when the merger closes, which is expected to happen in Q3/4, we will run the company completely independent. Our management team is committed to delivering the targeted financial results, whilst aiming to outperform our Dutch peers on revenue growth at the same time."

Outlook

Based on our strong network and appealing product offerings, we will continue to focus on our top-line in 2014. This will predominantly be facilitated by on-going growth in broadband internet, Ziggo Mobile and our B2B activities.

As we anticipate no easing of the current competitiveness in the market, we will continue investments in sales and promotions, customer retention and product development to strengthen our position and improve our services. We expect these additional investments, which will be skewed towards the first half of the year, to result in a flat EBITDA for 2014 compared to last year. Following increased network investments to stay ahead of ever-increasing customer demand for bandwidth, the investments in set top boxes to support customer experience and the continuation of investments to upgrade our IT systems to enable converged services, Capex will increase to around €370 million in 2014.

Recommended offer by Liberty Global

On January 27, Ziggo and Liberty Global jointly announced that a conditional agreement had been reached on a recommended offer (the "Offer") pursuant to which Liberty Global would acquire Ziggo in a stock and cash transaction. Under the terms of the Offer and taking into account the Liberty Global stock dividend, Ziggo shareholders will receive €11.00 in cash, 0.2282 Liberty Global Class A ordinary shares and 0.5630 Liberty Global Class C ordinary shares for each Ziggo share.

Discussion with the AFM on the valuation and presentation of the customer relationships

Following our discussions with the AFM as a result of questions raised by the AFM concerning how the company came to the conclusion that the useful life of the customer relationships is indefinite, we plan to separate the asset in a customer list with a definite life and the license to provide our cable-related services in our footprint for an infinite period. Based on our analysis, we came to the conclusion that the value of the customer list is fully amortized assuming an amortization period for the customer list of five years and that the remaining value represents the license to operate in our footprint for an infinite period. Based on this analysis and to be more in line with peers we intend to reclassify the remaining balance of approximately €1.5 billion from customer relationship to goodwill in the 2014 accounts. This reclassification will also lower the deferred tax liability and goodwill by an amount of the deferred tax liability relating to the value allocated to the license. This reclassification does not have any impact on net result nor shareholders' equity. Our discussion with the AFM is still on-going.

Statement on proposal for final dividend for financial year 2013

In view of the recommended offer for Ziggo, management proposes that the total dividend for the financial year 2013 will be equal to the interim dividend distributed in September 2013. Consequently, there will be no final dividend distribution following the shareholder meeting on April 17, 2014.

Important dates

This year, Ziggo expects to publish its quarterly results on the following dates.

Q2 2014	July 17, 2014
Q3 2014	October 16, 2014

The Annual General Meeting of Shareholders over the financial year 2013 will be held on April 17, 2014.

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Financial highlights (unaudited)

€ million	Q1 2014	Q1 2013	Change
Subscriptions + usage	349.0	349.4	(0.1%)
Other revenues	4.1	10.1	(58.9%)
Total consumer revenues	**353.1**	**359.5**	**(1.8%)**
Business services revenues	41.1	28.3	45.2%
Total revenues	**394.2**	**387.8**	**1.7%**
Cost of goods sold	71.3	71.0	0.4%
Gross margin	**322.9**	**316.8**	**1.9%**
% of total revenues	*81.9%*	*81.7%*	
Operating expenses	86.5	76.7	12.8%
Marketing & Sales	23.4	17.5	33.5%
Total operating expenses	**109.9**	**94.2**	**16.7%**
% of total revenues	*27.9%*	*24.3%*	
Adjusted EBITDA[1]	**213.1**	**222.6**	**(4.3%)**
% of total revenues	*54.0%*	*57.4%*	
Non-recurring costs	2.1	0.0	
EBITDA[2]	**211.0**	**222.6**	**(5.2%)**
Depreciation and amortization	76.6	67.8	13.0%
Operating income	**134.4**	**154.8**	**(13.2%)**
Movement in provisions	(0.9)	(1.2)	(29.4%)
Change in net working capital	38.4	8.5	349.2%
Cash flow from operating activities	**248.5**	**229.9**	**8.1%**
Capital expenditure (Capex)	94.2	66.6	41.3%
% of total revenues	*23.9%*	*17.2%*	
Interest received	0.0	0.0	
Change in financial assets	0.3	0.1	197.5%
Funding joint venture	3.5	3.1	12.9%
Free cash flow	**150.5**	**160.1**	**(6.0%)**
% of total revenues	*38.2%*	*41.3%*	
Adjusted EBITDA - Capex	118.9	156.0	(23.8%)
% of total revenues	*30.2%*	*40.2%*	
Net result	**(38.4)**	**92.7**	**(141.4%)**
Outstanding shares (# m)	200.0	200.0	
Earnings per share (€)	(0.19)	0.46	(141.4%)

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Operational highlights (unaudited)

Footprint[3] (thousands)	31 Mar 2014	31 Dec 2013	Change	31 Mar 2013	Change
Homes passed	4,250	4,247	3	4,211	0.9%
Analog TV only	480	505	(25)	591	(18.8%)
Analog and digital TV[4]	2,304	2,291	13	2,260	2.0%
Total TV customers	**2,784**	**2,796**	**(12)**	**2,851**	**(2.4%)**
Digital pay TV subscribers	857	872	(15)	909	(5.7%)
Internet subscribers	1,948	1,910	38	1,812	7.5%
Telephony subscribers	1,627	1,608	19	1,525	6.7%
Total RGUs[5]	**7,216**	**7,186**	**30**	**7,097**	**1.7%**
of which bundle subscribers[6]	*1,558*	*1,538*	*20*	*1,456*	*7.0%*
Total RGUs consumer	**6,951**	**6,935**	**17**	**6,891**	**0.9%**
of which bundle subscribers[6]	*1,511*	*1,495*	*16*	*1,426*	*5.9%*
Out of home subscribers	63	33	30		
RGUs per customer (#)[8]	2.58	2.56	0.02	2.48	4.0%
ARPU in Q (€ per month)[9]	43.07	42.73	0.34	41.58	3.6%
ARPU YTD (€ per month)[9]	43.07	42.10	0.97	41.58	3.6%
Total RGUs B2B	**265**	**251**	**14**	**205**	**29.2%**
of which bundle subscribers[6]	*47*	*43*	*4*	*31*	*54.8%*

Note

Please note that the results published in this press release are the consolidated results of Ziggo N.V. ("Ziggo") and not those of Ziggo Bond Company B.V., the entity that we reported on prior to Q1 2012. As a consequence of the initial public offering of 25% of its ordinary shares on March 21, 2012, Ziggo is now reporting quarterly results at the level of the entity that issued the ordinary shares at NYSE Euronext Amsterdam, referred to as "Ziggo". A reconciliation of the results of Ziggo N.V. with Ziggo Bond Company B.V. is attached as a separate schedule to this earnings release, and an explanation of the most important reconciling items is provided at the end of this release. Ziggo was incorporated on April 1, 2011 and indirectly acquired all of the issued and outstanding shares of Ziggo Bond Company B.V. on March 20, 2012.

Definitions/Footnotes

(1) Adjusted EBITDA refers to EBITDA adjusted to eliminate the effects of operating expenses incurred in connection with the announced intended acquisition of the company by Liberty Global on January 27, 2014, which were €2.1 million for the quarter ended March 31, 2014 and €0.0 million for the quarter ended March 31, 2013.

(2) EBITDA represents operating income plus depreciation and amortization. Although EBITDA should not be considered a substitute for operating income and net cash flow from operating activities, we believe that it provides useful information regarding our ability to meet future debt service requirements.

(3) Operating data relating to our footprint and RGUs are presented as at the end of the period indicated.

(4) Digital television RGUs equals the total number of standard TV subscribers who activated a smart card as at the end of the periods indicated. As a result, digital TV RGUs represents the number of subscribers who have access to our digital TV services. In any given period, not all of these digital TV RGUs will have subscribed to additional digital pay TV services. As at March 31, 2014, 857,000 of our total digital TV RGUs subscribed to one or more of our digital pay TV services.

(5) Total RGUs are calculated as the sum of total standard TV subscribers, digital pay TV subscribers, internet subscribers and telephony subscribers which are serviced by our coaxial products for both the consumer and the business markets. Total consumer RGUs excludes subscriptions to our products Office Basis (45,400), Office Plus (1,800) and Internet Plus (12,100) targeted at SOHO and small businesses and our collective TV contracts TOM and TOMi (representing 80,000 RGUs), as these coaxial products are serviced by our business division and revenues generated through these products are recognized as business service revenues. These products represent 139,300 TV RGUs, 19,500 digital pay TV RGUs, 59,300 internet RGUs and 47,200 telephony RGUs.

(6) Besides 1,511,000 subscribers who subscribed to the All-in 1 bundle, 10,000 customers subscribed to standard TV, internet and telephony on an individual product basis instead of an All-in-1 bundle. However, the reported number for All-in-1 bundle customers includes 36,300 customers who are serviced through cable networks owned by third parties. The calculation of the penetration of All-in-1 in our consumer customer base excludes the All-in-1 bundle customers serviced through cable networks owned by third parties.

(7) Total RGUs includes 26,600 digital pay TV RGUs, 50,500 internet RGUs and 39,500 telephony RGUs which are serviced by Ziggo through certain cable networks owned by third parties. The customers to whom we provide internet, telephony services and digital pay TV services through cable networks owned by third parties are not reported as standard TV subscribers, as standard TV service is provided by the third party. Therefore these internet, digital pay TV and telephony RGUs are excluded in the calculation of the RGUs per customer.

(8) RGUs per customer is the total number of consumer RGUs excluding RGUs in cable networks owned by third parties (6,834,000 as at March 31, 2014) divided by the total number of consumer standard TV subscribers (2,645,000 as at March 31, 2014).

(9) Average Revenue per User (ARPU) for the consumer market is calculated as the sum of total standard TV, digital pay television, internet, telephony (including call charges and interconnection revenue) and All-in-1 bundle subscription revenues generated in the consumer market for the period, divided by the number of months used and divided by the period's average monthly total standard TV RGUs. It excludes revenue from other sources, including installation fees and set-top box sales. The calculated ARPU excludes revenue generated from RGUs in cable networks owned by third parties.

(10) As of Q2 2013 we changed the definition of net debt for the calculation of the leverage. Net debt is defined as the outstanding balance of the principal amount of our borrowings plus the accrued interest on these borrowings and the market-to-market value of the derivative financial instruments, reduced by the balance for cash and cash equivalents. Before Q2 2013 the balance of accrued interest and the market-to-market value of the derivative financial instruments had not been included in the calculation of net debt.

(11) As of Q4 2013 we have reclassified certain cost elements which relate to the rent of datacenters from cost of goods sold to office expenses. This reclassification had been processed in prior period results as well for comparative purposes.

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About Ziggo

Ziggo is a Dutch provider of entertainment, information and communication through television, internet and telephony services. The company serves around 2.8 million households, with 1.9 million internet subscribers, almost 2.3 million subscribers to digital television and 1.6 million telephony subscribers. Business-to-business subscribers use services such as data communication, telephony, television and internet. The company owns a next-generation network capable of providing the bandwidth required for all future services currently foreseen. More information on Ziggo can be found on www.ziggo.com.

Not for publication

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Consumer products & services

Detail consumer

thousands	31 Mar 2014	31 Dec 2013	Change	31 Mar 2013	Change
Analog TV only	381	408	(27)	496	(23.1%)
Analog and digital TV	2,264	2,253	11	2,233	1.4%
Total TV customers	**2,645**	**2,661**	**(16)**	**2,729**	**(3.1%)**
Digital pay TV subscribers	837	853	(16)	895	(6.5%)
Internet subscribers	1,889	1,855	33	1,772	6.6%
Telephony subscribers	1,580	1,565	16	1,495	5.7%
Total RGUs	**6,951**	**6,935**	**17**	**6,891**	**0.9%**
of which bundle subscribers	*1,511*	*1,495*	*16*	*1,426*	*5.9%*
of which in 3rd party networks [7]	*117*	*116*	*1*	*111*	*4.9%*
RGUs per customer (#)	2.58	2.56	0.02	2.48	4.0%
ARPU for the quarter (€ per month)	43.07	42.73	0.34	41.58	3.6%
ARPU YtD (€ per month)	43.07	42.10	0.97	41.58	3.6%

During the first quarter Ziggo recorded RGU trends similar to the last two quarters of 2013. Whereas RGU growth was recorded in both the consumer and B2B segments, growth in broadband internet was particularly strong with 33,000 net adds during the quarter. The main reasons for the overall RGU growth are higher investments in sales and customer retention combined with an increased attractiveness of our bundle and internet product through the addition of WifiSpots and increased internet speeds.

As in previous quarters, Ziggo recorded lower churn compared to last year. Customer churn in Q1 2014 was 8.6%, down from 12.2% in Q1 2013, and down from 9.2% in Q4 2013. This development is particularly promising as the first and fourth quarters are traditionally the quarters with relatively high 'seasonality' churn compared to the other two quarters.

At the end of Q1 2014, total RGUs in the consumer market reached 6.95 million, up 17,000 during Q1 versus an increase of 20,000 in Q4 2013. Internet subscribers in particular recorded strong growth, resulting in the third consecutive quarter in which growth exceeded subscriber growth of our All-in-1 bundle. Higher growth for broadband internet relative to the All-in-1 bundle is primarily the result of our increased focus on the dual-play bundle (TV + Internet), specifically addressing the group of 'mobile-only' telephony households. Clearly this was supported by our 1 million WifiSpots and increased internet speeds up to 180Mbit/s as we recently announced.

Subscribers to digital pay TV decreased by 16,000 during the first quarter. For the full year, the number of subscribers to digital Pay TV is down by 58,000, due to the difficult macro-environment, the switch from subscription-based to on-demand-based video consumption and increased competition from Over-The-Top premium TV providers.

In Q1, the number of subscribers to the All-in-1 bundle grew by 16,000 (or 1.1%) to more than 1.5 million, and by 5.9% compared to the prior-year quarter. All-in-1 bundle customer churn in Q1 was 4.9%, down from 5.1% in the previous quarter and down from 6.2% compared to the same quarter last year. These percentages are based on annual churn rates. The number of consumer internet subscribers grew by 33,000 or 2.0% during Q1 to a total of 1.89 million. Compared to the same time quarter last year the number of broadband internet subscribers grew by 6.6%.

The number of digital TV subscribers increased by 11,000 to 2.26 million in Q1, representing a penetration of 85.6% of our consumer customer base. The number of TV-only subscribers decreased by 22.7% compared to the same quarter last year, to a total of 697,000 as at March 31,

2014. The decrease was mainly due to the upsell of the dual play and triple play bundles to our TV-only subscribers as well as churn. Among TV-only subscribers, churn came down compared to the average for 2013 following higher investments in customer retention. However, we expect to continue to experience churn among our TV-only customers as a result of a market moving towards triple play and increased competition. Churn on all other product lines, and for the All-in-1 bundle in particular, is significantly lower than churn among TV-only subscribers. Therefore, we will continue to focus on upgrading customers to our dual and triple play bundles.

The total number of consumer telephony subscribers rose to 1.58 million at Q1 2014, an increase of 5.7% compared to a year ago. This increase is mainly the result of the increase in All-in-1 subscriptions, although growth has come down versus a few quarters ago due to the increased popularity of double play relative to triple play.

RGUs per customer grew to 2.58, up 4.0% compared to last year, following growth in RGUs combined with a lower number of customers. Excluding digital Pay TV as a separate RGU, Ziggo recorded an average of 2.28 RGUs per customer or a 5.1% growth compared to the previous year. Blended ARPU for the quarter rose by 3.6% y-o-y, benefiting from (1) a further penetration of dual and triple play bundles in our customer base, (2) churn among lower ARPU TV-only customers and (3) ARPU growth for digital pay TV, partly offset by (4) a decline in the ARPU for telephony usage. Finally, Ziggo Mobile added 30,000 subscribers during Q1 2014 to reach a total of 63,000 as at March 31, 2014.

Marketing and sales

Over the past few quarters, Ziggo has been campaigning more actively which continued in the first quarter of 2014 with a number of different campaigns. The first week of January started with a campaign promoting our mobile proposition. Via advertisements, electronic direct marketing, online bannering and radio commercials, the competitively priced SIM-Only offering was supported by an offer to transfer free of charge to Ziggo Mobile.

Around the same time Ziggo re-introduced the All-in-One bundle campaign ‘Overstapweken’ (Switching weeks). New customers can choose from five promotional offers, varying from a discount on a subscription for the first six months, a free tablet, an interactive HD receiver or an interactive HD recorder for an initial contribution of €49. In addition, customers receive a free of charge installation offer. All new subscribers to our dual play or triple play services have a minimum contract term of 12 months, with the same terms applying to our retention offers.

As part of our Fiber-to-the-Home (FttH) counter campaign, the Ziggo Home was introduced in the beginning of February. This pop-up store is completely built from LED walls, showing the strengths of the Ziggo proposition. The Ziggo Home was used in the areas where FttH initiatives were announced, together with a special retention offer with a one-year contract extension.
On February 17, a new loyalty campaign kicked-off, ‘De Kracht van TV’ (The Power of TV). The campaign focusses on the richness of Ziggo’s TV subscription offering 60 channels in the highest quality and the many options available with Interactive TV and Ziggo TV App.

We have introduced various loyalty campaigns for existing customers, leveraging our sponsor program of the Ziggo Dome. On February 15, 1,500 Ziggo customers were invited to join the live concert of ‘The Ladies of Soul’ in the Ziggo Dome, which was also broadcasted live on Ziggo’s event channel 12, our Ziggo TV App via our website. Similar to that, we ran another loyalty campaign on the back of our sponsorship of Marco Borsato’s ‘Duizend Spiegels’ (Thousand Mirrors) tour. Ziggo customers are offered tickets at a discount for the nationwide tour, with the final one being held in the Ziggo Dome.

Products and services

On April 1, Ziggo announced the speed increase for its internet subscriptions, providing almost 1.9 million clients with faster internet speeds. The highest consumer download speed of 180 Mbit/s will be available to all clients with an All-in-1 Extra package or a Z3 subscription. For business clients, the speed of the 'Office Basis' package ZZ3 will be increased to 200 Mbit/s. The internet speed increase will be effective as of May 1.

On April 1, the rates for All-in-1 bundles, TV subscriptions and telephony were changed. The price for a TV Plus package was increased by €1.45, for an All-in-1 bundle by €1.00. On that same date, Ziggo changed the structure of its fixed telephony package. The flat fee telephony bundle 'Volop bellen altijd' was changed and now includes all national calls to both fixed and mobile numbers for a fixed fee of €9.95 per month. With this change, we make this product more attractive by including calls to Dutch mobile numbers in the Netherlands. However, following the change in the structure of the rate plan, on-net calls (Ziggo customer calls a Ziggo customer), which used to be free of charge, are now chargeable. As a result of this change in the telephony rate plan, we expect more subscribers to select a flat fee bundle on top of their telephony subscription.

Finally, Ziggo was pleased to receive two awards during the first quarter. At the Cable Congress held in Amsterdam this year, Ziggo received the Innovation Award for the CI+1.3 module. The CI+ 1.3 module enables interactive services such as on-demand movies, television series or missed TV programs without the use of a set-top box and using the remote control of the television set. Ziggo is the first in the world to enable interactive television via such a CI+ module.

At the end of January, Ziggo was voted best internet provider in the Netherlands by the independent Dutch website Tweakers for the fourth time in a row. A total of 37.5% of 20,783 people who participated voted for Ziggo.

B2B products & services

Detail B2B

thousands	31 Mar 2014	31 Dec 2013	Change	31 Mar 2013	Change
Analog TV only	98.6	96.4	2.2	95.2	3.6%
Analog and digital TV	40.7	38.3	2.4	26.6	53.1%
Total TV customers	**139.3**	**134.7**	**4.6**	**121.8**	**14.4%**
Digital pay TV subscribers	19.5	18.4	1.1	13.2	47.2%
Internet subscribers	59.3	54.8	4.5	39.8	49.1%
Telephony subscribers	47.2	43.5	3.7	30.5	55.1%
Total RGUs	**265.3**	**251.4**	**13.9**	**205.3**	**29.2%**
of which bundle subscribers	*47.2*	*43.4*	*3.8*	*30.5*	*54.8%*
Of which:					
- Office Basis	*45.4*	*41.8*	*3.6*	*29.4*	*54.5%*
- Office Plus	*1.8*	*1.6*	*0.2*	*1.1*	*69.4%*
- Internet Plus	*12.1*	*11.3*	*0.8*	*9.3*	*29.5%*

In Q1, almost 4,500 new subscribers were added to our 'Office Basis', 'Office Plus' and 'Internet Plus' business bundles, bringing the total B2B bundle subscribers to more than 59,000. Our focus on small and home offices with business bundles continues to drive growth for B2B.
At the end of March, a brand campaign was started. During the 'Week van de Ondernemer' (Week of the Entrepreneur), our strong B2B bundle propositions are promoted, emphasizing the added value to small and medium-sized enterprises through high broadband internet speed and convenience.

Other

On February 19, Ziggo announced that Marcel Nijhoff, Chief Commercial Officer, would step down effective March 1, 2014. With effect from April 18, 2014, Hendrik de Groot, currently Managing Director of Business-to-Business at Ziggo, will be appointed new Chief Commercial Officer and member of the Management Board of Ziggo.

Financial performance

Revenue

In Q1 2014 Ziggo generated revenues of €394.2 million, an increase of 1.7% compared to the same quarter of 2013 (€387.8 million) and down 0.8% excluding the revenue contribution from the Esprit Telecom acquisition. Esprit Telecom, which has been consolidated as of May 1, 2013, contributed €9.4 million in revenues during the first quarter. Excluding Esprit Telecom and 'revenue from other sources', revenues increased by 0.8%. The most important drivers for revenue growth were the following:

1. Continued growth in RGUs for internet and telephony, partly driven by a further uptake of the All-in-1 bundle and an increased focus on the dual play bundle;
2. The revenue contribution from Ziggo Mobile, launched in September of last year;
3. Continued growth in subscriptions to business bundles.

Revenue growth was partly offset by lower RGUs for standard TV and a revenue decline from subscriptions to digital pay TV by 4.7% and to telephony usage by 7.9%. Business services again reported strong organic growth of 12.0% in the business market, fully driven by the sale of business bundles to the SME and SoHo markets.

Consumer revenues for Q1 2014 amounted to €353.1 million, down 1.8% on Q1 2013. Excluding 'revenue from other sources', consumer revenues were down by 0.1%. Although we realized a further uptake of our All-in-1 bundle and broadband internet subscriptions during the quarter, the decline in revenues from subscriptions to digital pay TV and telephony usage more than offset the growth in revenues from subscriptions to our triple and dual play bundles and mobile. In addition, as part of our promotional offers, new subscribers can opt for an introduction discount for a six-month period, which is recognized net of revenues in each of the first six months of the contract period. This discount represents a value of approximately €1.8 million, resulting in 0.5% lower growth of consumer revenues from subscription and usage.

Subscriptions to All-in-1 grew by 16,000 during the quarter, and 5.9% y-o-y. In addition, subscriptions to broadband internet grew even faster by 33,000 additions, or 6.6%, y-o-y, supported by an increased focus on our dual-play proposition (TV and internet) and an enrichment of our internet product and dual play bundle through the addition of WifiSpots and higher internet speeds. Telephony RGUs grew by 16,000 or 5.7% y-o-y supported by the growth in All-in-1. RGUs for standard TV reported a net decline of 16,000 RGUs during the quarter and 3.1% y-o-y, while customer churn came down from 12.2% in Q1 2013 to 8.6% in Q1 2014. This is a considerable improvement and is consistent with the improvements we have seen since the second half of 2013. The decline of 16,000 in Q1 was even better than the 22,000 decline in Q4 of 2013 and a substantial improvement from Q1 2013 with a decline of 47,000 RGUs for standard TV. Churn came down compared to previous quarters as a result of our increased focus on retention, our successful sales campaigns and product innovations, like the introduction of Ziggo WifiSpots. The first and fourth quarters are typically the quarters with relatively high churn compared to the other two quarters.

Revenue from subscriptions to standard TV, internet and telephony increased by 1.2% compared to Q1 2013. The positive revenue effect from the increase in All-in-1 subscriptions and broadband internet subscriptions, in particular, were partly offset by the 3.5% decline in revenue for standard TV subscriptions. Excluding the promotional discount with a net value of €1.8 million in Q1, revenue from subscriptions grew by 1.9%. As of April 1, prices for our main products were increased in line with the consumer index, whereas in prior years prices have been increased as of February 1.

Driven by a decline in the number of subscribers to digital pay TV from 895,000 at the end of the prior-year first quarter to 837,000 by the end of Q1 2014, revenue from digital pay TV (including VOD) declined by 4.3% y-o-y, despite an increase in the number of VOD transactions by 5% in that same period and an increase in ARPU for digital pay TV by 2.6%, from €15.84 in Q1 2013 to €16.25 in Q1 2014.

The decline in RGUs for digital pay TV was driven by (a) the depressed consumer confidence given the macro-environment, (b) the growing popularity of VOD which does not count as an RGU, (c) increased competition from over-the-top TV providers and (d) our marketing focus on customer retention and All-in-1, and the launch of Ziggo Mobile instead of premium pay TV. The growth in VOD transactions was negatively impacted by the price increase for watching live football per match from €6.95 to €11.95. The number of VOD transactions for watching live football declined by approximately 71%. If we exclude these transactions, the number of VOD transactions increased by 18%.

Revenues from telephony usage decreased by 7.9% compared to the prior-year quarter. Excluding revenues from interconnection, telephony usage revenues declined by approximately 7.2%.

Growth in the number of telephony subscribers of 5.7% was more than offset by a lower ARPU for telephony usage, due to (1) an FTA rate reduction from €0.0037 to €0.00302 as at September 1, 2013, (2) more subscribers selecting a flat-fee subscription, and (3) a higher share of free on-net calls following the growth in the number of All-in-1 subscribers. When a Ziggo telephony customer makes a fixed line call to another Ziggo telephony customer, the call qualifies as on-net and no costs are charged. Both trends result in a higher percentage of non-billable call minutes compared to the previous year, in addition to an overall decline in average call minutes per telephony subscriber. In the first quarter, call minutes decreased by approximately 7.6% compared to the same quarter last year, while average minutes per subscriber declined by 13.8% and the number of billable minutes declined by 7.7%. More subscribers selected a flat fee bundle covering calls to landlines in the Netherlands and several foreign countries.

The reduction in FTA rates at September 1, 2013 negatively affected ARPU and revenues by €0.08 and €0.4 million respectively compared to Q1 2013. This year, prices for telephony have not been increased, whereas last year prices were increased as of February 1. However, effective April 1, the telephony rate plan was adjusted in such a way that on-net calls are now chargeable and the flat fee bundle covers calls to all landlines and mobile numbers in the Netherlands. As a result of this change in the telephony rate plan, we expect more subscribers to select a flat fee bundle on top of their telephony subscription.

Despite the 7.9% decline in revenues from telephony usage, the gross margin on total telephony increased slightly, by approximately 0.9% in absolute terms, due to growth in the number of subscribers and improved margins, and as a result of reduced FTA and MTA rates.

Revenues generated through our All-in-1 bundle increased by 5.3%, from €177.6 million in Q1 2013 to €187.0 million in Q1 2014, now representing 53.6% of total consumer revenues from subscriptions and usage, versus 50.8% in Q1 2013.

Revenue from other sources, predominantly consisting of set-top box sales, collection fees and revenues from service numbers, declined by 58.9% y-o-y to €4.1 million in Q1 2014. Part of this decline was the result of a change in accounting for costs of tablets, which has been implemented in the fourth quarter of last year. Based on IFRS guidelines, we changed the accounting for tablets provided to customers resulting from our sales promotions in combination with a one-year contract. The costs of these tablets are now deferred and allocated as a discount for the contract period to other revenues, rather than being expensed and included in marketing & sales as we did prior to Q4. This resulted in a discount as a result of deferred tablet costs of €2.8 million. Excluding this adjustment, revenue from other sources decreased by €3.2 million, or 31.3%. Although the number of set-top boxes shipped was slightly below the level of last year, we recorded a decline in revenues due to a higher number of set-top boxes capitalized covered by a subscription period of 12 months for which the ownership of the set-top boxes remains with Ziggo.

thousands		Q1 2014	Q1 2013	change
expensed	Interactive recorders	12.4	36.6	(24.1)
	Interactive receivers	10.0	32.9	(22.9)
	CI+ modules	4.0	3.7	0.2
		26.4	73.2	(46.8)
capitalized	Interactive recorders	35.8	15.0	20.8
	Interactive receivers	18.5	0.0	18.5
		54.3	15.0	39.3
total		**80.7**	**88.2**	**(7.5)**

Blended ARPU for consumers in Q1 2014 was €43.07, up €1.49, or 3.6%, from Q1 2013. This increase was driven by growth in the number of subscribers to the All-in-1 bundle and broadband internet which, combined with churn in lower ARPU TV-only subscribers, resulted in a 4.0% increase in RGUs per customer to 2.58 (based on a maximum of 4 RGUs per customer). Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.31 RGUs per customer, or an increase of 5.2% y-o-y. Additionally, blended ARPU was positively affected by (1) the price increase which became effective on 1 February 2013, and (2) an increase in ARPU for digital pay TV of 2.6%, partly offset by (3) a decline in ARPU for telephony usage of 13.3%.

Our business market activities generated revenues of €41.1 million in Q1 2014, up 45.2% compared to €28.3 million in the same period last year. Esprit Telecom contributed €9.4 million in revenues. Excluding revenues from Esprit Telecom, the acquisition which has been consolidated since May 1, business revenues grew by 12.0%. Growth was fully attributable to the increase in the number of subscriptions to our business bundles for home offices and small enterprises. In Q1, Ziggo B2B added almost 4,500 new subscribers to its main B2B bundles products, 'Internet Plus', 'Office Basis' and 'Office Plus', reaching a total of more than 59,000 subscribers by March 31, 2014. Total revenues from the coaxial products TOM and TOMi, our collective TV contracts and business bundles in Q1 2014 grew by €4.0 million, or 36.5%, compared to the same quarter in 2013, landing at €15.0 million, now representing 47.3% of total B2B revenues (compared to 38.8% in Q1 2013). Revenue growth for B2B was negatively affected by declining revenue from a number of sizeable legacy contracts, as well as the reduction in FTA rates. The reduction in FTA rates as at September 1, 2013 negatively affected revenues by almost €0.1 million per quarter.

Cost of goods sold and gross margin

Cost of goods sold includes costs of materials and services directly related to revenues. It consists of copyrights, signal costs and royalties paid to procure our content, interconnection fees that we pay to other network operators, materials and logistics costs and costs of guarantee relating to the sale of set-top boxes and other products and materials used to connect customers to our network.

In Q1 2014, cost of goods sold increased to €71.3 million, up 0.4% from Q1 2013. The gross margin in Q1 was 81.9% of revenues versus 81.6% in the prior-year quarter. Excluding the acquisition of Esprit Telecom (Q1 COGS of €6.1 million), which has been consolidated since May 1, 2013, cost of goods sold would have declined by 8.2% and the gross margin would have been 83.0%. The gross margin of Esprit is dilutive to the total gross margin.

Margin improvement was mainly the result of higher gross margins on internet, telephony and business services (excluding Esprit Telecom) and a lower negative margin contribution realized on the sale of set-top boxes. The lower negative margin contribution from the sales of set-top boxes is the result of a lower volume of set-top boxes recognized as sales (22,000 in Q1 2014 versus 69,000 in Q1 2013) at a lower negative margin contribution per set-top box. In addition, 54,000 set-top boxes were capitalized, as these boxes were provided to customers as part of our sales and retention promotions covered by a one-year contract, with the ownership of the set-top boxes remaining with Ziggo. These capitalized set-top boxes in Q1 represent a total value of €6.3 million.

Operating expenses (Opex)

Operating expenses increased by €15.7 million, or 16.7%, to €109.9 million in Q1 2014, compared to €94.2 million in Q1 2013. As a percentage of revenue, operating expenses increased to 27.9%, which included an increase in marketing & sales expenses by 33.5%, from €17.5 million in Q1 2013 to €23.4 million in Q1 2014, and an increase in contracted work by 45.0%. The majority of the increase in marketing & sales expenses was driven by customer retention campaigns and the sales and advertisement campaigns for Ziggo Mobile throughout the quarter.

Excluding marketing & sales, operating expenses increased by 12.8% compared to Q1 2013. Excluding marketing & sales and the acquisition of Esprit Telecom (with an Opex of €2.3 million), operating expenses were €84.2 million, up 9.8% compared to Q1 2013.

Personnel costs increased by 8.8% compared to Q1 2013. Excluding Esprit Telecom (€1.9 million), personnel costs increased by 4.9%, or €2.4 million.

Total headcount excluding Esprit Telecom increased by 9.4%; average personnel costs increased by approximately 3%, which was partly offset by lower accrued bonuses of approximately €0.6 million. The increase in average personnel costs of approximately 3% was driven by both discretionary individual salary increases as at January 1 and a general salary increase in line with the collective labor agreement in the course of 2013 as well as increased employer charges for social securities since January 1. The increase in headcount was more than offset by an increase in capitalized personnel costs of approximately €8.1 million, or 47%. The increased headcount is primarily the result of an increase in external personnel for projects relating to investments in innovation and our core infrastructure and service platforms, facilitating the addition of new services such as mobility, converged services and TV Everywhere.

At the end of Q1, we recorded 3,434 FTEs. Excluding Esprit Telecom, we recorded 3,326 FTEs, compared to 3,039 FTEs at the end of Q1 2013 and 3,248 at the end of Q4 2013. Excluding external and temporary call center agents, the company had 2,507 employees (FTEs) versus 2,501 in the previous year (average for the quarter: 2,506 FTEs versus 2,502 for Q1 2013). The number of external resources increased from 345 FTEs at the end of Q1 2013 to 553 at the end of Q1 2014 (average for the quarter: 536 external FTEs versus 326 for Q1 2013). The number of temporary call center agents increased from 192 FTEs at the end of Q1 2013 to 264 at the end of Q1 2014, reflecting increased call volumes in our call centers (average for the quarter: 252 temporary call center agents versus 326 for Q1 2013).

Costs of contracted work, excluding Esprit Telecom, increased by 44.2% compared to Q1 2013 (45.0% including Esprit Telecom). This increase was predominantly driven by higher costs of our external call centers and costs of customer maintenance & visits. Call volumes remained high compared to the prior-year quarter, similar to what we experienced in the second half of 2013. Call volumes rose by over 23% compared to Q1 2013, in line with what we experienced in the previous quarters. In combination with an increase in the average handling time by over 13% and a relatively higher percentage of the call volume being outsourced, external call center costs more than doubled compared to Q1 2013. In addition, costs of maintenance of network and technology increased by over 24% as a result of an increase in the capacity of our infrastructure and maintenance of certain legacy platforms, as well as rising maintenance costs following investments in our core infrastructure and systems facilitating the addition of new services, such as mobility and TV Everywhere.

Office expenses in Q1 decreased by 7.2% to €12.6 million compared to Q1 2013. Excluding Esprit Telecom, office expenses decreased by 8.8%. The decrease was mainly the result of a refund of energy tax for prior years and an increase in the coverage for office expenses as a result of the increase in the headcount and hours capitalized. If the coverage for office expenses and the refund for energy tax are excluded, office expenses increased by over 1.7%.

Other expenses increased by 34.5% compared to Q1 2013. Excluding Esprit Telecom, other expenses increased by 29.3%. The increase was predominantly the result of higher costs related to the provision for bad debts and debt collection and increased costs related to repairs of customer equipment, such as set-top boxes.

Adjusted EBITDA and operating profit

In Q1 2014, we achieved an adjusted EBITDA of €213.1 million, down 4.3% compared to Q1 2013. The EBITDA margin was 54.0% compared to 57.4% in Q1 2013. Excluding the EBITDA contribution of €0.9 million from Esprit Telecom, adjusted EBITDA decreased by 4.7%, resulting in an adjusted EBITDA margin of 55.1% compared to an adjusted EBITDA margin of 57.4% in the prior-year quarter.
Although the gross margin excluding Esprit increased by 0.9% as a result of growth in revenues, the increase in operating expenses by 14.1% driven by the strong increase in marketing & sales and costs for contracted work resulted in a decline in adjusted EBITDA by 4.7%. In addition, an amount of €2.1 million in non-recurring costs was recognized as a result of advisory costs relating to the intended acquisition by LGI, resulting in EBITDA of €211.0 million, a 5.2% decline compared to Q1 2013. Excluding the EBITDA contribution of €0.9 million from Esprit Telecom, EBITDA decreased by 5.6%.

Depreciation expenses and amortization of software and intangibles in Q1 2014 increased by €8.8 million to €76.6 million, from €67.8 million in Q1 2013. Excluding the acquisition of Esprit Telecom and excluding the amortization of other intangible fixed assets, depreciation and amortization of software increased by €8.5 million. This increase is the result of the current investment program in our core infrastructure and systems facilitating the addition of new services such as mobility and TV Everywhere. Based on this investment program, depreciation and amortization will grow in the future. During the quarter, we recognized €0.3 million in amortization of other intangible assets, due to the recognition of the amortization of the Esprit customer list.

Operating income (EBIT) for the first quarter decreased by 13.2% to €134.4 million compared to €154.8 million for the prior-year quarter. Excluding the acquisition of Esprit Telecom, operating income decreased to €133.8 million, due to the decrease in EBITDA by 5.6% and an increase in depreciation and amortization expenses by €8.5 million.

Net income

Interest expense increased by €6.6 million, or 13.1%, to €56.5 million in Q1 2014, compared to €50.0 million in Q1 2013. In Q1 2014, €3.1 million was allocated as borrowing costs on work in progress, resulting in an interest credit, compared to €2.6 million in Q1 2013. Excluding borrowing costs, interest expense increased by 13.4%, or €7.0 million. In Q1 we impaired the capitalized discount on the 8.0% Senior Notes (€3.3M) and the 3.625% Senior Secured Notes (€1.2M), as these notes have been refinanced. The amount released from the capitalized discount is determined pro rata to the total amount redeemed on these notes. Excluding the impaired capitalized discount, interest expenses increased by 4.7%.

The average debt during the quarter (approximately €3,108 million) was almost €100 million ahead of the average debt in Q1 2013 (€3,015 million), resulting in an increase in interest expense.

The blended interest rate for the first quarter was 7.0% compared to 6.9% in Q1 2013. The blended cost of debt post the latest refinancing is a touch below 6%.

Banking and financing fees increased by €34.0 million, from €0.5 million in Q1 2013 to €34.5 million in Q1 2014. This increase is attributable to the refinancing which was executed as a result of the intended acquisition. For the refinancing of the 3.625% Senior Secured Notes early tender and consent fees and a 1.5% premium was paid on the notional amount as a compensation for the early redemption (€10.2 million). In addition, a call premium of 3.063% (€23.0 million) on the 6.125% €750M Senior Secured Notes was paid as compensation to the holders of these notes for early redemption in March. In addition, a new revolving credit facility of €650 million replaced the €400 million revolving credit facility, resulting in an increase in quarterly commitment fees.

The amortization of funding costs decreased by €18.7 million to €27.5 million in Q1 2014 compared to Q1 last year. In the prior-year quarter, the €1.1 billion senior credit facility was refinanced, resulting in an impairment of the remaining balance of the capitalized financing costs of €42.7 million relating to this senior credit facility. As a result of the refinancing in Q1 of the majority of our outstanding debt, the capitalized financing fees relating to these notes and credit facility were impaired for an amount of €26.3 million. The capitalized financing fees of €28.5 million relating to the new credit facility result in a quarterly amortization charge of approximately €1.0 million going forward.

As Ziggo does not comply with hedge accounting rules for interest rate swaps under IFRS, any change in fair value is recognized as financial income and expense. As a result of the refinancing, we settled all of our interest rate swaps relating to the former capital structure. For the new term loans we entered into new interest rate swaps to hedge the variable interest rate, and cross currency swaps to hedge the currency risk on the notional amount and all future interest payments on the USD denominated term loans. In Q1 2014, Ziggo recorded a €55.4 million loss on other income, due to (1) periodic amortization of its negative hedge reserve of €1.2 million, (2) a fair value loss on IRS contracts and cross currency hedges of €55.8 million as a result of a decrease in the underlying interest rates and the exchange rate for the US dollar during the quarter, and (3) a foreign exchange gain on USD denominated purchases of €1.6 million. In the same quarter of 2013, Ziggo had reported a fair value gain of €10.5 million and a foreign exchange loss of €0.1 million.

In Q1 2014, Ziggo recorded a net loss from joint ventures of €2.8 million compared to a net loss of €1.3 million in the prior-year quarter. The €2.8 million net loss from joint ventures related predominantly to Ziggo's 50% share in the results of HBO NL, the joint venture with HBO. Investments in and results from the joint venture are accounted for using the equity method. Ziggo's share in the funding of this joint venture during the first quarter amounted to €3.5 million versus €3.1 million in the prior-year quarter.

In Q1 2014, Ziggo reported an income tax benefit of €4.0 million based on the estimate of the weighted average annual effective income tax rate expected for the full financial year (IAS 34 Appendix B12), compared to a tax benefit of €26.6 million in the same quarter in 2013. The result before income taxes of -€39.5 million would have led to a corporate income tax benefit of €9.9 million at a statutory tax rate of 25%. However, as a result of the innovation box tax facility which was agreed with the Dutch tax authorities in the first quarter of 2013, the annual effective tax rate is approximately 12%, resulting in an income tax benefit of €4.7 million. Additionally, a tax expense of €0.7 million has been taken into account as a result of a true up calculation resulting in a tax benefit of €4.0 million. The annual effective tax rate of 12% is lower than the effective tax rate in prior year, which amounted approximately 18%. This lower effective tax rate in Q1 2014 is caused by the higher net financial expenses as a result of higher fair value losses and banking and financing fees. In Q1 2013 the application of the innovation box resulted in a one-off benefit of €35.1 million reflecting the period 2010 to 2012, as well as reduced corporate income tax charges for the first quarter by €8.4 million.

The innovation box is a tax facility under Dutch corporate income tax law which taxes profits attributable to innovation at an effective tax rate of 5% instead of the statutory rate of 25%.

In Q1 2014, Ziggo posted a net loss of €38.4 million, versus a net profit of €92.7 million in Q1 2013. Adjusted for (1) amortization of financing fees, (2) changes in fair value on our interest rate hedges and cross currency hedges (all adjustments net of income taxes taking into consideration a tax rate for these items of 25%), net profit would have decreased from approximately €120.4 million in Q1 2013 to €25.0 million in Q1 2014, representing a decrease of 79.2%.

Working capital, cash flow and liquidity

Working capital

Net working capital excluding accrued interest and corporate income tax due decreased by €42.4 million, from €223.5 million negative at the end of Q4 2013 to €265.8 million negative at the end of March 2014. The decrease in working capital in Q1 2014 is mainly due to an increase in (1) trade accounts payable of €19.0 million as a result of the timing of the periodic payments of payables, (2) an increase in taxes and social security payables of €8.8 million, of which €5.6 million results from the timing of the periodic payment and (3) an increase in Other current liabilities of €14.5 million resulting from a relative high spend on Capex and marketing & sales in the month of March.

Working capital excludes corporate income tax due of €5.2 million as at March 31, 2014. This is the result of an intragroup transaction as part of which certain assets were transferred in 2012 in order to renew part of Ziggo’s tax loss carry-forward position so as to avoid expiry of these losses. One of its subsidiaries is required to report profit for tax purposes based on a percentage of the value of transferred assets, which cannot be offset against the remaining losses of the fiscal unit according to Dutch carry-forward rules. From the amount due, €2.3 million will be settled in Q2 of this year.

Cash flow from operating activities

Cash flow from operating activities increased by €18.5 million, or 8.1%, to €248.5 million, compared to €229.9 million in Q1 2013. This increase resulted primarily from a cash inflow of €38.4 million in Q1 2014, compared to a cash inflow of €8.5 million in the prior-year quarter, both arising from a change in working capital. The outstanding and unpaid financing fees of €3.8 million resulting from the refinancing have been excluded from the cash from change in working capital.

Capital expenditure (Capex)

Capital expenditure and investments relate primarily to extending, upgrading and maintaining the network, the installation of new service equipment at customer premises, cost of modems and investments in the core infrastructure, service platforms and systems facilitating the addition of new services such as mobility and TV Everywhere. They also include increases in intangible assets, primarily expenditures on software, which are capitalized. Set-top boxes are capitalized if these boxes are provided to customers covered by a 1-year subscription.

In Q1 2014, Ziggo recorded capital expenditure of €94.2 million, an increase of 41.3% compared to Q1 2013 (€66.6 million). The main drivers of growth are the capitalization of set-top boxes, the growth in the capacity of the network and new build and investments in our core infrastructure and service platforms to replace legacy systems and facilitate new services such as mobile access and TV Everywhere.

€ million	Q1 2014	% of total	2013	% of total
Customer installation	22.4	24%	17.5	26%
Network growth	30.7	33%	25.5	38%
Maintenance and other	41.1	44%	23.6	35%
Total Capex	**94.2**	**100%**	**66.6**	**100%**

Capital expenditure on customer installations of €22.4 million represented an increase of €4.9 million, or 28.0% compared to the prior year quarter. The main reason for the increase is the capitalization of set-top boxes of €4.3 million. In Q1, Ziggo capitalized 35,800 interactive recorders and 18,500 interactive receivers, representing a total value of €6.6 million. In addition, almost 108,000 modems were shipped, versus 103,000 in the same quarter of 2013, reflecting a continuous upgrade of internet subscribers to a Wifi-enabled EuroDocsis 3.0 modem and growth in the number of internet subscribers. At the end of Q1, Ziggo had activated 1,618,000 EuroDocsis 3.0 modems at customer premises, of which 1,239,000 were Wifi enabled, representing an increase of 74,000 Wifi-enabled modems compared to the fourth quarter of 2013 and a rise of 343,000 compared to March 31, 2013.

The increase in capital expenditure on network growth of €5.2 million compared to Q1 2013 was mainly driven by new-build and by projects aimed at increasing the capacity of our infrastructure to be able to deal with our increased subscriber base for internet and continuously increasing internet speed and bandwidth requirements, as well as by the roll-out of Ziggo WifiSpots.

The remainder of capital expenditure represented maintenance and replacement of network equipment and recurring investments in our IT platform and systems, our office IT as well as other investments in core infrastructure, service platforms and systems facilitating the addition of new services such as mobility and TV Everywhere. In Q1 2014, investments in this category increased by €17.5 million, or 73.9%, to €41.1 million (or 44% of total capital expenditure for the quarter), compared to €23.6 million for the prior-year quarter. The amount spent on capitalized hours and contracted work increased by over €12 million compared to Q1 2013, reflecting our investment in the replacement of our business support systems to facilitate new services and the investment in our new video platform. In addition, the increase in this category was partly driven by the program upgrading our office automation and equipment and data centers, which has been started in Q2 of 2013, using the latest technology in order to prepare the organization for the new services we are rolling out.

Operational free cash flow

Operational free cash flow (OpFCF, or adjusted EBITDA minus Capex) decreased by €37.1 million, or 23.8%, to €118.9 million in Q1 2014, compared to €156.0 million for the prior-year quarter. This was driven by a decline in our adjusted EBITDA of €9.5 million and an increase in our capital expenditure of €27.6 million.

Free cash flow and net cash used in financing activities

In Q1, free cash flow (cash flow before financing activities) decreased to €150.5 million, down €9.6 million, or 6.0%, compared to Q1 2013. The reduction in free cash flow follows from the increase in cash flow from operating activities of €18.6 million, an increase in capital expenditure of €27.6 million and an increase in the funding of joint ventures of €0.4 million.

Net cash used in financing activities for the quarter comprises interest expense, banking and financing fees related to our loan facilities, prepayments and drawings on the revolving credit facility.

Cash interest increased by €32.7 million, from €16.5 million in Q1 2013 to €49.2 million in Q1 2014. The increase is the result of a different timing of interest payments compared to the prior year quarter. The increase was caused by the payment of the accrued interest of €13.9 million resulting from the refinancing and redemption of 6.125% €750 million senior secured notes in March, originally payable in May. In addition, accrued interest of €25.2 million on the 3.625% €750 senior secured notes was paid in Q1. These notes replaced a credit facility with a monthly interest payment in Q1 of 2013. The 3.625% €750 million note is subject to an annual interest payment in March.

At the end of Q1 2014, Ziggo held €149.1 million in cash and cash equivalents, compared to €62.4 million at the end of Q1 2013.

Net debt and financing structure

Immediately upon announcement of the recommended offer by Liberty Global on the Company, Ziggo refinanced the majority of its outstanding debt through a number of steps.

1. Ziggo received commitments for a new Term Loan B of in total €1,566 million and $2,350 million (equal to €1.728 million at the hedging rate). The maturity date of this new Term Loan B is 15 January 2022 and the interest is subject to a leverage margin ratchet. The floating interest exposure and the USD exposure for the nominal amount and interest payments are fully hedged. Including these hedges, the current effective interest rate on Term Loan B is approximately 4.3%.
2. The outstanding amount of €355 million under the old Senior Credit Facility (both the Term Loan and the Revolving Credit Facility) was refinanced through the new Term Loan B
3. The outstanding €750 million 6.125% Senior Secured Notes due 2017 were redeemed at a premium of 3.063% and refinanced through the new Term Loan B.
4. Ziggo launched a tender offer and consent solicitation with regards to its outstanding €750 million 3.625% Senior Secured Notes due 2020 at a price of 101.5%. €678 million of the notes were tendered and refinanced through the new Term Loan B. €72 million of the notes remain outstanding with an amended covenant structure pursuant to the consent solicitation.
5. Ziggo launched an exchange offer with regards to its outstanding €1,208.9 million of 8% Senior Notes due 2018 for up to a maximum amount of €934 million and subject to a minimum tender condition of €300 million. €743 million of original 8% Senior Notes due 2018 were exchanged into new 8% Senior Notes due 2018. These new 8% Senior Notes due 2018 will be automatically exchanged into new 7.125% Senior Notes due 2024 issued by a Liberty Global entity upon a successful tender offer for the Ziggo shares by Liberty Global. The new 8% Senior Notes due 2018 have the same covenants as the old 8% Senior Notes due 2018. If the acquisition is not completed prior to the date which is 15 months and two weeks from the date of the public announcement of the acquisition (January 27, 2014), the new 8% Senior Notes due 2018 will be exchanged for original 8% Senior Notes due 2018. Upon issuance of the new 7.125% Senior Notes due 2024, Ziggo will create an intercompany obligation to the issuing Liberty Global entity for the exchanged amount of €743 million. The original 8% Senior Notes 2018 that were not tendered in the exchange offer, amounting to €465 million, remain outstanding and become redeemable at our option from May 15, 2014 at a premium of 4%.
6. Part of the total commitments for the new Term Loan B have not been drawn and are intended to be used to refinance other existing debt at a later date.
7. The drawdowns under the new Term Loan B also included refinancing of some other debt-related items such as (1) accrued interest, (2) call premium and (3) Mark-to-Market value of the interest rate swaps related to the outstanding debt that has been refinanced. These interest rate swaps have been unwound as a result of this refinancing.
8. Ziggo has put in place a revolving credit facility of €650 million, expiring in June 2020, of which €50 million is carved out and used as an ancillary facility. This new revolving credit facility replaced the former revolving credit facility of €400 million. As per the end of Q1 2014, Ziggo had not drawn under this facility.

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€ million	31 Mar 2014	x LTM adjusted EBITDA	Margin/Coupon	Maturity
Term Loan B (EURO)	890.0	1.01	E + 2.75%	Jan 2022
Term Loan B (USD)	968.6	1.10	L + 2.50%	Jan 2022
3.625 % Senior Secured Notes	71.7	0.08	3.625%	Mar 2020
Total Senior Secured Debt	**1,930.3**	**2.20**		
8.000% Senior Unsecured Notes (original)	465.7	0.53	8.000%	May 2018
8.000% Senior Unsecured Notes (new)	743.1	0.85	8.000%	May 2018
Total Debt	**3,139.1**	**3.58**		
Accrued interest	44.6	0.05		
MtM SWAPS	96.7	0.11		
Cash and cash equivalents	(149.1)	(0.17)		
Total Net Debt	**3,131.3**	**3.57**		

As at March 31, 2013, Ziggo reported a total debt balance of €3,093.8 million, including principal amount, capitalized funding costs and discount on the issuance date.

As at March 31, 2013, the outstanding balance of Term Loan B amounted to €1,830.1 million, including principal amount (€1,858.6 million) and capitalized financing fees (€28.5 million). The capitalized financing fees are amortized over a period of eight years. As at March 31, 2014, an amount of €0.3 million was amortized, resulting in capitalized financing fees as at the end of Q1 2014 of €28.5 million. Interest on the Term Loan B is payable dependent on the chosen interest period. As at March 31, 2014, an amount of €5.5 million was accrued for interest on the term loans under current liabilities.

As at March 31, 2014, the outstanding balance of the original 8% Senior Notes 2018 amounted to €457.8 million. This item is carried at amortized cost, including principal amount (€465.7 million), capitalized funding costs (€5.9 million) and discount on the issuance date (€2.0 million). Financing fees relating to this principal amount amounted to €10.0 million at issuance, to be amortized over a period of eight years. The capitalized discount upon issuance relating to this principal amount amounted to €3.4 million, to be amortized as interest expense over a period of eight years. The balance for capitalized financing fees and capitalized discount related to the notes which have been exchanged into the new 8% Senior Notes 2018, was fully impaired in Q1. This impairment resulted in an additional interest charge in Q1 of €3.3 million and an additional charge under the amortization of funding costs of €9.8 million.

As at March 31, 2014, the remaining outstanding balance of the senior secured notes (3.625%, March 2020) amounted to €71.0 million, stated at amortized cost, including principal amount (€71.7 million), capitalized funding costs and capitalized discount relating to the remaining outstanding balance. As a result of the early redemption of €678.3 million of these notes, the remaining balance of capitalized financing fees and capitalized discount relating to the notes redeemed, has been impaired. This impairment resulted in an additional interest charge in Q1 of €1.2 million and an additional charge under the amortization of funding costs of €5.1 million.

The 6.125% Senior Secured Notes due 2017 and the former senior credit facility have been fully redeemed. This has resulted in an additional impairment of €11.4 remaining capitalised financing fees.

As at March 31, 2014, the fair value of the interest rate swaps (IRS) amounted to -€96.7 million, compared to -€29.5 million as at December 31, 2013. Ziggo does not satisfy the IFRS requirements for hedge accounting.

As at March 31, 2014, our Net Debt to Adjusted LTM EBITDA leverage ratio was 3.57x, up from 3.50x as at year-end 2013. The leverage of 3.57x is in line with our stated leverage target of around 3.5x.

The average debt maturity was 6.4 years as at March 31, 2014, up from 4.7 years as at the end of December 31, 2013. The refinancing in February 2014 of our senior credit facility and senior secured notes extended the average debt maturity by approximately two years.

Reconciliation of Ziggo N.V. with Ziggo Bond Company B.V.

As a result of the restructuring which took place ahead of the IPO of Ziggo N.V. ("Ziggo"), Ziggo indirectly acquired all issued and outstanding shares of Ziggo Bond Company B.V. ("Ziggo BondCo"). Ziggo BondCo issued Unsecured Senior Notes of €1,280.9 million at a price of 99.271% with a nominal interest rate of 8.0%. The initial offering of the notes occurred on April 27, 2010 with a due date in 2018. In the first quarter of 2014 the notes were converted for an amount of €743.1 million. Reference is made to net debt and financing structure above for more information.

The notes are listed on the exchange of Luxembourg and as a consequence, Ziggo BondCo publishes and files required information. This requirement is a.o. met by means of this press release of Ziggo and a reconciliation of the results, financial position and cash flow of Ziggo with Ziggo BondCo. Overviews are provided as a separate schedule to this press release.

Reconciling items of Ziggo and Ziggo BondCo are as follows:

- In the first quarter of 2014, Ziggo recognized €1.4 million in personnel costs for the Management Board and Supervisory Board. As a result of the allocation of costs of the Management Board, Ziggo charged €0.8 million as management fees to Ziggo BondCo, which are presented other operating expenses. As a result, operating income for Q1 2014 reported for Ziggo was €0.6 million lower than that reported for Ziggo BondCo;
- Ziggo BondCo incurred a lower income tax benefit of €0.2 million due to the above reconciling item;
- Ziggo has a higher tax loss carry-forward position of €71.7 million, obtained at the corporate restructuring preceding the IPO of Ziggo in 2012;
- Higher other current assets within Ziggo BondCo primarily comprise expenses incurred by Ziggo paid by Ziggo BondCo;
- The current liabilities related parties comprise of income tax, as the tax to be paid by Ziggo BondCo is ultimately settled within the Ziggo fiscal unit;
- The equity attributable to equity holders reported by Ziggo was €117.8 million higher than the equity reported by Ziggo BondCo.

Consolidated income statement for Ziggo N.V. (unaudited)

€ million	Q1 2014	2013	Change
Total Revenues	**394.2**	**387.8**	**1.7%**
Cost of goods sold	71.3	71.0	0.4%
Personnel	52.9	48.1	10.0%
Contracted work	19.9	13.2	50.4%
Marketing & Sales	23.4	17.5	33.5%
Office expense	13.5	13.6	(0.9%)
Other operating expenses	2.4	1.8	34.5%
Depreciation	69.0	61.7	11.8%
Amortization of software	7.3	6.0	20.2%
Amortization of other intangible assets	0.3	0.0	
Total	**259.8**	**233.0**	**11.5%**
Operating income	**134.4**	**154.8**	**(13.2%)**
Net financial income (expense)			
- Interest	(56.5)	(50.0)	13.1%
- Banking and financing fees	(34.5)	(0.5)	6,958.4%
- Amortization of funding costs	(27.5)	(46.2)	(40.4%)
- Other income	(55.4)	9.2	(701.1%)
Result from normal business before income taxes	**(39.5)**	**67.4**	**(158.7%)**
Net result of joint ventures and associates	(2.8)	(1.3)	116.5%
Income tax benefit (expense)	4.0	26.6	(85.2%)
Net result	**(38.4)**	**92.7**	**(141.4%)**

Financial Information - The condensed consolidated income statement has been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union

Consolidated balance sheet for Ziggo N.V. (unaudited)

€ million	31 Mar 2014	31 Dec 2013	31 Mar 2013
ASSETS			
Intangible assets	3,336.6	3,336.9	3,321.2
Capitalized software	80.0	79.6	38.8
Property and equipment	1,493.9	1,473.3	1,433.9
Other financial assets	1.4	1.1	0.8
Investments in joint ventures	4.2	3.4	5.4
Deferred income tax asset	168.2	202.1	252.0
Total non-current assets	**5,084.2**	**5,096.4**	**5,052.1**
Inventories	43.5	40.0	27.2
Trade accounts receivable	26.0	37.9	27.5
Other current assets	49.8	34.5	35.0
Cash and cash equivalents	149.1	77.4	62.4
Total current assets	**268.5**	**189.8**	**152.1**
TOTAL ASSETS	**5,352.7**	**5,286.2**	**5,204.3**
EQUITY AND LIABILITIES			
Issued share capital	200.0	200.0	200.0
Share premium	3,204.5	3,204.5	3,500.0
Treasury stock	0.0	0.0	0.0
Retained earnings	(2,043.4)	(2,391.6)	(2,320.2)
Net income (loss) for the period	(38.4)	347.3	92.7
Equity attributable to equity holders	**1,322.7**	**1,360.2**	**1,472.5**
Loans from financial institutions	1,830.1	144.6	143.9
Revolver facility	0.0	255.0	0.0
Unsecured Bond	1,192.7	1,187.4	1,184.3
Secured Bonds	71.0	1,486.6	1,484.7
Derivative financial instruments	49.4	21.2	52.8
Provisions	19.7	19.8	22.9
Deferred income tax liability	376.6	414.8	409.2
Other non current liabilities	1.9	2.0	0.2
Total non-current liabilities	**3,541.3**	**3,531.3**	**3,298.1**
Trade accounts payable	108.5	89.5	87.5
Deferred revenue	123.7	120.2	119.0
Derivative financial instruments	47.3	8.3	0.0
Provisions	6.4	7.1	6.4
Corporate income tax	5.2	4.7	2.9
Taxes and social security	58.2	49.5	59.4
Personnel related liabilities	16.0	12.4	21.5
Accrued interest	44.6	38.8	53.8
Other current liabilities	78.8	64.3	83.1
Total current liabilities	**488.7**	**394.7**	**433.7**
TOTAL EQUITY AND LIABILITIES	**5,352.7**	**5,286.2**	**5,204.3**

Financial Information - The condensed consolidated balance sheet has been prepared in accordance with the International Financial Reporting Standards, (IFRS), as adopted by the European Union.

Consolidated cash flow statement for Ziggo N.V. (unaudited)

€ million	Q1 2014	Q1 2013	Change
Operating activities:			
Operating income	**134.4**	**154.8**	**(13.2%)**
Adjustments for:			
Depreciation	69.0	61.7	11.8%
Amortization	7.5	6.0	24.9%
Movement in provisions	(0.9)	(1.2)	(29.4%)
Working capital adjustments for:			
(Increase)/Decrease in current assets	(7.0)	(18.7)	(62.7%)
Increase/(Decrease) in current liabilities	45.3	27.3	66.2%
Change in working capital (excl. accrued interest)	38.4	8.5	349.2%
Net cash flow from operating activities	**248.5**	**229.9**	**8.1%**
Investing activities:			
Capital expenditures	(94.2)	(66.6)	41.3%
Acquisition			
Funding of joint venture	(3.5)	(3.1)	12.9%
Interest received	0.0	0.0	
Change in financial assets	(0.3)	(0.1)	197.5%
Net cash flow from (used in) investing activities	**(98.0)**	**(69.8)**	**40.3%**
Financing activities:			
3.625% Senior Secured Notes	(678.3)	748.5	(190.6%)
Term Loan B1	1,144.9		
Term Loan B2	722.5		
Term Loan A		150.0	
Revolver facility	(255.0)	1.0	
Financing Fees	(33.4)	(9.3)	258.6%
Dividend			
Repayment of loans	(900.0)	(1,063.3)	(15.4%)
Interest	(49.2)	(16.5)	198.2%
Other financing activities	(30.4)	(0.5)	6,304.1%
Net cash flow from (used in) financing activities	**(78.8)**	**(190.2)**	**(58.6%)**
NET INCREASE (DECREASE) IN CASH (EQUIVALENTS)	**71.7**	**(30.1)**	**(338.3%)**

Financial Information - The condensed consolidated cash flow statement has been prepared in accordance with the International Financial Reporting Standards, (IFRS), as adopted by the European Union.
Free cash flow = Net cash flow from operating activities + net cash flow from (used in) investing activities. For the Q1 ending March 31, 2014 the free cash flow amounts to €150.5M (March 31, 2013: €160.1M)

Press Release

Details on consolidated income statement (unaudited)

€ million	Q1 2014	Q1 2013	Change
Revenue by segment[1]			
Standard cable subscription revenue	109.5	113.5	(3.5%)
Digital pay television services revenue	41.3	43.1	(4.3%)
Total video revenues	**150.8**	**156.7**	**(3.7%)**
Broadband Internet subscription revenue	119.5	114.2	4.7%
Telephony subscription revenue	35.2	33.6	5.0%
Telephony usage revenue	41.5	45.0	(7.9%)
Total telephony revenues	**76.7**	**78.6**	**(2.4%)**
Out-of-home	1.9	0.0	
Revenue from other sources	4.1	10.1	(58.9%)
Total consumer market	**353.1**	**359.5**	**(1.8%)**
Of which All-in-1 bundle revenues	*187.0*	*177.6*	5.3%
Business services revenues	41.1	28.3	45.2%
Total revenues	**394.2**	**387.8**	**1.7%**
Cost of goods sold	71.3	71.0	0.4%
Personnel	52.3	48.1	8.8%
Contracted work	19.2	13.2	45.0%
Marketing & Sales	23.4	17.5	33.5%
Office expense	12.6	13.6	(7.2%)
Other expenses	2.4	1.8	34.5%
Total expenses	**181.2**	**165.2**	**9.7%**
Adjusted EBITDA[2]	**213.1**	**222.6**	**(4.3%)**
Non-recurring costs[3]	2.1	0.0	
EBITDA[2]	**211.0**	**222.6**	**(5.2%)**
Depreciation and amortization	76.6	67.8	13.0%
Operating income	**134.4**	**154.8**	**(13.2%)**
Net financial income (expense)	173.9	87.5	98.9%
Result from normal business before income taxes	**(39.5)**	**67.4**	**(158.7%)**
Net result of joint ventures and associates	(2.8)	(1.3)	116.5%
Income tax benefit (expense)	4.0	26.6	(85.2%)
Result after income taxes	**(38.4)**	**92.7**	**(141.4%)**

Financial Information - The condensed consolidated income statement has been prepared in accordance with the International Financial Reporting Standards, (IFRS), as adopted by the European Union.
(1) Revenue for each of our segments is derived from our internal accounts and is not presented in audited financial statements.
(2) EBITDA is defined as profit before net finance expense, income taxes, depreciation, amortization and impairment. Adjusted EBITDA is defined as EBITDA before extraordinary costs.
(3) Non-recurring costs related to operating expenses incurred in connection with the announced intended acquistion of the Company by Liberty global on January 27, 2014

Details on working capital YTD 2014 *

€ million	31 Mar 2014	31 Dec 2013	31 Mar 2013	31 Dec 2012
Inventories	43.5	40.0	27.2	28.0
Trade accounts receivable	26.0	37.9	27.5	20.0
Other current assets	49.8	34.5	35.0	27.6
	119.4	**112.4**	**89.8**	**75.6**
Trade accounts payable	108.5	89.5	87.5	88.5
Deferred revenue	123.7	120.2	119.0	111.0
Corporate income tax	5.2	4.7	2.9	2.3
Taxes and social securities	58.2	49.5	59.4	53.2
Personnel related liabilities	16.0	12.4	21.5	17.8
Accrued interest	44.6	38.8	53.8	18.0
Other current liabilities	78.8	64.3	83.1	75.5
	435.0	**379.3**	**427.3**	**366.3**
Net working capital	**(315.6)**	**(266.9)**	**(337.5)**	**(290.7)**
Change in net working capital	48.7		46.8	
Net working capital excl. Accrued interest and corp. inc. tax	**(265.8)**	**(223.5)**	**(280.8)**	**(270.4)**
Change in net working capital excl. accrued interest and corp. inc. tax	42.4		10.4	

* The closing balances as per December 31 2012 and 31 March 2013 have been adjusted for the opening balance for the working capital of the acquisition of Esprit

Press Release

Details Loans

€ million	31 Mar 2014	31 Dec 2013	31 Mar 2013	31 Dec 2012
Senior Credit Facility	1,858.6	405.0	151.0	1,063.3
Capitalized financing fees	(28.5)	(5.4)	(7.1)	(45.1)
Loans from financial institutions	**1,830.1**	**399.6**	**143.9**	**1,018.2**
8.000% Senior unsecured Notes (principal amount) original	465.7	1,208.9	1,208.9	1,208.9
Capitalized discount at issuance (price 99.271)	(2.0)	(5.5)	(6.2)	(6.5)
Capitalized financing fees	(5.9)	(16.0)	(18.3)	(19.0)
Senior Unsecured Notes (existing)	**457.8**	**1,187.4**	**1,184.3**	**1,183.4**
8.000% Senior unsecured Notes (principal amount) new	743.1			
Capitalized financing fees	(8.3)			
Senior Unsecured Notes (new)	**734.8**	**0.0**	**0.0**	**0.0**
3.625% Senior Secured Notes (principal amount)	71.7	750.0	750.0	0.0
Capitalized discount at issuance (price 99.800)	(0.1)	(1.4)	(1.5)	0.0
Capitalized financing fees	(0.5)	(5.7)	(6.3)	0.0
Senior Secured Notes	**71.0**	**742.9**	**742.2**	**0.0**
Facility E (6.125% Secured Bond; principal amount)		750.0	750.0	750.0
Capitalized financing fees		(6.4)	(7.4)	(7.8)
Senior Secured Notes	**0.0**	**743.6**	**742.6**	**742.2**
Total Loans	**3,093.8**	**3,073.5**	**2,812.9**	**2,943.8**

Press Release

Consolidated income statement for Ziggo N.V. compared with Ziggo Bondco B.V. (unaudited)

	YTD March 2014			YTD March 2013		
€ million	Ziggo	Delta	Bondco	Ziggo	Delta	Bondco
Total revenue	**394.2**		**394.2**	**387.8**		**387.8**
Cost of goods sold	71.3		71.3	71.0		71.0
Personnel	52.9	1.4	51.5	48.1	0.9	47.2
Contracted work	19.9		19.9	13.2		13.2
Marketing & Sales	23.4		23.4	17.5		17.5
Office expense	13.5		13.5	13.6	0.0	13.6
Other operating expenses	2.4	(0.8)	3.2	1.8	(0.8)	2.6
Depreciation	69.0		69.0	61.7		61.7
Amortization of software	7.3		7.3	6.0		6.0
Amortization of other intangible assets	0.3		0.3			
Total operating expenses	**259.8**	**0.6**	**259.3**	**233.0**	**0.1**	**232.9**
Operating income	**134.4**	**(0.6)**	**135.0**	**154.8**	**(0.1)**	**155.0**
Net financial income (expense)						
- Interest	(56.5)		(56.5)	(50.0)		(50.0)
- Banking and financing fees	(34.5)		(34.5)	(0.5)	(0.3)	(0.2)
- Amortization of funding costs	(27.5)		(27.5)	(46.2)	(0.1)	(46.2)
- Other income (i.e. fair value gains / (losses) on derivative fin. instruments)	(55.4)		(55.4)	9.2		9.2
Result from norm. business before income taxes	**(39.5)**	**(0.6)**	**(39.0)**	**67.4**	**(0.5)**	**67.9**
Net result of joint ventures and associates	(2.8)		(2.8)	(1.3)	0.0	(1.3)
Income tax benefit (expense)	4.0	0.2	3.7	26.6	0.1	26.5
Net result	**(38.4)**	**(0.3)**	**(38.1)**	**92.7**	**(0.4)**	**93.1**

Financial Information - The condensed consolidated income statement has been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Press Release

Consolidated balance sheet for Ziggo N.V. compared with Ziggo Bondco B.V. (unaudited)

€ million	31 March 2014 Ziggo	31 March 2014 Delta	31 March 2014 Bondco	31 March 2013 Ziggo	31 March 2013 Delta	31 March 2013 Bondco
ASSETS						
Intangible assets	3,336.6		3,336.6	3,321.2		3,321.2
Capitalized software	80.0		80.0	38.8		38.8
Property and equipment	1,493.9		1,493.9	1,433.9		1,433.9
Other financial assets	1.4		1.4	0.8		0.8
Investments in joint ventures	4.2		4.2	5.4		5.4
Deferred income tax asset	168.2	71.7	96.4	252.0	164.5	87.5
Total non-current assets	**5,084.2**	**71.7**	**5,012.5**	**5,052.1**	**164.5**	**4,887.6**
Inventories	43.5		43.5	27.2		27.2
Trade accounts receivable	26.0		26.0	27.5		27.5
Other current assets	49.8	(19.8)	69.6	35.0	0.5	34.5
Cash and cash equivalents	149.1	0.2	148.8	62.4	0.2	62.1
Total current assets	**268.5**	**(19.5)**	**288.0**	**152.1**	**0.8**	**151.4**
TOTAL ASSETS	**5,352.7**	**52.2**	**5,300.5**	**5,204.3**	**165.3**	**5,039.0**
EQUITY AND LIABILITIES						
Issued share capital	200.0	200.0	0.0	200.0	200.0	0.0
Share premium	3,204.5	2,363.5	841.0	3,500.0	2,659.0	841.0
Treasury stock	0.0	0.0		(0.0)	(0.0)	
Retained earnings	(2,043.4)	(2,444.8)	401.5	(2,320.2)	(2,571.3)	251.1
Net income (loss) for the period	(38.4)	(0.7)	(37.6)	92.7	(0.4)	93.1
Equity attr. to equity holders	**1,322.7**	**117.8**	**1,204.8**	**1,472.5**	**287.3**	**1,185.2**
Loans from financial institutions	1,830.1		1,830.1	143.9	0.2	143.6
Revolver facility	0.0		0.0	0.0		0.0
Unsecured Bond	1,192.7		1,192.7	1,184.3		1,184.3
Secured Bonds	71.0		71.0	1,484.7		1,484.7
Derivative financial instruments	49.4		49.4	52.8		52.8
Provisions	19.7		19.7	22.9		22.9
Deferred income tax liability	376.6		376.6	409.2		409.2
Other non current liabilities	1.9		1.9	0.2		0.2
Total non-current liabilities	**3,541.3**		**3,541.3**	**3,298.1**	**0.2**	**3,297.8**
Trade accounts payable	108.5		108.5	87.5		87.5
Deferred revenue	123.7		123.7	119.0		119.0
Current liabilities related parties	0.0	(67.9)	67.9	0.0	(123.2)	123.2
Derivative financial instruments	47.3		47.3	0.0		0.0
Provisions	6.4		6.4	6.4		6.4
Current taxes	5.2		5.2	2.9		2.9
Taxes and social securities	58.2	0.5	57.8	59.4	0.1	59.3
Personnel related liabilities	16.0	1.4	14.6	21.5	0.4	21.2
Accrued interest	44.6		44.6	53.8		53.8
Other current liabilities	78.8	0.4	78.4	83.1	0.5	82.6
Total current liabilities	**488.7**	**(65.7)**	**554.3**	**433.7**	**(122.3)**	**556.0**
TOTAL EQUITY AND LIABILITIES	**5,352.7**	**52.2**	**5,300.5**	**5,204.3**	**165.3**	**5,039.0**

Financial Information - The condensed consolidated balance sheet has been prepared in accordance with the International Financial Reporting Standards, (IFRS), as adopted by the European Union.

Press Release

Consolidated cash flow statement for Ziggo N.V. compared with Ziggo Bondco B.V. (unaudited)

€ million	YTD March 2014			YTD March 2013		
	Ziggo	Delta	Bondco	Ziggo	Delta	Bondco
Operating income	**134.4**	**(0.6)**	**135.0**	**154.8**	**(0.1)**	**155.0**
Adjustments for:						
Depreciation	69.0		69.0	61.7		61.7
Amortization	7.5		7.5	6.0		6.0
Movement in provisions	(0.9)		(0.9)	(1.2)		(1.2)
Working capital adjustments for:						
(Increase)/Decrease in current assets	(7.0)	(0.0)	(7.0)	(18.7)	0.0	(18.8)
Increase/(Decrease) in current liabilities	45.3	1.0	44.3	27.3	0.4	26.9
Change in working capital (excl. accrued interest)	38.4	1.0	37.4	8.5	0.4	8.1
Net cash flow from operating activities	**248.5**	**0.4**	**248.0**	**229.9**	**0.3**	**229.7**
Investing activities:						
Capital expenditures	(94.2)		(94.2)	(66.6)		(66.6)
Acquisition						
Funding of joint venture	(3.5)		(3.5)	(3.1)		(3.1)
Interest received	0.0		0.0	0.0		0.0
Change in financial assets	(0.3)		(0.3)	(0.1)		(0.1)
Net cash flow from (used in) investing activities	**(98.0)**		**(98.0)**	**(69.8)**		**(69.8)**
Financing activities:						
3.625% Senior Secured Notes	(678.3)		(678.3)	748.5		748.5
Term Loan B1	1,144.9		1,144.9			
Term Loan B2	722.5		722.5			
Term Loan A				150.0		150.0
Revolver facility	(255.0)		(255.0)	1.0	1.0	
Financing Fees	(33.4)		(33.4)	(9.3)	(0.8)	(8.5)
Dividend						
Repayment of loans	(900)		(900.0)	(1,063.3)		(1,063.3)
Interest	(49.2)		(49.2)	(16.5)		(16.5)
Other financing activities	(30.4)		(30.4)	(0.5)	(0.3)	(0.2)
Net cash flow from (used in) financing activities	**(78.8)**		**(78.8)**	**(190.2)**	**(0.1)**	**(190.1)**
Net increase (decrease) in cash (equivalents)	**71.7**	**0.4**	**71.2**	**(30.1)**	**0.2**	**(30.2)**

Financial Information - The condensed consolidated cash flow statement has been prepared in accordance with the International Financial Reporting Standards, (IFRS), as adopted by the European Union.