Press Release

Utrecht, October 16, 2014
Ziggo N.V. Q3 2014 results

Continuing growth in internet, mobile and business bundles

Solid growth of revenue and adjusted EBITDA despite higher costs for customer services

- **Continuing growth in broadband internet with 20,000 net adds in Q3**
- **Ziggo Mobile records 32,000 new subscriptions in Q3 to reach a total of 116,000 for its SIM-only proposition**
- **Solid demand for B2B services with 2,300 bundle net adds and double digit organic revenue growth in Q3**
- **Outlook for 2014 reconfirmed**

Operational highlights Q3 2014

- Total internet subscribers up 20,000 in Q3 to a total of 1.99 million, representing 1.0% sequential growth and 6.2% y-o-y growth; penetration reaches 73.7% of our consumer customers
- All-in-1 bundle subscribers stable in Q3 (incl. 2,000 triple play business bundles) at a total of 1.56 million, resulting in 2.9% y-o-y growth; penetration reaches 57.8% of our consumer customers
- Telephony usage stable y-o-y following a revised fixed telephony rate plan, resulting in strong growth in subscriptions to our flat-fee telephony bundles
- Digital pay TV revenue slightly down by 1.4% y-o-y due to a decline in subscribers, partly offset by an ARPU increase and an uptake in VOD
- Consumer ARPU for the quarter up 6.0% y-o-y to €44.61

Financial highlights Q3 2014

- Revenue up 2.9% y-o-y to €402.6 million; up 4.2% y-o-y excluding 'revenue from other sources'
- Adjusted EBITDA at €228.0 million, up 3.4% y-o-y
- Net result of €2.7 million from €86.5 million in Q3 last year due to non-cash fair value losses on hedges and revaluation of loans (€71.1 million), and amortization of customer relationships (€30.0 million)
- Net debt amounts to €3.2 billion, stable compared to year-end 2013
- Leverage ratio of 3.59x, up from 3.50x at year-end 2013

CEO René Obermann:

"We are pleased to have another quarter of solid performance in what continues to be a competitive marketplace. The on-going growth for Ziggo Mobile and B2B, combined with the continuing increase in the number of customers with a subscription to our internet products, confirms the attractiveness of our product portfolio. Our customers fully appreciate Ziggo's capability to offer the highest internet speeds and best quality throughout our service area. In addition, we noticed that the increase in mobile-only households in the Dutch market stimulates interest for our dual play services (TV + internet).

Supported by this operational performance, Ziggo again managed to post solid revenue and EBITDA growth in the third quarter. Particularly strong revenue growth was reported for broadband internet and mobile services, which, in combination with the price increase as at April 1, resulted in a rise in total consumer revenue excluding revenue from other sources of 3.6%. Total revenue growth excluding revenue from other sources came in even higher at 4.2%, due to ongoing double digit revenue growth for our business services.

Until the closing of the acquisition by Liberty Global, which is expected to happen in Q4, we will run Ziggo as a completely independent company. Our management team continues to be committed to delivering the targeted financial results."

Outlook

The outlook has not changed. For 2014, we expect adjusted EBITDA to be flat compared to last year, and Capex around €370 million.

Recommended offer by Liberty Global

On October 10, Liberty Global plc and Ziggo announced that regulatory approval has been obtained from the European Commission for the recommended public offer (the "Offer") by a subsidiary of Liberty Global to all holders of issued and outstanding ordinary shares (the "Shares") in the capital of Ziggo. As a result, the condition on competition clearance for completion of the Offer, as detailed in the Offer Memorandum dated June 27, 2014 (the "Offer Memorandum") and the U.S. prospectus/offer to exchange (the "U.S. Prospectus") dated August 19, 2014, has now been satisfied.

Subject to the terms and conditions of the Offer, as further described in the Offer Memorandum, tendering 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. Further information on the Offer is available in the Offer Memorandum and in the press release dated June 27, 2014, which are both available on our website.

Extraordinary General Meeting of Shareholders (EGM)

In relation to the recommended public offer by Liberty Global, Ziggo N.V. held its Extraordinary General Meeting of Shareholders on August 26. All voting items were adopted, including the conditional Asset Sale and Liquidation, conditional amendments to Ziggo's articles of association and conditional changes to the Management and Supervisory Boards. Further information is available on the Ziggo Corporate website (www.ziggo.com).

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Financial highlights (unaudited)

€ million	Q3 2014	Q3 2013	Q3 Change	YTD September 2014	YTD September 2013	YTD September Change
Subscriptions + usage	357.9	345.6	3.6%	1,067.4	1,042.6	2.4%
Other revenues	2.7	7.4	(64.1%)	9.5	27.1	(64.9%)
Total consumer revenues	**360.6**	**353.0**	**2.1%**	**1,076.9**	**1,069.7**	**0.7%**
Business services revenues	42.1	38.1	10.4%	125.1	101.2	23.7%
Total revenues	**402.6**	**391.1**	**2.9%**	**1,202.0**	**1,170.9**	**2.7%**
Cost of goods sold	69.5	70.1	(0.9%)	213.0	217.0	(1.8%)
Gross margin	**333.1**	**321.0**	**3.8%**	**989.0**	**953.9**	**3.7%**
% of total revenues	*82.7%*	*82.1%*		*82.3%*	*81.5%*	
Operating expenses	85.3	75.5	13.1%	258.8	228.9	13.0%
Marketing & Sales	19.8	25.1	(21.1%)	63.4	61.0	4.0%
Total operating expenses	**105.2**	**100.6**	**4.5%**	**322.2**	**289.9**	**11.1%**
% of total revenues	*26.1%*	*25.7%*		*26.8%*	*24.8%*	
Adjusted EBITDA[1]	**228.0**	**220.4**	**3.4%**	**666.8**	**664.0**	**0.4%**
% of total revenues	*56.6%*	*56.4%*		*55.5%*	*56.7%*	
Non-recurring costs	3.3	0.0		7.1	0.0	
EBITDA[2]	**224.6**	**220.4**	**1.9%**	**659.7**	**664.0**	**(0.7%)**
Depreciation and amortization	109.7	68.9	59.3%	294.0	205.5	43.1%
Operating income	**114.9**	**151.5**	**(24.2%)**	**365.6**	**458.6**	**(20.3%)**
Share based payments	0.4	0.0		0.4	0.0	
Movement in provisions	(3.3)	0.3	(1,053.5%)	(5.2)	(4.3)	20.0%
Corporate income tax	0.0			(2.4)		
Change in net working capital	0.9	18.0	(95.1%)	31.3	1.3	2,255.6%
Cash flow from operating activities	**222.7**	**238.8**	**(6.8%)**	**683.8**	**661.1**	**3.4%**
Capital expenditure (Capex)	90.3	100.3	(10.0%)	282.5	246.5	14.6%
% of total revenues	*22.4%*	*25.7%*		*23.5%*	*21.0%*	
Acquisition		0.0			15.2	
Interest received	0.0	0.0		(0.1)	0.0	
Change in financial assets	(0.1)	(0.1)	(3.0%)	0.3	(0.0)	
Funding joint venture	1.5	2.3	(33.6%)	7.5	7.9	(5.6%)
Free cash flow	**130.9**	**136.3**	**(4.0%)**	**393.7**	**391.5**	**0.6%**
% of total revenues	*32.5%*	*34.9%*		*32.8%*	*33.4%*	
Adjusted EBITDA - Capex	137.6	120.1	14.6%	384.3	417.6	(8.0%)
% of total revenues	*34.2%*	*30.7%*		*32.0%*	*35.7%*	
Net result	**2.7**	**86.5**	**(96.9%)**	**(65.2)**	**268.0**	**(124.3%)**
Outstanding shares (# m)	200.0	200.0		200.0	200.0	
Earnings per share (€)	0.01	0.43	(96.9%)	(0.33)	1.34	(124.3%)

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Operational highlights (unaudited)

Footprint[3] (thousands)	30 Sep 2014	30 Jun 2014	Change	30 Sep 2013	Change
Homes passed	4,233	4,258	(25)	4,237	(0.1%)
Analog TV only	435	460	(25)	532	(18.2%)
Analog and digital TV[4]	2,324	2,317	7	2,280	1.9%
Total TV customers	**2,759**	**2,777**	**(18)**	**2,811**	**(1.9%)**
Digital pay TV subscribers	824	823	1	863	(4.5%)
Internet subscribers	1,993	1,973	20	1,878	6.2%
Telephony subscribers	1,627	1,627	0	1,590	2.4%
Total RGUs[5]	**7,204**	**7,200**	**4**	**7,142**	**0.9%**
of which bundle subscribers[6]	*1,564*	*1,563*	*0*	*1,520*	*2.9%*
Total RGUs consumer	**6,924**	**6,924**	**1**	**6,914**	**0.2%**
of which bundle subscribers[6]	*1,512*	*1,513*	*(1)*	*1,483*	*1.9%*
Out of home subscribers	116	84	32		
RGUs per customer (#)[8]	2.60	2.59	0.01	2.53	2.6%
ARPU in Q (€ per month)[9]	44.61	44.74	(0.13)	42.09	6.0%
ARPU YTD (€ per month)[9]	44.14	43.90	0.23	41.88	5.4%
Total RGUs B2B	**279**	**276**	**3**	**228**	**22.4%**
of which bundle subscribers[6]	*52*	*50*	*2*	*37*	*41.4%*

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Note

Please note that the results published in this press release are the consolidated results of Ziggo N.V. ("Ziggo"), not those of Ziggo Bond Company B.V., the entity that we reported on prior to Q1 2012. Following 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 those of Ziggo Bond Company B.V. is attached as a separate schedule to this earnings release, with details of the most important reconciling items being 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 amounted to €3.3 million and €0.0 million for the quarter ended September 30, 2014 and September 30, 2013 respectively, and €7.1 million and €0.0 million for the nine months ended September 30, 2014 and September 30, 2013 respectively.

(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 September 30, 2014, 824,000 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 (49,700), Office Plus (1,900) and Internet Plus (13,100) targeted at SOHO and small businesses and our collective TV contracts TOM and TOMi (representing 78,000 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 142,500 TV RGUs, 15,800 digital pay TV RGUs, 64,700 internet RGUs and 51,600 telephony RGUs.

(6) Besides 1,512,000 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 36,600 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 25,400 digital pay TV RGUs, 50,200 internet RGUs and 39,800 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 (6,809,000 as at September 30, 2014) divided by the total number of consumer standard TV subscribers (2,616,000 as at September 30, 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), Out-of-home 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. Out-of-home represents revenue generated with Ziggo Mobile, our SIM-only based proposition to customers with at least a subscription to standard TV. 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 mark-to-market value of the derivative financial instruments, reduced by the balance for cash and cash equivalents. Prior to Q2 2013 the balance of accrued interest and the mark-to-market value of the derivative financial instruments had not been included in the calculation of net debt.

(11) Effective Q4 2013, we reclassified certain cost elements relating 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.

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 2.0 million internet subscribers, over 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	30 Sep 2014	30 Jun 2014	Change	30 Sep 2013	Change
Analog TV only	338	359	(21)	436	(22.4%)
Analog and digital TV	2,278	2,273	5	2,247	1.4%
Total TV customers	**2,616**	**2,633**	**(16)**	**2,683**	**(2.5%)**
Digital pay TV subscribers	804	803	1	848	(5.2%)
Internet subscribers	1,929	1,911	18	1,831	5.4%
Telephony subscribers	1,576	1,577	(2)	1,553	1.5%
Total RGUs	**6,924**	**6,924**	**1**	**6,914**	**0.2%**
of which bundle subscribers	*1,512*	*1,513*	(1)	*1,483*	*1.9%*
of which in 3rd party networks [7]	*115*	*115*	*0*	*114*	*0.8%*
RGUs per customer (#)	2.60	2.59	0.01	2.53	2.6%
ARPU for the quarter (€ per month)	44.61	44.74	(0.13)	42.09	6.0%
ARPU YtD (€ per month)	44.14	43.90	0.23	41.88	5.4%

At the end of Q3 2014, total RGUs in the consumer market reached 6.92 million, equal to the previous quarter, as growth in internet RGUs was similar to the decline in standard TV RGUs.

In Q3, the number of subscribers to the All-in-1 bundle declined slightly by 1,000, whereas it increased by 1.9% compared to the prior-year quarter. All-in-1 bundle customer churn in Q3 was 5.3%, slightly up compared to 4.9% in the previous quarter and 4.7% in the same quarter last year. These percentages are based on annualized churn rates.

Consumer internet subscribers recorded another quarter with strong growth of 18,000 RGUs, or 0.9%, during Q3 to a total of 1.93 million. Compared to the same quarter last year, the number of broadband internet subscribers grew by 5.4%. Internet growth benefitted from increased focus on our dual play bundle (TV + internet), specifically addressing the group of 'mobile-only' households. Similar to the previous quarters, growth in dual play was higher than triple play, which showed a minimal decline in Q3 2014. In addition, growth was supported by our 1.2 million WifiSpots and the increased internet speeds of up to 180Mbit/s, which we rolled out in the second quarter.

The number of digital TV subscribers increased by 5,000 to 2.28 million in Q3, representing a penetration of 87.1% of our consumer customer base. The number of TV-only subscribers decreased by 20.2% compared to the same quarter last year, landing at a total of 634,000 as at September 30, 2014. The decrease was mainly due to the upsell of the dual play bundle to our TV-only subscribers, as well as churn among our TV-only subscribers. Blended churn in Q3 was slightly up compared to the previous quarter, but below the average for the last four quarters. We expect to continue to experience churn among our TV-only customers as a result of increased competition and a market moving towards dual and triple play. Churn on all other product lines, and for dual play and 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.

Subscribers to digital pay TV increased by 1,000 during the third quarter, which was positively affected by seasonality due to the start of the football season. For the full year, the number of subscribers to digital pay TV was down by 44,000, due to the difficult macro-environment, the switch from subscription-based to on-demand-based video consumption, the price increase for live football and increased competition from Over-The-Top premium TV providers.

The total number of consumer telephony subscribers declined slightly by 2,000 during the quarter to 1.58 million at the end of Q3 2014, an increase of 1.5% compared to a year ago. Changes in the number of telephony subscribers are closely linked to the changes in All-in-1 bundle subscribers.

Similar to the last few quarters, Ziggo recorded lower churn compared to the previous year. Customer churn in Q3 2014 was 8.3%, down from 8.4% in Q3 2013 and in line with previous quarters which showed an improvement following the increased focus on customer retention from the second half of 2013. Typically, the first and fourth quarters are traditionally the quarters with relatively high 'seasonality' churn compared to the other two quarters.

RGUs per customer grew to 2.60, up 2.6% compared to last year, following growth in RGUs combined with churn among TV-only customers. Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.30 RGUs per customer or a 3.4% growth compared to the previous year. Blended ARPU for the quarter rose by 6.0% y-o-y, benefiting from (1) a further penetration of dual play bundles in our customer base, (2) churn among lower ARPU TV-only customers, (3) ARPU growth for digital pay TV and (4) a general price increase as at April 1.

Finally, Ziggo Mobile added 32,000 subscribers during Q3 2014 to reach a total of 116,000 (including business customers) as at September 30, 2014.

Marketing and sales

In the third quarter the successful 'Overstapweken' (switching weeks) campaign was revamped. A free visit from an engineer is included in the promotion to ensure a seamless and proper installation from the in-house equipment when switching from another provider to Ziggo. In addition, new customers can choose between four different 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. 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.

In September, two main events were broadcasted via the Ziggo event TV channel, exclusively for Ziggo customers. From September 12-14, the Dutch Davis Cup-team played against Croatia. For this event, The Ziggo Dome was transformed from a music and entertainment venue to an indoor tennis court. The event was live broadcasted via the Sport1 channel and the Ziggo event channel. On September 21, the international day of peace, "MasterPeace", the award-winning peace movement, organized a mesmerizing concert in the Ziggo Dome bringing top artists from conflict areas performing on stage.

Products and services

Early July, Ziggo introduced Ziggo Bapp for its fixed line customers. With this free app, Ziggo enables its customers to make calls via WiFi using a smartphone or tablet at the regular Ziggo fixed line telephony rate plan. This app is an easy-to-use and cost-effective option, particularly for making calls from abroad. For Ziggo customers with a subscription to 'VolopBellen Altijd', the costs for all calls to Dutch mobile and landlines are covered by the telephony subscription, even from abroad, when making calls via Ziggo Bapp. The app can be downloaded for free from the App Store and the Google Play Store. Once customers have created a Ziggo Bapp account in 'Mijn Ziggo' and activated the app on their smartphone or tablet (iOS/Android), customers can immediately make calls using Ziggo Bapp.

On September 1, a total of 10 High Definition TV Channels were added to the digital TV offering. For the standard TV package, BBC1, BBC2 and TLC were added, for the other TV packages, Film1 Action, Spotlight, Comedy & Kids and Fox Sports 3,4,5 and 6.

Other

As of January 1, 2015, COGAS has terminated the contract with Ziggo for the delivery of digital television, telephony and internet services over the network of COGAS. This contract represents a revenue contribution of approximately €18 million and an EBITDA contribution of approximately €12 million in 2014.

B2B products & services

Detail B2B

thousands	30 Sep 2014	30 Jun 2014	Change	30 Sep 2013	Change
Analog TV only	96.5	100.5	(4.0)	95.7	0.8%
Analog and digital TV	46.0	44.0	2.0	32.7	40.5%
Total TV customers	**142.5**	**144.6**	**(2.0)**	**128.4**	**10.9%**
Digital pay TV subscribers	20.4	19.7	0.7	15.8	29.5%
Internet subscribers	64.7	62.4	2.3	47.3	36.7%
Telephony subscribers	51.6	49.8	1.8	36.6	41.1%
Total RGUs	**279.2**	**276.5**	**2.8**	**228.1**	**22.4%**
of which bundle subscribers	*51.6*	*49.8*	*1.8*	*36.5*	*41.4%*
Of which:					
- Office Basis	*49.7*	*47.9*	*1.8*	*35.0*	*41.9%*
- Office Plus	*1.9*	*1.9*	*0.0*	*1.5*	*23.5%*
- Internet Plus	*13.1*	*12.6*	*0.5*	*10.8*	*21.6%*

In the third quarter, 2,300 new subscribers were added to our business bundles ‘Office Basis’, ‘Office Plus’ and ’Internet Plus’, bringing the total B2B bundle subscribers to 64,700. Our focus on small and home offices with business bundles continues to drive growth for B2B.
By the end of September, an addition to the ‘Internet Plus’ bundle was introduced: Internet Plus Extra. The ‘Extra’ option, which offers a download speed of 160Mbps and 40Mbps upload, will initially only be available in cities such as Maastricht, Den Bosch, Zwolle, Den Helder and Groningen.

In that same month, a new local WiFi-campaign was launched in the cities of The Hague and Oss, showing the strength of the Ziggo network for small businesses via Wi-Fi enabled street cabinets.

Financial performance

Revenue

In Q3 2014, Ziggo generated revenue of €402.6 million, an increase of 2.9% compared to the same quarter of 2013 (€391.1 million). Excluding 'revenue from other sources', revenue came out on €399.9 million, an increase of 4.2% compared to the same quarter of 2013 (€383.7 million). The most important drivers for revenue growth were the following:

1. Continued growth in RGUs for internet, partly driven by an increased focus on the dual play bundle (TV + internet).
2. The revenue contribution from Ziggo Mobile, launched in September of last year.
3. General price increase for consumer products effective as from April 1, 2014.
4. 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 1.4%. Business services again showed strong double digit organic growth of 10.4%, fully driven by the sale of business bundles to the SME and SoHo markets.

Consumer revenues for Q3 2014 amounted to €360.6 million, up 2.1% on Q3 2013. Excluding 'revenue from other sources', consumer revenue was up 3.6%. Due to a further uptake of subscriptions for broadband internet and mobile during the quarter, the growth in revenues from broadband internet, telephony subscription and Ziggo mobile was only partially offset by a decline in revenues from subscriptions to standard TV and digital pay TV.

Subscriptions to All-in-1 showed a minimal decline of 1,000 during the quarter and grew by 1.9% y-o-y, whereas subscriptions to broadband internet grew by 18,000 additions during the quarter, and 5.4% y-o-y. Growth in internet subscriptions was supported by an increased focus on our dual play proposition (TV + internet) and an enrichment of our internet product and dual play bundle through the addition of WifiSpots and higher internet speeds. Telephony RGUs were slightly down, by 2,000, in line with the development of subscriptions to All-in-1. RGUs for standard TV reported a quarterly decline of 16,000 RGUs and a 2.5% decline y-o-y. This decline is slightly above prior year quarter (11,000 RGUs), but in line with the general improvement we have seen since the second half of 2013, following our increased focus on retention, our successful sales campaigns and product innovations like the introduction of Ziggo WifiSpots. Whereas customer churn came slightly down from 8.4% in Q3 last year to 8.3% in Q3 2014, we recorded an increase compared to 7.6% in the previous quarter.

Driven by a decline in the number of subscribers to digital pay TV from 848,000 at the end of the prior-year third quarter to 804,000 at the end of Q3 2014, revenue from digital pay TV (including VOD) declined by 2.8% y-o-y, despite an increase in the number of VOD transactions by 22.4% in that same period and an increase in ARPU for digital pay TV by 4.1%, from €16.10 in Q3 2013 to €16.76 in Q3 2014.

The decline in RGUs for digital pay TV was driven by (1) depressed consumer confidence given the macro-environment, (2) the growing popularity of TVOD, which does not count as an RGU, (3) increased competition from over-the-top TV providers and (4) our marketing focus on customer retention, our dual- and triple play proposition and Ziggo Mobile instead of premium pay TV. The number of subscribers to digital pay TV increased sequentially by 1,000, including the seasonal effect at the start of the football season.

Revenues from telephony usage were flat compared to the prior-year quarter. This is due to an increase in telephony customers of 1.5% which is offset by a decline in ARPU. Furthermore, the development in telephony usage revenue is positively impacted by the introduction of an adjusted fixed telephony rate plan effective April 1, 2014. Under this new rate plan, on-net calls are now chargeable and the flat fee bundle covers calls to all Dutch landlines and Dutch mobile numbers. The positive revenue contribution from on-net calls was offset by the growth of 57.2% y-o-y in the number of subscribers that selected the flat fee bundle 'VolopBellen Altijd' on top of their telephony subscription. Revenue from flat fee bundles in Q3 increased by 49.5% compared to Q3 2013.

Revenues generated through our All-in-1 bundle increased by 4.4%, from €183.4 million in Q3 2013 to €191.6 million in Q3 2014, now representing 53.5% of total consumer revenues from subscriptions and usage, versus 53.1% in Q3 2013.

Revenue from other sources, predominantly consisting of set-top box sales, collection fees and revenues from service numbers, declined by 64.1% y-o-y to €2.7 million in Q3 2014. Part of this decline, an amount of €3.1 million, was related to a change in accounting for costs of tablets, which are now accounted for as a reduction of revenue over the contract period. Excluding this adjustment, revenue from other sources decreased by €1.6 million, or 22.2%, mainly caused by a lower number of set-top boxes sold compared to last year.

Blended ARPU for consumers in Q3 2014 was €44.61, up €2.52, or 6.0%, from Q3 2013. This increase was driven by growth in the number of subscribers to broadband internet which, combined with churn in lower ARPU TV-only subscribers, resulted in a 2.6% increase in RGUs per customer to 2.60 (based on a maximum of 4 RGUs per customer). Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.30 RGUs per customer, or an increase of 3.4% y-o-y. Additionally, blended ARPU was positively affected by (1) the price increase which became effective on April 1, 2014, (2) growth in revenue from Ziggo Mobile (€0.56) and (3) an increase in ARPU for digital pay TV of 4.1%, yet negatively affected by a decrease in ARPU for telephony usage of 2.8%.

Our business market activities generated a revenue of €42.1 million in Q3 2014, up 10.4% compared to €38.1 million in the same period last year. Growth was fully attributable to the increase in the number of subscriptions to our business bundles for home offices and small enterprises. In Q3, Ziggo B2B added almost 2,300 new subscribers to its main B2B bundles products, 'Internet Plus', 'Office Basis' and 'Office Plus', reaching a total of nearly 65,000 subscribers by September 30, 2014. Total revenues from the coaxial products TOM and TOMi, our collective TV contracts and business bundles in Q3 2014 grew by €4.0 million, or 32.5%, compared to the same quarter in 2013, landing at €16.3 million, now representing 38.8% of total B2B revenues.

Cost of goods sold and gross margin

Cost of goods sold consists of costs of materials and services directly related to revenues, including copyright costs, 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 Q3 2014, cost of goods sold decreased to €69.5 million, down 0.9% from Q3 2013. The gross margin in Q3 was 82.7% of revenue versus 82.1% in the prior-year quarter.

Margin improvement was mainly the result of higher growth in higher gross margin services such as internet and a decline in revenue from the sale of set-top boxes which comes at a negative gross margin. The latter is the result of a lower volume of set-top boxes recognized as sales (19,000 in Q3 2014 versus 34,000 in Q3 2013) at a gross margin contribution which was less negative for each individual set-top box compared to previous quarters. In addition, 58,000 set-top boxes were capitalized (44,000 in Q3 2013), 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 represented a total value of €6.6 million in Q3 2014 (€5.3 million in Q3 2013). The margin improvement was also impacted by one-offs for a total value of €2.5 million resulting from prior period adjustments, offset by the aforementioned change in accounting for costs of tablets.

Operating expenses (Opex)

In connection with the public offer by Liberty Global for all of the outstanding shares of Ziggo, we have incurred non-recurring costs of €3.3 million in Q3 2014 relating to advisory costs and costs related to preparations for the intended merger with UPC in the Netherlands. For the discussion of the development of the operating expenses below, we have excluded these non-recurring costs. Adjusted EBITDA refers to EBITDA adjusted to eliminate the effect of these non-recurring costs in connection with the offer and the intended merger.

Operating expenses increased by €4.6 million, or 4.5%, to €105.2 million in Q3 2014, compared to €100.6 million in Q3 2013. As a percentage of revenue, operating expenses increased to 26.1%, which included a reduction in marketing & sales expenses by 21.1%, from €25.1 million in Q3 2013 to €19.8 million in Q3 2014, and an increase in contracted work excluding non-recurring costs by 36.4%. The decline in marketing & sales expenses was mainly due to the change in accounting for costs of tablets and slightly lower costs for sales campaigns. In the prior-year quarter the costs of tablets covered by sales promotions were recognized under marketing & sales, while, since Q4 of 2013, these costs have been deferred and recognized as discount under revenue from other sources for the period of the underlying contract (one year). Excluding marketing & sales, operating expenses increased by 13.1% compared to Q3 2013.

Personnel costs, excluding non-recurring costs, increased by 9.2% compared to Q3 2013. Internal personnel costs increased by 9.6%. The increase in internal personnel costs was partly due to higher accrued bonuses of €2.5 million in Q3 2014 compared to Q3 2013. Excluding this increase in accrued bonuses, internal personnel costs increased by 4.4%, driven by (1) a slight increase in the average headcount of 46 FTEs, representing 1.7% growth in personnel costs, (2) a salary increase per employee of approximately 3% and (3) an increase in the employer contribution to social security charges, representing 2.4% growth in personnel expenses. The increase was partly offset by lower other personnel expenses. The salary increase 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 and as at April 1.

Total headcount increased by 5.1%. The increase in costs resulting from the increased headcount was partly offset by an increase in capitalized personnel costs of approximately €0.8 million, or 3.7%. 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 Q3, we recorded 3,398 FTEs, compared to 3,233 FTEs at the end of Q3 2013 and 3,403 at the end of Q2 2014. Excluding external and temporary call center agents, the company employed 2,647 employees (FTEs) versus 2,607 in the previous year (average for the quarter: 2,651 FTEs versus 2,605 for Q3 2013).

Costs of contracted work, excluding non-recurring costs, increased by €5.1 million, or 36.4%, compared to Q3 2013. 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. Call volumes rose by approximately 10% compared to Q3 2013, predominantly driven by Ziggo Mobile, with an increase in costs per call of approximately 11% as assurance calls represented a higher percentage of total calls compared to prior year. The percentage of the call volume being outsourced was at the same level as in the prior year quarter. In addition, higher consultancy costs and higher costs for maintenance of network and technology also contributed to the growth of contracted work. The increase in costs for maintenance and technology resulted from an increase in the capacity of our infrastructure, 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, excluding non-recurring costs, in Q3 increased by 1.6% to €13.6 million compared to Q3 2013. Excluding the coverage for office expenses resulting from hours capitalized, office expenses were flat (+0.2%).

Other expenses increased by €0.3 million or 13.8% compared to Q3 2013. The increase was predominantly the result of higher costs related to the provision for bad debts and debt collection.

Adjusted EBITDA and operating profit

In Q3 2014, we achieved adjusted EBITDA of €228.0 million, up 3.4% compared to Q3 2013. The EBITDA margin was 56.6% compared to 56.4% in Q3 2013. In addition, an amount of €3.3 million in non-recurring costs was recognized relating to advisory costs in connection with the intended acquisition by Liberty Global and costs related to the preparations for the intended merger, resulting in an EBITDA of €224.6 million, an increase of 1.9% compared to Q3 2013.

Depreciation expenses and amortization of software and intangibles in Q3 2014 increased by €40.9 million to €109.7 million, from €68.9 million in Q3 2013. Excluding the amortization of other intangible fixed assets, depreciation and amortization of software increased by €10.9 million or 15.8%. The depreciation and amortization of software for the quarter includes an impairment of €2.8 million for certain assets which do not generate any future benefits as these assets are being replaced by new components. Excluding the impairment, depreciation and amortization of software increased by 11.8%. This is the result of the current investment program around our core infrastructure and systems facilitating the addition of new services such as mobility and TV Everywhere. Based on this investment program, which started in late 2011, depreciation and amortization increased.

Amortization of other intangible fixed assets includes an amortization charge related to our intangible asset customer relationships of €30.0 million. Following our discussion with the AFM and taking into consideration current market circumstances, we assessed our current accounting treatment of the customer relationships in order to reflect the changed market conditions Ziggo operates in. The changed market conditions mainly relate to the rapid changes within the telecom market, technology and the recent entrance of new competitors and increase in competition. Based on our assessment, we came to the conclusion that the intangible asset "customer relationship" contains in fact two components that are closely related: the "access right" to provide our cable-related services in our footprint for an indefinite period and the "active clients", the active customer base. The useful life of active clients is estimated at 14 years and the useful life for the access rights at 30 years. Based on this analysis, as of the second quarter of 2014, the company accounts for an amortization charge of €30 million on a quarterly basis prospectively as a change in estimate.

Operating income (EBIT) for the third quarter decreased by 24.2% to €114.9 million compared to €151.5 million for the prior-year quarter, primarily due to the amortization of customer relationships and the increase of depreciation and amortization of software.

Net income

Interest expense decreased by €4.6 million, or 9.3%, to €45.2 million in Q3 2014, compared to €49.9 million in Q3 2013. In Q3 2014, €3.1 million was allocated as borrowing costs to work in progress, resulting in an interest credit, a decrease of €0.4 million compared to Q3 2013. Excluding borrowing costs, interest expense decreased by 9.4%, or €5.0 million.

The average debt during the quarter of €3,263 million was almost €230 million up on the average debt in Q3 2013 (€3,033 million). The blended interest rate for the third quarter was 5.9% compared to 7.0% in Q3 2013.

Banking and financing fees increased by €1.7 million, from €0.5 million in Q3 2013 to €2.2 million in Q3 2014. This increase is due to commitment fees related to our revolving credit facility, which has increased since the refinancing in February of this year, resulting in higher commitment fees.

The amortization of funding costs increased by €0.2 million compared to Q3 2014 to a level of €1.8 million in Q3 2014 following the refinancing in February.

As Ziggo does not apply hedge accounting for interest rate swaps under IFRS, any change in fair value is recognized as financial income and expense. As a result of the refinancing in January following the offer for all of the outstanding shares of Ziggo by Liberty Global, 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 fully hedge the variable interest rate, and cross currency swaps to fully hedge the currency risk on the notional amount and all future interest payments on the USD denominated term loans. In Q3 2014, Ziggo recorded a €72.6 million loss on other income due to a negative revaluation of our USD denominated loans which is offset by a fair value gain from the FX result of our hedges, combined with a fair value loss from the interest result of our hedges following a further decline in the underlying interest rates. In the same quarter of 2013, Ziggo had reported a fair value gain of €6.7 million.

In Q3 2014, Ziggo recorded a net loss from joint ventures of €1.0 million compared to a net loss of €1.5 million in the prior-year quarter. The result from joint ventures related predominantly to Ziggo's 50% share in the results of HBO NL, the joint venture with HBO. Investments 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 third quarter amounted to €1.5 million versus €2.3 million in the prior-year quarter.

In Q3 2014, Ziggo reported an income tax benefit of €10.6 million, compared to a tax charge of €18.3 million in the same quarter in 2013. The loss before income taxes of €6.9 million would have led to a corporate income tax benefit of €1.7 million at a statutory tax rate of 25%. The effective tax rate calculated in Q3 2014 is affected by the impact of the innovation box facility in combination with the higher net financial expenses as a result of higher fair value losses and banking and financing fees. In Q3 2013 the application of the innovation box resulted in reduced corporate income tax charges for the third quarter of €8.3 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 Q3 2014, Ziggo posted a net profit of €2.7 million, versus a net profit of €86.5 million in Q3 2013. Adjusted for (1) changes in fair value on our hedges and revaluation of our USD denominated loans and (2) the amortization charge on the customer list (all adjustments net of income taxes taking into consideration a tax rate for these items of 25%), net profit would have decreased from approximately €82.8 million in Q3 2013 to €79.9 million in Q3 2014, representing an decrease of 3.6%.

Working capital, cash flow and liquidity

Working capital

Net working capital excluding accrued interest and corporate income tax due increased slightly by €0.9 million in Q3 2014, from €261.4 million negative at the end of Q2 2014 to €260.5 million negative at the end of September 2014.

Working capital excludes corporate income tax due of €4.1 million as at September 30, 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 to avoid the expiration 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.

Cash flow from operating activities

Cash flow from operating activities decreased by €16.1 million, or 6.8%, to €222.7 million, compared to €238.8 million in Q3 2013. This decrease resulted primarily from a lower cash inflow from a change in working capital of €0.9 million in Q3 2014, compared to a cash inflow of €18.0 million in the prior-year quarter. The difference in working capital compared to Q3 last year relates to a lower increase in liabilities.

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 Q3 2014, Ziggo recorded capital expenditure of €90.3 million, a decrease of €10.0 million or 10.0% compared to Q3 2013 (€100.3 million). The main driver of this reduction is lower investment in network growth of €11.6 million following a peak in the spend for materials and equipment in Q3 last year. The peak in the prior-year quarter was mainly attributable to timing differences throughout the year. Investments in network growth mainly comprises new-build and investments 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.

	Q3				
€ million	**2014**	**% of total**	**2013**	**% of total**	**change**
Customer installation	20.2	22%	21.8	22%	(7%)
Network growth	34.4	38%	46.0	46%	(25%)
Maintenance and other	35.7	40%	32.5	32%	10%
Total Capex	**90.3**	**100%**	**100.3**	**100%**	**(10%)**

	YTD September				
€ million	**2014**	**% of total**	**2013**	**% of total**	**change**
Customer installation	64.0	23%	52.8	21%	21%
Network growth	102.0	36%	106.3	43%	(4%)
Maintenance and other	116.6	41%	87.3	35%	34%
Total Capex	**282.5**	**100%**	**246.5**	**100%**	**15%**

Capex related to customer installation decreased by 7.3% compared to Q3 last year, mainly resulting from a lower number of Eurodocsis 3.0 Wifi modems installed at customer premises, which was partly offset by a higher amount spent on capitalized set-top boxes.

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 Q3 2014, investments in this category increased by €3.2 million, or 9.9%, to €35.7 million. The increase was mainly driven by an increased amount for capitalized hours and contracted work, reflecting our investment in the replacement of our business support systems to facilitate new services and the investment in our new video platform.

Operational free cash flow

Operational free cash flow (OpFCF, or adjusted EBITDA minus Capex) increased by €17.5 million, or 14.6%, to €137.6 million in Q3 2014, compared to €120.1 million for the prior-year quarter. This was driven by a decrease in capital expenditure of €10.0 million and an increase in adjusted EBITDA of €7.5 million.

Free cash flow and net cash used in financing activities

In Q3 free cash flow (cash flow before financing activities) was €130.9 million, down €5.4 million, or 4.0%, compared to Q3 2013. The decrease in free cash flow is mainly due to an increase in current liabilities of €18.5 million, only partially offset by lower Capex of €10.0 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.

Net cash used in financing activities in Q3 2014 decreased by €75.5 million compared to the prior-year quarter. This predominantly related to the dividend payment of €190 million in Q3 last year and the increased drawing on our revolving credit facility of €120 million. In Q3 2014, Ziggo did not declare a dividend in view of the pending acquisition by Liberty Global.

Cash interest in Q3 was €0.1 million, down from €10.5 million last year, following the refinancing of our capital structure early 2014. Since the refinancing, all interest payments on the term loans are due semi-annually in Q2 and Q4.

At the end of Q3 2014, Ziggo held €340.0 million in cash and cash equivalents, compared to €105.4 million at the end of Q3 2013.

Net debt and financing structure

€ million	30 Sep 2014	x LTM adjusted EBITDA	Margin/Coupon	Maturity
Term Loan B (EURO)	922.0	1.04	E + 2.75%	Jan 2022
Term Loan B (USD)	1,100.3	1.24	L + 2.50%	Jan 2022
3.625 % Senior Secured Notes	71.7	0.08	3.625%	Mar 2020
Total Senior Secured Debt	**2,094.0**	**2.35**		
8.000% Senior Unsecured Notes (existing)	465.7	0.52	8.000%	May 2018
8.000% Senior Unsecured Notes (new)	743.1	0.84	8.000%	May 2018
Total Debt	**3,302.8**	**3.71**		
Accrued interest	80.6	0.09		
MtM SWAPS	148.3	0.17		
Cash and cash equivalents	(340.0)	(0.38)		
Total Net Debt	**3,191.7**	**3.59**		

As at September 30, 2014, Ziggo reported a total debt balance of €3,255.8 million, including principal amount, capitalized funding costs and discount on the issuance date.

As at September 30, 2014, the outstanding balance of Term Loan B amounted to €1,993.0 million, including principal amount (€2,022.3 million) and capitalized financing fees (€29.3 million).

The principal amount increased by €87.2 compared to June 30, 2014, due to the appreciation of the US Dollar versus the Euro during the third quarter. This currency exposure is fully hedged. The capitalized financing fees will be amortized until maturity in January 2022.

As at September 30, 2014, the outstanding balance of the original 8% Senior Notes due 2018 amounted to €458.7 million. This item is carried at amortized cost, including principal amount (€465.7 million), capitalized funding costs (€5.3 million) and discount on the issuance date (€1.8 million). Capitalized funding costs and capitalized discount on issuance will be amortized until maturity in May 2018. The balance for capitalized financing fees and capitalized discount relating to the notes which have been exchanged into the new 8% Senior Notes 2018 was fully impaired in Q1 2014.

As at September 30, 2014, the outstanding balance of the new 8% Senior Notes 2018 amounted to €733.1 million. This item is carried at amortized cost, including principal amount (€743.1 million) and capitalized funding costs (€10.0 million). Capitalized funding costs will be amortized until maturity in May 2018. The current balance for capitalized financing fees relates to costs incurred for the exchange offer. The balance for capitalized financing fees relating to the original 8% Senior Notes due 2018, which have been exchanged into these new 8% Senior Notes 2018, was fully impaired in Q1 2014.

As at September 30, 2014, the remaining outstanding balance of the senior secured notes (3.625%, March 2020) amounted to €71.1 million, stated at amortized cost, including principal amount (€71.7 million), capitalized funding costs (€0.5 million) and capitalized discount (€0.1 million) relating to the remaining outstanding balance. As a result of the early redemption of €678.3 million (principal amount) of these notes, the balance of capitalized financing fees and capitalized discount relating to the notes redeemed has been impaired.

The 6.125% Senior Secured Notes due 2017 and the former senior credit facility have been fully redeemed.

As at September 30, 2014, the fair value of the derivatives used to hedge the interest and currency exposure on our financing amounted to a liability of €148.3 million, a reduction of €16.1 compared to a liability of €164.4 million as at June 30, 2014. Ziggo does not apply hedge accounting.

As at September 30, 2014, our Net Debt to Adjusted LTM EBITDA leverage ratio was 3.59x, up from 3.50x as at year-end 2013 and 3.62x as at June 30, 2014. The leverage of 3.59x is in line with our stated leverage target of around 3.5x.

The average debt maturity was 6.0 years as at September 30, 2014, up from 4.7 years as at 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 Senior Notes of €1,280.9 million at 99.271% with a coupon 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 into new 8% Senior Notes 2018. Reference is made to the net debt and financing structure above for more information.

As the notes are listed on the Luxembourg stock exchange, Ziggo BondCo publishes and files required information. This requirement is met through – among other things - this Ziggo press release and a reconciliation of the results, financial position and cash flow of Ziggo with those of Ziggo BondCo. Overviews are provided as a separate schedule to this press release.

Reconciling items of Ziggo and Ziggo BondCo are as follows:

- Until September 30 2014, Ziggo recognized €5.0 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 €2.4 million as management fees to Ziggo BondCo, which are presented under other operating expenses. As a result, Ziggo's operating income for first nine months 2014 was €2.6 million below that reported for Ziggo BondCo;
- Ziggo BondCo incurred a lower income tax benefit of €0.6 million due to the above reconciling item;
- Ziggo has a higher tax loss carry-forward position of €90.2 million, which it obtained during the corporate restructuring preceding the IPO of Ziggo in 2012;
- Higher other current assets within Ziggo BondCo primarily comprise expenses incurred by Ziggo and paid by Ziggo BondCo;
- The current liabilities of related parties comprise 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 €117.1 million higher than the equity reported by Ziggo BondCo.

Press Release

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

€ million	Q3 2014	Q3 2013	Q3 Change	YTD September 2014	YTD September 2013	YTD September Change
Total Revenues	**402.6**	**391.1**	**2.9%**	**1,202.0**	**1,170.9**	**2.7%**
Cost of goods sold	69.5	70.1	(0.9%)	213.0	217.0	(1.8%)
Personnel	51.0	46.1	10.7%	156.0	141.9	10.0%
Contracted work	21.1	14.1	50.0%	59.4	40.4	47.0%
Marketing & Sales	19.8	25.1	(21.1%)	63.4	61.0	4.0%
Office expense	14.3	13.4	7.1%	43.2	40.2	7.3%
Other operating expenses	2.2	1.9	13.8%	7.3	6.4	14.8%
Depreciation	72.2	63.0	14.6%	211.5	187.2	13.0%
Amortization of software	7.3	5.6	30.3%	21.7	17.8	21.9%
Amortization of other intangible assets	30.3	0.3		60.9	0.5	12,802.9%
Total	**287.7**	**239.6**	**20.1%**	**836.4**	**712.3**	**17.4%**
Operating income	**114.9**	**151.5**	**(24.2%)**	**365.6**	**458.6**	**(20.3%)**
Net financial income (expense)						
- Interest	(45.2)	(49.9)	(9.3%)	(146.8)	(148.9)	(1.4%)
- Banking and financing fees	(2.2)	(0.5)	366.3%	(38.7)	(1.7)	2,131.4%
- Amortization of funding costs	(1.8)	(1.6)	11.1%	(31.2)	(50.2)	(37.8%)
- Other income	(72.6)	6.7	(1,189.7%)	(253.5)	26.2	(1,069.1%)
Result from normal business before income taxes	**(6.9)**	**106.2**	**(106.5%)**	**(104.6)**	**283.9**	**(136.8%)**
Net result of joint ventures and associates	(1.0)	(1.5)	(33.7%)	(5.5)	(4.9)	13.2%
Income tax benefit (expense)	10.6	(18.3)	(158.1%)	44.9	(11.0)	(507.1%)
Net result	**2.7**	**86.5**	**(96.9%)**	**(65.2)**	**268.0**	**(124.3%)**

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	30 Sep 2014	31 Dec 2013	30 Sep 2013
ASSETS			
Intangible assets	3,276.0	3,336.9	3,337.1
Capitalized software	91.6	79.6	35.2
Property and equipment	1,519.9	1,473.3	1,489.4
Other financial assets	1.4	1.1	0.7
Investments in joint ventures	5.7	3.4	7.6
Deferred income tax asset	195.0	202.1	219.0
Total non-current assets	**5,089.6**	**5,096.4**	**5,089.1**
Inventories	46.4	40.0	38.0
Trade accounts receivable	24.4	37.9	27.2
Other current assets	38.8	34.5	33.5
Cash and cash equivalents	340.0	77.4	105.4
Total current assets	**449.6**	**189.8**	**204.1**
TOTAL ASSETS	**5,539.2**	**5,286.2**	**5,293.2**
EQUITY AND LIABILITIES			
Issued share capital	200.0	200.0	200.0
Share premium	3,204.5	3,204.5	3,204.5
Treasury stock	0.0	0.0	0.0
Retained earnings	(2,042.9)	(2,391.6)	(2,392.9)
Net income (loss) for the period	(65.2)	347.3	268.0
Equity attributable to equity holders	**1,296.3**	**1,360.2**	**1,279.5**
Loans from financial institutions	1,993.0	144.6	144.3
Revolver facility	0.0	255.0	280.0
Unsecured Bond	1,191.8	1,187.4	1,186.3
Secured Bonds	71.1	1,486.6	1,485.9
Derivative financial instruments	145.6	21.2	16.9
Provisions	16.5	19.8	20.8
Deferred income tax liability	361.3	414.8	413.4
Other non current liabilities	0.9	2.0	2.0
Total non-current liabilities	**3,780.0**	**3,531.3**	**3,549.7**
Trade accounts payable	92.0	88.2	89.9
Deferred revenue	125.0	120.2	120.5
Derivative financial instruments	2.7	8.3	17.0
Provisions	5.4	7.1	5.9
Corporate income tax	4.1	4.7	4.1
Taxes and social security	53.5	49.5	70.2
Personnel related liabilities	13.4	12.4	12.1
Accrued interest	80.6	38.8	67.7
Other current liabilities	86.3	65.6	76.6
Total current liabilities	**462.9**	**394.7**	**463.9**
TOTAL EQUITY AND LIABILITIES	**5,539.2**	**5,286.2**	**5,293.2**

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. (unaudited)

€ million	Q3 2014	Q3 2013	Q3 Change	YTD September 2014	YTD September 2013	YTD September Change
Operating activities:						
Operating income	**114.9**	**151.5**	**(24.2%)**	**365.6**	**458.6**	**(20.3%)**
Adjustments for:						
Share-based payments	0.4			0.4		
Depreciation	72.2	63.0	14.6%	211.5	187.2	13.0%
Amortization	37.6	5.9	540.6%	82.5	18.3	352.0%
Movement in provisions	(3.3)	0.3	(1,053.5%)	(5.2)	(4.3)	20.0%
Corporate income tax				(2.4)		
Working capital adjustments for:						
(Increase)/Decrease in current assets	(0.1)	(1.4)	(94.3%)	1.9	(22.2)	(108.6%)
Increase/(Decrease) in current liabilities	1.0	19.5	(95.1%)	29.4	23.5	24.8%
Change in working capital (excl. accrued interest)	0.9	18.0	(95.1%)	31.3	1.3	2,255.6%
Net cash flow from operating activities	**222.7**	**238.8**	**(6.8%)**	**683.8**	**661.1**	**3.4%**
Investing activities:						
Capital expenditures	(90.3)	(100.3)	(10.0%)	(282.5)	(246.5)	14.6%
Acquisition					(15.2)	
Funding of joint venture	(1.5)	(2.3)	(33.6%)	(7.5)	(7.9)	(5.6%)
Interest received	0.0	0.0		0.1	0.0	1,621.4%
Change in financial assets	0.1	0.1	(3.0%)	(0.3)	0.0	(1,307.3%)
Net cash flow from (used in) investing activities	**(91.7)**	**(102.5)**	**(10.5%)**	**(290.2)**	**(269.6)**	**7.6%**
Financing activities:						
3.625% Senior Secured Notes				(678.3)	748.5	(190.6%)
Term Loan B1				1,212.4		
Term Loan B2				724.1		
Term Loan A					150.0	(100.0%)
Revolver facility		120.0	(100.0%)	(255.0)	280.0	(191.1%)
Financing Fees	(2.2)	(1.1)	108.8%	(37.7)	(13.4)	180.4%
Dividend		(190.0)	(100.0%)		(370.0)	(100.0%)
Repayment of loans				(900.0)	(1,063.3)	(15.4%)
Interest	(0.1)	(10.5)	(98.7%)	(109.7)	(108.5)	1.2%
Swap contracts unwound				(48.4)		
Other financing activities	(4.1)	(0.4)	822.5%	(38.5)	(1.8)	2,051.8%
Net cash flow from (used in) financing activities	**(6.5)**	**(82.0)**	**(92.1%)**	**(131.1)**	**(378.6)**	**(65.4%)**
NET INCREASE (DECREASE) IN CASH (EQUIVALENTS)	**124.5**	**54.4**	**128.9%**	**262.6**	**12.9**	**1,930.3%**

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 Q3 ending September 30, 2014 the free cash flow amounts to €393.6M (September 30, 2013: €391.5M)

Press Release

Details on consolidated income statement (unaudited)

€ million	Q3 2014	Q3 2013	Q3 Change	YTD September 2014	YTD September 2013	YTD September Change
Revenue by segment[1]						
Standard cable subscription revenue	108.7	110.9	(2.0%)	327.3	337.0	(2.9%)
Digital pay television services revenue	40.3	40.9	(1.4%)	122.9	126.5	(2.8%)
Total video revenues	**149.0**	**151.8**	**(1.8%)**	**450.2**	**463.5**	**(2.9%)**
Broadband Internet subscription revenue	126.5	116.8	8.3%	371.4	346.1	7.3%
Telephony subscription revenue	35.6	34.6	2.9%	106.3	102.0	4.2%
Telephony usage revenue	42.4	42.4	(0.1%)	129.9	131.0	(0.8%)
Total telephony revenues	**78.0**	**77.0**	**1.3%**	**236.2**	**233.0**	**1.4%**
Out-of-home	4.4	0.0		9.6	0.0	
Revenue from other sources	2.7	7.4	(64.1%)	9.5	27.1	(64.9%)
Total consumer market	**360.6**	**353.0**	**2.1%**	**1,076.9**	**1,069.7**	**0.7%**
Of which All-in-1 bundle revenues	*191.6*	*183.4*	4.4%	*569.7*	*541.7*	5.2%
Business services revenues	42.1	38.1	10.4%	125.1	101.2	23.7%
Total revenues	**402.6**	**391.1**	**2.9%**	**1,202.0**	**1,170.9**	**2.7%**
Cost of goods sold	69.5	70.1	(0.9%)	213.0	217.0	(1.8%)
Personnel	50.4	46.1	9.2%	154.8	141.9	9.1%
Contracted work	19.2	14.1	36.4%	56.0	40.4	38.4%
Marketing & Sales	19.8	25.1	(21.1%)	63.4	61.0	4.0%
Office expense	13.6	13.4	1.6%	40.7	40.2	1.1%
Other expenses	2.2	1.9	13.8%	7.3	6.4	14.8%
Total expenses	**174.7**	**170.7**	**2.3%**	**535.2**	**506.9**	**5.6%**
Adjusted EBITDA[2]	**228.0**	**220.4**	**3.4%**	**666.8**	**664.0**	**0.4%**
Non-recurring costs[3]	3.3	0.0		7.1	0.0	
EBITDA[2]	**224.6**	**220.4**	**1.9%**	**659.7**	**664.0**	**(0.7%)**
Depreciation and amortization	109.7	68.9	59.3%	294.0	205.5	43.1%
Operating income	**114.9**	**151.5**	**(24.2%)**	**365.6**	**458.6**	**(20.3%)**
Net financial income (expense)	121.8	45.3	168.9%	470.2	174.6	169.2%
Result from normal business before income taxes	**(6.9)**	**106.2**	**(106.5%)**	**(104.6)**	**283.9**	**(136.8%)**
Net result of joint ventures and associates	(1.0)	(1.5)	(33.7%)	(5.5)	(4.9)	13.2%
Income tax benefit (expense)	10.6	(18.3)	(158.1%)	44.9	(11.0)	(507.1%)
Result after income taxes	**2.7**	**86.5**	**(96.9%)**	**(65.2)**	**268.0**	**(124.3%)**

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

Press Release

Details on working capital YTD 2014 *

€ million	30 Sep 2014	31 Dec 2013	30 Sep 2013	31 Dec 2012
Inventories	46.4	40.0	38.0	28.0
Trade accounts receivable	24.4	37.9	27.2	20.0
Other current assets	38.8	34.5	33.5	27.6
	109.6	**112.4**	**98.7**	**75.6**
Trade accounts payable	92.0	88.2	89.9	88.5
Deferred revenue	125.0	120.2	120.5	111.0
Corporate income tax	4.1	4.7	4.1	2.3
Taxes and social securities	53.5	49.5	70.2	53.2
Personnel related liabilities	13.4	12.4	12.1	17.8
Accrued interest	80.6	38.8	67.7	18.0
Other current liabilities	86.3	65.6	76.6	75.5
	454.8	**379.3**	**441.0**	**366.3**
Net working capital	**(345.2)**	**(266.9)**	**(342.3)**	**(290.7)**
Change in net working capital	78.3		51.6	
Net working capital excl. Accrued interest and corp. inc. tax	**(260.5)**	**(223.5)**	**(270.5)**	**(270.4)**
Change in net working capital excl. accrued interest and corp. inc. tax	37.1		0.1	

Details on working capital for the 3rd quarter 2014

€ million	30 Sep 2014	30 June 2014	30 Sep 2013	30 June 2013
Inventories	46.4	38.0	38.0	31.8
Trade accounts receivable	24.4	27.0	27.2	26.8
Other current assets	38.8	45.5	33.5	38.6
	109.6	**110.4**	**98.7**	**97.3**
Trade accounts payable	92.0	85.7	89.9	79.2
Deferred revenue	125.0	124.8	120.5	119.1
Corporate income tax	4.1	3.5	4.1	3.5
Taxes and social securities	53.5	56.1	70.2	56.6
Personnel related liabilities	13.4	13.1	12.1	13.5
Accrued interest	80.6	32.3	67.7	25.1
Other current liabilities	86.3	92.2	76.6	82.7
	454.8	**407.5**	**441.0**	**379.5**
Net working capital	**(345.2)**	**(297.1)**	**(342.3)**	**(282.3)**
Change in net working capital	48.1		60.0	
Net working capital excl. Accrued interest and corp. inc. tax	**(260.5)**	**(261.4)**	**(270.5)**	**(253.7)**
Change in net working capital excl. accrued interest and corp. inc. tax	(0.9)		16.8	

* 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

Details Loans

€ million	30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Jun 2013
Senior Credit Facility	2,022.3	1,935.1	430.0	310.0
Capitalized financing fees	(29.3)	(30.2)	(5.7)	(6.0)
Loans from financial institutions	**1,993.0**	**1,904.9**	**424.3**	**304.0**
8.000% Senior unsecured Notes (principal amount) existing	465.7	465.7	1,208.9	1,208.9
Capitalized discount at issuance (price 99.271)	(1.8)	(1.9)	(5.7)	(6.0)
Capitalized financing fees	(5.3)	(5.6)	(16.8)	(17.6)
Senior Unsecured Notes (existing)	**458.7**	**458.3**	**1,186.3**	**1,185.3**
8.000% Senior unsecured Notes (principal amount) new	743.1	743.1		
Capitalized financing fees	(10.0)	(10.6)		
Senior Unsecured Notes (new)	**733.1**	**732.5**	**0.0**	**0.0**
3.625% Senior Secured Notes (principal amount)	71.7	71.7	750.0	750.0
Capitalized discount at issuance (price 99.800)	(0.1)	(0.1)	(1.4)	(1.5)
Capitalized financing fees	(0.5)	(0.5)	(5.9)	(6.1)
Senior Secured Notes	**71.1**	**71.1**	**742.7**	**742.4**
Facility E (6.125% Secured Bond; principal amount)			750.0	750.0
Capitalized financing fees			(6.7)	(7.1)
Senior Secured Notes	**0.0**	**0.0**	**743.3**	**742.9**
Total Loans	**3,255.8**	**3,166.7**	**3,096.5**	**2,974.6**

Press Release

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

€ million	YTD September 2014			YTD September 2013		
	Ziggo	Delta	Bondco	Ziggo	Delta	Bondco
Total revenue	**1,202.0**		**1,202.0**	**1,170.9**		**1,170.9**
Cost of goods sold	213.0		213.0	217.0		217.0
Personnel	156.0	5.0	151.1	141.9	2.6	139.3
Contracted work	59.4		59.4	40.4		40.4
Marketing & Sales	63.4		63.4	61.0		61.0
Office expense	43.2		43.2	40.2	0.0	40.2
Other operating expenses	7.3	(2.4)	9.7	6.4	(2.4)	8.7
Depreciation	211.5		211.5	187.2		187.2
Amortization of software	21.7		21.7	17.8		17.8
Amortization of other intangible assets	60.9		60.9	0.5		0.5
Total operating expenses	**836.4**	**2.6**	**833.8**	**712.3**	**0.3**	**712.0**
Operating income	**365.6**	**(2.6)**	**368.2**	**458.6**	**(0.3)**	**458.9**
Net financial income (expense)						
- Interest	(146.8)		(146.8)	(148.9)	0.0	(148.9)
- Banking and financing fees	(38.7)		(38.7)	(1.7)	(0.6)	(1.1)
- Amortization of funding costs	(31.2)		(31.2)	(50.2)	(0.8)	(49.4)
- Other income (i.e. fair value gains / (losses) on derivative fin. instruments)	(253.5)		(253.5)	26.2		26.2
Result from norm. business before income taxes	**(104.6)**	**(2.6)**	**(102.0)**	**283.9**	**(1.7)**	**285.6**
Net result of joint ventures and associates	(5.5)		(5.5)	(4.9)		(4.9)
Income tax benefit (expense)	44.9	0.6	44.2	(11.0)	0.4	(11.4)
Net result	**(65.2)**	**(1.9)**	**(63.3)**	**268.0**	**(1.3)**	**269.3**

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	30 September 2014			30 September 2013		
	Ziggo	Delta	Bondco	Ziggo	Delta	Bondco
ASSETS						
Intangible assets	3,276.0		3,276.0	3,337.1		3,337.1
Capitalized software	91.6		91.6	35.2		35.2
Property and equipment	1,519.9		1,519.9	1,489.4		1,489.4
Other financial assets	1.4		1.4	0.7		0.7
Investments in joint ventures	5.7		5.7	7.6		7.6
Deferred income tax asset	195.0	90.2	104.8	219.0	138.9	80.1
Total non-current assets	**5,089.6**	**90.2**	**4,999.5**	**5,089.1**	**138.9**	**4,950.2**
Inventories	46.4		46.4	38.0		38.0
Trade accounts receivable	24.4		24.4	27.2		27.2
Other current assets	38.8	(20.7)	59.5	33.5	(19.6)	53.2
Cash and cash equivalents	340.0	0.2	339.7	105.4	0.2	105.1
Total current assets	**449.6**	**(20.5)**	**470.0**	**204.1**	**(19.4)**	**223.5**
TOTAL ASSETS	**5,539.2**	**69.7**	**5,469.5**	**5,293.2**	**119.5**	**5,173.7**
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	3,204.5	2,363.5	841.0
Treasury stock	0.0	0.0		0.0	0.0	
Retained earnings	(2,042.9)	(2,444.4)	401.5	(2,392.9)	(2,443.6)	50.7
Net income (loss) for the period	(65.2)	(1.9)	(63.3)	268.0	(1.3)	269.3
Equity attr. to equity holders	**1,296.3**	**117.1**	**1,179.2**	**1,279.5**	**118.5**	**1,161.0**
Loans from financial institutions	1,993.0		1,993.0	144.3		144.3
Revolver facility	0.0		0.0	280.0		280.0
Unsecured Bond	1,191.8		1,191.8	1,186.3		1,186.3
Secured Bonds	71.1		71.1	1,485.9		1,485.9
Derivative financial instruments	145.6		145.6	16.9		16.9
Provisions	16.5		16.5	20.8		20.8
Deferred income tax liability	361.3		361.3	413.4		413.4
Other non current liabilities	0.9		0.9	2.0		2.0
Total non-current liabilities	**3,780.0**		**3,780.0**	**3,549.7**		**3,549.7**
Trade accounts payable	92.0		92.0	89.9		89.9
Deferred revenue	125.0		125.0	120.5		120.5
Current liabilities related parties		(49.9)	49.9			
Derivative financial instruments	2.7		2.7	17.0		17.0
Provisions	5.4		5.4	5.9		5.9
Current taxes	4.1		4.1	4.1		4.1
Taxes and social securities	53.5	0.4	53.1	70.2	0.1	70.1
Personnel related liabilities	13.4	1.4	12.0	12.1	0.7	11.4
Accrued interest	80.6		80.6	67.7		67.7
Other current liabilities	86.3	0.7	85.6	76.6	0.2	76.4
Total current liabilities	**462.9**	**(47.4)**	**510.3**	**463.9**	**0.9**	**463.0**
TOTAL EQUITY AND LIABILITIES	**5,539.2**	**69.7**	**5,469.5**	**5,293.2**	**119.5**	**5,173.7**

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 September 2014			YTD September 2013		
	Ziggo	Delta	Bondco	Ziggo	Delta	Bondco
Operating income	**365.6**	**(2.6)**	**368.2**	**458.6**	**(0.3)**	**458.9**
Adjustments for:						
Share based payments	0.4	0.4				
Depreciation	211.5		211.5	187.2		187.2
Amortization	82.5		82.5	18.3		18.3
Movement in provisions	(5.2)		(5.2)	(4.3)		(4.3)
Corporate income tax	(2.4)		(2.4)			
Working capital adjustments for:						
(Increase)/Decrease in current assets	1.9	0.9	1.0	(22.2)	20.5	(42.7)
Increase/(Decrease) in current liabilities	29.4	1.3	28.1	23.5	149.2	(125.7)
Change in working capital (excl. accrued interest)	31.3	2.2	29.1	1.3	169.7	(168.4)
Net cash flow from operating activities	**683.8**	**0.0**	**683.8**	**661.1**	**169.4**	**491.6**
Investing activities:						
Capital expenditures	(282.5)		(282.5)	(246.5)		(246.5)
Acquisition				(15.2)		(15.2)
Funding of joint venture	(7.5)		(7.5)	(7.9)		(7.9)
Interest received	0.1		0.1	0.0		0.0
Change in financial assets	(0.3)		(0.3)	0.0		0.0
Net cash flow from (used in) investing activities	**(290.2)**		**(290.2)**	**(269.6)**		**(269.6)**
Financing activities:						
3.625% Senior Secured Notes	(678.3)		(678.3)	748.5		748.5
Term Loan B1	1,212.4		1,212.4			
Term Loan B2	724.1		724.1			
Term Loan A				150.0		150.0
Revolver facility	(255.0)		(255.0)	280.0		280.0
Financing Fees	(37.7)		(37.7)	(13.4)	(0.8)	(12.7)
Dividend				(370.0)	(167.9)	(202.1)
Repayment of loans	(900.0)		(900.0)	(1,063.3)		(1,063.3)
Interest	(109.7)		(109.7)	(108.5)		(108.5)
Swap contracts unwound	(48.4)		(48.4)			
Other financing activities	(38.5)		(38.5)	(1.8)	(0.6)	(1.2)
Net cash flow from (used in) financing activities	**(131.1)**		**(131.1)**	**(378.6)**	**(169.2)**	**(209.3)**
Net increase (decrease) in cash (equivalents)	**262.6**	**0.0**	**262.6**	**12.9**	**0.2**	**12.8**

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