Press release

Utrecht, October 19, 2012
Ziggo N.V. Q3 2012 results

Balanced growth of revenue and EBITDA

Strong EBITDA growth in period of planned low summer marketing

Operational highlights Q3 2012

- All-in-1 bundle subscribers up 20,000 or 1.5% q-o-q and 148,000 or 12.1% y-o-y; penetration 48.6% of our consumer customer base
- Internet subscribers up 16,000 in Q3 and 107,000 or 6.5% y-o-y, driven by the sale of All-in-1 bundles and business bundles
- Limited y-o-y growth in telephony usage due to FTA rates reduction, lower call minutes per subscriber and growing relevance of free on-net calling and flat-fee subscriptions
- Continued growth in digital pay TV driven by an increase in the number of premium packages per subscriber and a strong y-o-y growth in VOD transactions by over 140%
- Continued double-digit revenue growth in B2B with almost 3,000 new business bundles
- Marketing activities at a planned lower summer level; new All-in-1 bundle campaigns started in September with a focus on the fourth quarter

Financial highlights Q3 2012

- Revenues €380.1 million, up 1.2% y-o-y; up 4.4% excluding other revenue
- Adjusted EBITDA €227.0 million, up 8.1% y-o-y
- Net result increased to €72.4 million from a net loss of €1.3 million in Q3 2011
- Net debt amounts to €2.98 billion compared to €3.23 billion at year-end 2011
- Leverage ratio down to 3.41x compared to 3.87x at year-end 2011 and 3.98x at September 30, 2011

CEO Bernard Dijkhuizen commented:

"In the third quarter Ziggo reported balanced growth in revenue and EBITDA. As marketing activities during the summer period tend to be less effective, we reduced our efforts during the third quarter and started an All-in-1 bundle campaign in September with an emphasis on the fourth quarter. At the same time, we saw an increase in competition which, in combination with lower marketing efforts, has resulted in a more moderate growth of our All-in-1 bundle subscriptions. Additionally, we have seen a continuation of the downward trend in ARPU from telephony usage, enhanced by a reduction of Dutch FTA rates. Growth in revenues in combination with lower marketing costs and a lower spend on promotional offers for set-top boxes have resulted in a strong increase in our EBITDA margin.

We continue to focus on the development of new services. In September for instance, we supported our 'TV Everywhere' strategy with the launch of our TV app for Android tablets followed by an increase in the number of live streaming digital TV channels from 14 to 28 through our TV app. Furthermore, we launched Ziggo Music, our streaming music service that currently includes around 14 million titles.

An important step this quarter was the pilot of our WiFi HomeZone in an area in Groningen. Although final conclusions of this pilot are due later this year, customer feedback and preliminary results are positive and give us valuable new insights into consumer behavior and technical feasibility that will benefit our convergence strategy for the coming years.

Finally, I would like to mention the inclusion of our stock in the AMX Dutch midcap index of the Amsterdam Stock Exchange of NYSE Euronext. This will help enhance the visibility of our shares and improve liquidity. The second sell down by our shareholders Cinven and Warburg Pincus of approximately 16% in early August also positively affected the liquidity in our shares. Today our free float is around 41%."

Outlook
Based on our performance in the first nine months of 2012 as well as the continued investments in our network and customer base, we are on track to continue to increase our market share and grow our revenue. Excluding telephony usage, where we expect a continuation of the downward trend, we expect revenue from our core business to develop in line with our plans for the full year 2012. In view of the market environment that has become more competitive over the summer period, subscriber acquisition costs are expected to increase. Based on the above expectations we are confident to meet the current EBITDA consensus for the full year 2012.

Capital expenditure for 2012 is expected to be in the range of €270 to €280 million, slightly below our previous guidance of approximately €280 million.

Important dates
Next year, Ziggo expects to publish its quarterly results on the following dates:

FY and Q4 2012	January 24, 2013
Q1 2013	April 17, 2013
Q2 2013	July 18, 2013
Q3 2013	October 18, 2013

The Annual General Meeting of Shareholders will be held on April 18, 2013.

As communicated earlier, we intend to distribute a total dividend of €220 million for 2012, distributed in two equal semi-annual installments. With the interim dividend of €110 million distributed on September 11, 2012, we intend to distribute the final dividend of €110 million in April 2013, subject to our 2012 results and shareholder approval. Relevant dates for distribution of the final dividend are as follows:

April 18, 2013	AGM and final declaration of dividend
April 22, 2013	Ex-dividend (at opening)
April 24, 2013	Record date (after close)
April 29, 2013	Payment date

Financial Highlights (unaudited)

(in € millions)	Q3 2012	Q3 2011	Change %	Sep 2012 YTD	Sep 2011 YTD	Change %
Subscriptions + usage	344.3	334.0	3.1%	1,037.8	988.0	5.0%
Other revenues	9.0	19.9	-54.8%	37.7	49.1	-23.3%
Total consumer revenues	**353.3**	**353.9**	**-0.2%**	**1,075.5**	**1,037.1**	**3.7%**
Business services revenues	**26.8**	**21.7**	**23.5%**	**78.1**	**63.1**	**23.8%**
Total revenues	**380.1**	**375.6**	**1.2%**	**1,153.6**	**1,100.2**	**4.9%**
Cost of goods sold	70.2	79.0	-11.1%	225.9	221.8	1.8%
Gross margin	**309.9**	**296.7**	**4.5%**	**927.7**	**878.4**	**5.6%**
	81.5%	79.0%		80.4%	79.8%	
Operating expenses	82.9	86.6	-4.3%	265.5	256.2	3.6%
Adjusted EBITDA(1)	**227.0**	**210.1**	**8.1%**	**662.3**	**622.2**	**6.4%**
Adjusted EBITDA as a % of revenue	59.7%	55.9%		57.4%	56.6%	
IPO related costs				39.7		
EBITDA(2)	**227.0**	**210.1**	**8.1%**	**622.6**	**622.2**	**0.1%**
Depreciation and amortization (3)	68.1	75.5	-9.7%	210.8	269.3	-21.7%
Operating income	**158.9**	**134.6**	**18.0%**	**411.8**	**352.9**	**16.7%**
Share based payments				20.0		
Movement in provisions	0.3	-0.8	-145.5%	-1.0	-3.2	-69.2%
Change in net working capital	18.2	5.5	228.8%	40.3	5.2	
Cash flow from operating activities	**245.6**	**214.8**	**14.3%**	**681.9**	**624.1**	**9.3%**
Capital expenditure	61.6	73.9	-16.7%	182.3	175.8	3.7%
As a % of revenue	16.2%	19.7%		15.8%	16.0%	
Total capital expenditure (Capex)	**61.6**	**73.9**	**-16.7%**	**182.3**	**175.8**	**3.7%**
Interest received	0.0	0.2	-76.8%	0.4	0.4	15.0%
Funding joint venture	0.6	0.0		10.0	0.1	
Free cash flow	**183.4**	**141.0**	**30.0%**	**490.0**	**448.6**	**9.2%**
As a % of revenue	48.3%	37.5%		42.5%	40.8%	
Adjusted EBITDA-Capex	**165.4**	**136.1**	**21.5%**	**480.0**	**446.4**	**7.5%**
As a % of revenue	43.5%	36.2%		41.6%	40.6%	
Net result	**72.4**	**-1.3**	**-5473.4%**	**122.3**	**3.6**	**3264.3%**
Number of outstanding shares (in thousands)	200,000	200,000		200,000	200,000	
Earnings per share	**0.36**	**-0.01**		**0.61**	**0.02**	

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Operational Highlights (in thousands, unaudited)

Footprint[4]	30 Sep 2012	30 Jun 2012	Change in Q3 2012	30 Sep 2011	Change % y-o-y
Homes passed	4,218	4,218	0	4,193	0.6%
Analog TV only	679	716	-37	941	-27.8%
Analog and digital TV[5]	2,253	2,242	11	2,101	7.2%
Total TV customers	**2,932**	**2,959**	**-27**	**3,042**	**-3.6%**
Digital pay TV subscribers	956	951	6	944	1.3%
Internet subscribers	1,766	1,751	16	1,659	6.5%
Telephony subscribers	1,466	1,444	23	1,310	11.9%
Total RGUs[6]	**7,121**	**7,104**	**17**	**6,955**	**2.4%**
Total RGUs consumer	**6,941**	**6,935**	**6**	**6,828**	**1.7%**
Of which bundle subscribers[7]	*1,371*	*1,351*	*20*	*1,223*	*12.1%*
Total triple play	*1,387*	*1,368*	*19*	*1,241*	*11.8%*
RGUs per customer[8]	2.46	2.43	0.03	2.31	6.3%
ARPU in Q (€ per month)(9)	40.44	40.43	0.01	37.52	7.8%
ARPU YTD (€ per month)[9]	40.19	40.06	0.13	36.73	9.4%
Total RGUs B2B	**180**	**169**	**11**	**127**	**41.8%**

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 for Ziggo N.V. to 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. For comparative purposes, the results of Zesko B.V. before the first quarter of 2012 have been included.

Since Q4 2011 we have reported Consumer RGUs separately from total RGUs. As a result, RGUs per customer and ARPU for the comparable period have been recalculated and adjusted.

Definitions/Footnotes

(1) Adjusted EBITDA refers to EBITDA, adjusted to eliminate the effects of operating expenses incurred in connection with the initial public offering of ordinary shares of the company on March 21, 2012, which were €0.0 million for the quarter ended on September 30, 2012 and September 30, 2011 respectively and €39.7 million and €0.0 million for the nine months ended on September 30, 2012 and September 30, 2011 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) As of Q2 2011 we no longer amortize our customer list. The capitalized customer list resulted from the acquisition of the three predecessor businesses. Based on a renewed analysis we updated the assessment of the attrition of customer relationships connected to our network. It was concluded that the useful life of customer relationships connected to our network is indefinite as attrition is marginal. As a consequence, we no longer incur amortization expenses related to our customer relationships which are now subject to annual impairment testing. Hence, during the first nine months of 2012 amortization of other intangibles amounted to nil, while in Q1 2011 it stood at €44.1 million and in Q2 and Q3 2011 at nil.

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

(5) Digital television RGUs equals the total number of standard TV subscribers who have 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, 2012 956,000 of our total digital TV RGUs subscribed to one or more of our digital pay TV services.

(6) 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 the subscriptions for our products Office Basis (24,881), Office Plus (504) and internet Plus (7,753) targeted at SOHO and small businesses and our collective TV contracts TOM and TOMi (representing 73,300 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 110,000 TV RGUs, 11,000 digital pay TV RGUs, 33,000 internet RGUs and 25,000 telephony RGUs.

(7) Besides the 1,371,000 customers who have taken up the All-in 1 bundle, we have another 16,000 customers who have subscribed to standard TV, internet and telephony on an individual product basis instead of an All-in-1 bundle.

(8) RGUs per customer is the total number of consumer RGUs (6,941,000 as per September 30, 2012) divided by the total number of consumer standard TV subscribers (2,822,000 as per September 30, 2012).

(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.

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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 2.9 million households, with almost 1.8 million internet customers, more than 2.2 million customers for digital television and almost 1.5 million telephony subscribers. Business-to-business customers 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

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Operations

In Q3 2012, Ziggo added 17,000 net new RGUs. At the end of September 2012, total RGUs reached 7.1 million, up 2.4% from Q3 2011.

Consumer products & services

Details consumer *(in thousands)*	30 Sep 2012	30 June 2012	Change in Q3 2012	30 Sep 2011	Change % y-o-y
Analog TV only	591	630	*-39*	849	-30.4%
Analog and digital TV	2,231	2,223	*8*	2,101	6.2%
Total TV customers	**2,822**	**2,853**	**-31**	**2,950**	**-4.3%**
Digital pay TV subscribers	945	940	*5*	944	0.1%
Internet subscribers	1,733	1,721	*13*	1,639	5.8%
Telephony subscribers	1,441	1,421	*20*	1,295	11.3%
Total RGUs	**6,941**	**6,935**	**6**	**6,828**	**1.7%**
Of which bundle subscribers	*1,371*	*1,351*	*20*	*1,223*	*12.1%*
RGUs per customer	2.46	2.43	0.03	2.31	6.3%
ARPU for the quarter (€ per month)	40.44	40.43	0.01	37.52	7.8%
ARPU YtD (€ per month)	40.19	40.06	0.13	36.73	9.4%

The number of subscribers to the All-in-1 bundle grew by 20,000 or 1.5% to 1.37 million and by 12.1% compared to prior year quarter. The number of internet subscribers grew by 13,000 to 1.73 million during the quarter and by 5.8% compared to the prior-year quarter, again increasing our market share for internet.

The number of digital TV subscribers increased by 8,000 to 2.23 million, representing a penetration of almost 80% of our customer base. In digital TV, Ziggo has increased its market share compared to previous year, confirming the success of the migration of its customer base from analog to digital TV. The number of TV-only subscribers decreased by 17.7% compared with the same quarter last year, to a total of 1.03 million at September 30, 2012. The decrease was caused by TV-only subscribers taking up the All-in-1 bundle as well as churn. Churn among TV-only subscribers is slightly higher compared to last year as a result of the market in general moving toward triple-play, while churn on all other product lines, and for All-in-1 in particular, is significantly lower. We will continue to focus on upgrading customers to our All-in-1 bundle from a penetration of 48.6% today.

The total number of telephony subscribers rose to 1.44 million at the end of the third quarter, an increase of 11.3% compared to the same period in 2011. This increase is a result of the increase in All-in-1 bundle subscriptions. However, as Ziggo's telephony subscriber base grows, the relative weight of free on-net calling becomes more relevant and affects usage ARPU. In addition, the growing popularity of flat-fee telephony bundles, reduced FTA rates as per August 1 2012 and a lower average number of call minutes per subscriber put pressure on ARPU for telephony usage. We expect these trends to continue which will lead to a further decline of telephony usage ARPU.

Growth in RGUs in combination with a lower number of TV subscribers resulted in an improvement of RGUs per customer of 6.3% to 2.46 compared to prior year quarter. Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.12 RGUs per customer. Blended ARPU rose by 7.8% y-o-y benefitting from revenue growth for digital pay TV and telephony usage.

In July and August, marketing activities were on a relatively low level due to the summer period and campaigns during the quarter were focused on (1) the up-sell of VOD and interactive TV to existing customers, (2) an offer to upgrade the internet speed for existing internet and bundle subscribers for 2 months without extra costs and (3) loyalty campaigns with communication and information about live TV on smart phones and tablets. In September Ziggo has started its post summer campaign for its All-in-1 bundle, which is scheduled to run well into the fourth quarter. This campaign is centered around the TV Everywhere concept with a promotional offer for a set-top box for new All-in-1 subscribers. The campaign is supported by a multi-media campaign including a TV commercial, direct marketing and print.

With the start of the football season in the second half of August, a large campaign was launched to attract subscribers to Eredivisie Live, the live Dutch football channel. During the month of September we added many new subscribers, including a large number of subscribers attracted by the promotional offer with a two month free-view period. This campaign resulted in the highest number of subscribers for Eredivisie Live during the year.

September also saw the soft launch of Ziggo’s streaming music service which gives subscribers on and off-line access to more than 14 million music titles. Additionally, Ziggo continued to build on its TV Everywhere strategy by expanding its second screen offering to Android tablets. The benefits of watching TV on other screens such as tablets and smart phones in and around the house are highlighted by the current marketing campaigns. Today about 670,000 mobile devices are using the Ziggo TV app to watch streaming TV and, with the launch of the Ziggo app for Android tablets and smart phones two weeks ago, this has increased rapidly by 120,000 mobile devices.

At the end of September, we concluded the first phase of a pilot in an area in Groningen, a city in the north of the Netherlands, to test Ziggo Home Zone, our WiFi hotspot concept utilizing the public channel in our WiFi EuroDocsis 3.0 modems at the customer premises. The purpose of this pilot is to test how we can use the public channel in the WiFi modems at the premises of our internet subscribers in urban areas as WiFi hotspots and thus create a network of WiFi hotspots for our customers. This pilot covered technical aspects such as WiFi handovers and network implications, as well as commercial aspects such as customer perception and the way customers actually use this new service. During the pilot 1,200 Ziggo internet customers had free access to high-speed internet throughout the pilot area via the WiFi hotspot network. Based on the positive results of this pilot, we have decided to extend the coverage to the whole city of Groningen, covering approximately 20,000 households. With this extended pilot we can test the performance with a larger group of users, the implemented improvements in the firmware and automatic provisioning of hotspots. Although final conclusions for this pilot are due at the end of the year, the first results are promising and will help the company to determine next steps for the implementation of Ziggo hotspots in other cities.

During the third quarter Ziggo swapped approximately 34,000 modems for a EuroDocsis 3.0 WiFi modem. A new version of this modem, which allows for concurrent usage of both the 2.4 GHz and 5 GHz bands and consequently will improve performance, is expected to become available in Q2 2013. Therefore, we have decided to use the available EuroDocsis 3.0 WiFi modems only for new customers and upgrades. The modem swap program will continue when the new modem is available.

Ziggo has also continued its program to upgrade a large portion of the existing set-top boxes with interactive functionality through the introduction of a streaming GUI (Graphic User Interface) in the Cloud. This new GUI becomes available in Q4 and will enable a larger group of customers to have access to interactive television and should stimulate the number of TV on-demand purchases. During the third quarter, the number of transactions for VOD and pay-per-event more than doubled compared to the prior-year quarter.

B2B products & services

Details B2B *(in thousands)*	30 Sep 2012	30 June 2012	Change in Q3 2012	30 Sep 2011	Change % y-o-y
Analog TV only	89	86	*2*	92	-3.8%
Analog and digital TV	22	20	*2*	0	-
Total TV customers	**110**	**106**	**4**	**92**	**19.8%**
Digital pay TV subscribers	11	10	*1*	0	-
Internet subscribers	33	30	*3*	20	65.7%
Telephony subscribers	25	23	*3*	15	69.2%
Total RGUs	**180**	**169**	**11**	**127**	**41.8%**
Of which:					
- Office Basis	*24.9*	*22.6*	*2.3*	*14.7*	*69.6%*
- Office Plus	*0.5*	*0.2*	*0.3*	*0.0*	*-*
- Internet Plus	*7.8*	*7.4*	*0.4*	*5.1*	*51.2%*

During the third quarter almost 3,000 new subscribers were added to our "Office Basis", "Office Plus" and "Internet Plus" business bundles, bringing the total to over 33,000 subscribers. Demand for the new bundle "Office Plus", which was introduced in May for small and medium-sized enterprises and supports multi-line telephony (up to four lines and ten telephony numbers), started well following a marketing and sales campaign in the third quarter underlining the benefits of the bundle.

Financial performance

Revenues

In the third quarter of 2012 Ziggo generated revenues of €380.1 million, an increase of 1.2% compared to the same quarter of 2011 (€375.6 million). Excluding "other revenues", revenues increased by 4.4%, the most important drivers being continued growth in RGUs, revenues from digital pay TV and business services. Business services was spurred by organic growth of 16.5% in the business market which, combined with a €1.5 million revenue contribution from Breezz (acquired and consolidated since October 2011), reported total revenue growth of 23.5%.

Consumer revenues for Q3 2012 amounted to €353.3 million, down 0.2% compared to Q3 2011. Excluding "other revenues", consumer revenues increased by 3.2%. This was mainly driven by a further uptake of our All-in-1 bundle during the year, of which 20,000 net additions during the quarter, or 12.1% y-o-y growth of All-in-1 subscribers. This resulted in a growth in both internet and telephony RGUs by 5.8% and 11.3%, respectively. In addition, the company recorded strong growth in revenues from digital pay TV, including VOD, of 12.1% y-o-y. Revenues from telephony usage increased by only 1.5% compared to Q3 last year. Revenues generated through our All-in-1 bundle increased by 13.1% from €150.6 million in Q3 2011 to €170.4 million in Q3 2012, now representing 48.2% of total consumer revenues, versus 42.6% in Q3 2011.

The number of subscribers to digital pay TV at the end of Q3 increased slightly to 945,000 compared to the prior year. In the third quarter, the number of digital pay TV subscribers increased by 5,000 to 945,000 versus an increase of 48,000 in the same quarter last year.

ARPU for digital pay TV increased by 10.8% from €13.60 for Q3 2011 to €15.07 for Q3 2012. This growth in ARPU was driven by the increase in the number of packages per subscriber and the growth in VOD. The growth in the number of packages per subscriber was supported by the launch of HBO in February of this year and the start of the football season in the 2nd half of August. A national campaign by Eredivisie Live launched in the 2nd half of August at the start of the football season, generated many new subscribers and subscribers who renewed their subscriptions to Eredivisie Live. By the end of September, the number of subscribers to Eredivisie Live was well ahead of the number at the end of the football season in May, but the number by the end of September also includes promotional subscriptions with a two month free-view period.

During Q3 we again experienced a strong y-on-y increase in VOD transactions (over 140%). This increase in transactions was the result of (1) the launch of our new TV proposition in September 2011, providing all our digital TV customers access to our library of films and series; (2) the introduction of the pay-per-event proposition in May 2011, which enables our customers to order a single match from the Dutch, Spanish or English Premier Leagues without the need for an interactive set-top box or a subscription to digital pay TV; and (3) the rise of the number of customers with an interactive set-top box to over 325,000 by the end of Q3 2012 compared to 209,000 by the end of Q3 2011. With the program to upgrade part of the existing set-top boxes at our installed base of digital TV customers with interactive functionality through a Cloud-based streaming graphic user interface, we expect to further increase the penetration of interactive set-top boxes.

The introduction of the new TV proposition in September last year also resulted in a step-up of revenue of approximately €1.5 million per quarter as a result of a re-allocation of the various packages into TV Plus and TV Extra. As a result, the fourth quarter of 2012 will be the first quarter this year that is like-for-like comparable to the same quarter last year.

Growth in telephony usage was 1.5% and was driven by an increase in the number of subscribers and the introduction of the new pricing plan in September 2011. However, this growth was largely offset by a lower ARPU for telephony usage as more subscribers have selected a flat-fee subscription for calls within the Netherlands and several foreign countries and a higher share of free on-net calls due to growth in the number of All-in-1 subscribers. Both trends result in a higher percentage of non-billable calling minutes compared with the previous year in addition to an overall decline in the average usage per fixed-line telephony subscriber. Additionally, the reduction of the FTA rates as per August 1 2012 negatively affected ARPU and revenue by €0.28 and €1.2 million respectively, compared with Q3 2011. In the third quarter, call minutes grew by 1.2% compared to the same quarter last year whereas on-net calling grew by almost 11.8%. However, the average call minutes per user decreased by 7.8%. Gross margin on telephony improved by almost 10%, also supported by the reduced FTA rates.

Following the increase of usage tariffs in September last year, the fourth quarter will be the first quarter this year which enables a like-for-like comparison to the same quarter last year. As a reference, usage revenue for September, the first comparable month, declined by 10.8% y-o-y as a result of the above mentioned trends, whereas the average revenue per call minute declined by approximately 8.5%.

Total revenue growth in Q3 2012 did not include the positive effect of approximately €2.5 million which we had in Q3 2011 as we implemented a more limited annual price increase compared to last year. In 2011 we implemented an annual general price increase of €0.50 (€0.42 excl. VAT) as per February 1, 2011 for standard TV subscriptions and per March 1, 2011 for our All-in-1 bundle. This year the price increase was €0.25 (€0.21 excl. VAT) and has been limited to standard TV subscriptions only as we focus on growing our market share in triple play.

Blended ARPU for consumer in Q3 2012 was €40.44, up €2.92 (+7.8%) from Q3 2011. This increase was driven by the growth in the number of subscribers to our All-in-1 bundle which, combined with churn in TV-only subscribers, resulted in an increase in RGUs per customer of 6.3% to 2.46 (based on a maximum of 4 RGUs per customer). Excluding digital pay TV as a separate RGU, Ziggo recorded an average of 2.12 RGUs per customer. Additionally, higher revenue from digital pay TV and telephony usage also contributed to the increase in blended ARPU. Third quarter blended ARPU only showed a slight increase compared with the second quarter due to limited growth in RGUs of 6,000 as well as flat revenues for digital pay TV and a decline in revenues from telephony usage by €3.5 million.

Our business services activities generated revenues of €26.8 million in Q3 2012, up 23.5% compared to €21.7 million in the same period last year. Excluding the revenue contribution of €1.5 million from Breezz in the third quarter, revenues from business services reported organic growth of 16.5% compared to Q3 2011 and 2.8% sequentially. The reduction of the FTA rates as per August 1 2012 negatively affected revenue by almost €0.2 million in Q3. Additionally, from the fourth quarter onwards certain low margin legacy contracts with a total quarterly revenue of €0.3 million have not been renewed.
In Q3, Ziggo added almost 3,000 new subscribers to its main B2B bundles products, ”Internet Plus”, ”Office Basis” and its new ”Office Plus” bundle, to reach a total of more than 33,100 subscribers by September 30, 2012. Total revenues for the first nine months from the coaxial products TOM and TOMi, our collective TV contracts, and the business bundles grew by over 45% compared to the prior year to €25.3 million, now representing 32.4% of total B2B revenues.

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

In Q3 2012 cost of goods sold decreased to €70.2 million, down 11.1% from Q3 2011. The gross margin for Q3 was 81.5% of revenue versus 79.0% in the prior-year quarter. The reduction in costs of goods sold was predominantly the result of the lower number of set-top boxes sold at a negative gross margin following the successful All-in-1 campaign in May and June of last year. During Q3 2012 we supplied 35,000 iTV, 11,000 HD set-top boxes and 6,000 CI+ modules, versus 77,000 iTV, 96,000 HD and 13,000 CI+ modules in the same quarter in 2011. The boxes are typically sold at a negative gross margin as part of our promotional campaigns to support further penetration of digital TV and triple play and are therefore considered an investment in our customer base. During Q3 2012 the average promotional discount against which the set-top boxes were offered as part of our sales campaigns was up compared to Q3 2011. In addition, lower gross margins on total video revenues as a result of increased content costs for standard TV and the growing mix of digital pay TV in total video revenues were more than offset by higher gross margins on internet, telephony and business services.

Operating expenses (OPEX)
Operating expenses decreased by €3.7 million or 4.3% to €82.9 million in Q3 2012 compared to €86.6 million in Q3 2011. As a percentage of revenue, operating expenses decreased from 23.1% to 21.8%, mainly as a result of a decrease in marketing & sales expenses by 34.7% from €16.5 million in Q3 2011 to €10.8 million in 2012. In Q3 2012 our marketing and sales activities were substantially less intensive in the holiday period in July and August. During Q3, our campaigns were focused on the up-sell of VOD and interactive TV to existing customers as well as loyalty. In the prior-year period, the higher marketing and sales costs were predominantly the result of (1) the preparation and migration of all our customers to the new TV proposition, (2) the launch of our branding event The Entertainment Experience and (3) higher sales costs resulting from the strong increase in new subscriptions following the success of our All-in-1 campaign held in May and June of last year.

Excluding marketing and sales, operating expenses increased by 2.9% compared to Q3 2011 and were down compared to Q1 and Q2 2012 in absolute terms by approximately €3 million. The two main reasons for this decrease in operating expenses are lower costs for personnel and contracted work due to lower customer call volumes and more vacation days taken during the summer period.

Personnel costs increased by 5.9% compared to Q3 2011 as a result of a 4.6% increase in headcount and an increase in the average salary costs by approximately 3.8%. The latter was driven by an increase based on discretionary individual salary increases, the collective labor agreement and higher employer charges for social security and pension contributions. The increase in both headcount and average salary costs was partly offset by a decrease in the average costs for external resources and an increase in capitalized personnel expenses.

At the end of the third quarter our workforce totaled 2,945 FTE compared to 2,816 FTE at the end of Q3 2011 and 2,903 at the end of Q2 2012. Excluding external and temporary employees, we had 2,482 employees versus 2,310 in the previous year. The number of external resources and temporary employees declined from 506 FTE at the end of Q3 2011 to 462 at the end of Q3 2012. The increase in total FTEs is related to the increase in the installed base of RGUs which led to an increase in activities for our customer services such as maintenance, on-location customer service and the technical maintenance of our infrastructure. In addition, the higher number of FTEs also results from our investments in innovation such as the preparations for our converged platform and our TV proposition.

Costs of contracted work decreased by 9.0% compared to Q3 2011, mainly as a result of lower call volumes in our customer services department. In the prior-year period, we experienced a peak in activity in customer service, customer installations and inbound sales following the successful pre-summer campaigns at the end of Q2 2011 as well as the introduction of our new TV proposition and the related migration of all our customers to the new proposition in September 2011. However, a more widespread roll-out of the Wi-Fi modems, interactive set-top boxes and VOD have structurally increased customer service activities since the second half of 2011.

Adjusted EBITDA and operating profit

In Q3 2012 we achieved an adjusted EBITDA of €227.0 million, up 8.1% compared to Q3 2011. The EBITDA margin was 59.7% compared to 55.9% Q3 last year. This y-o-y increase of the EBITDA margin is primarily due to an improved gross margin percentage and lower operational expenses (as a percentage of revenue) following the 34.7% decline in marketing and sales. For the first nine months of 2012 adjusted EBITDA increased by 6.4% to €662.3 million and the EBITDA margin was 57.4% compared to 56.6% in the same period in 2011.

Adjusted EBITDA excludes IPO-related expenses. During the first nine months we recognized €39.7 million costs directly related to our IPO at NYSE Euronext Amsterdam in the first quarter. The IPO costs include a share-based remuneration of €20 million awarded and settled by the shareholders before the IPO which, in accordance with IFRS2, was recognized as an equity-settled share-based payment transaction. Therefore, this transaction is reflected as personnel costs and equity but it has not affected the company’s cash flow nor diluted shareholders’ equity.

Depreciation expenses and amortization of software in Q3 2012 fell by €7.3 million to €68.1 million from €75.5 million in Q3 2011. This decrease is the result of high historical network and infrastructure investments as well as investments related to the merger of the three companies, which led to relatively higher depreciation expenses in recent years. However, with the current investment program in our core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere, depreciation and amortization will rise again.

As of Q2 2011, we no longer amortize our customer list. The capitalized customer list resulted from the acquisition of the three predecessor businesses. Based on an updated analysis we reviewed the assessment of the attrition of customer relationships connected to our network. It was concluded that the useful life of customers connected to our network is indefinite as attrition is marginal. As a consequence, we will no longer incur amortization expenses related to our customer relationships, which are now subject to annual impairment testing. Hence, during the first nine months of 2012 amortization of other intangibles amounted to nil while in the nine months of 2011 it was €44.1 million.

Operating income (EBIT) for the third quarter increased by 18.0% to €158.9 million compared to €134.6 million for the prior-year quarter. Despite the recognition of one-off costs of €39.7 million related to the IPO, operating income for the first nine months of 2012 improved to €411.8 million, an increase of 16.7% compared to €352.9 million in the first nine months of 2011. This increase is due to the improved EBITDA, lower depreciation expenses, lower amortization on software, and cancellation of the amortization of our customer list.

Net income
Interest costs excluding interest on shareholder loans decreased by 22.1% to €51.3 million in Q3 2012 compared to €65.8 million last year. In Q3 2012, €2.7 million was allocated as borrowing costs on work-in-progress, resulting in an interest credit, compared to €2.5 million in Q3 2011. Excluding borrowing costs, interest costs decreased by 21.0% or €14.3 million.

A reduction of our average debt by approximately €188 million and a reduction of the blended interest rate reduced our interest expenses compared to Q3 2011. The blended interest rate for the third quarter was 6.7% versus approximately 8.1% for Q3 2011. At the end of Q3 2011 some of our interest rate swaps and all of our offsetting swaps expired. As a result, the blended interest rate came down by more than one percentage point. The percentage of our hedged floating rate borrowings, dropped to 81% in Q3 2012 from approximately 99% in Q3 2011 and increased from 72% by the end of 2011 as a result of a prepayment of €152.8 million on our senior credit facility during the first nine months of 2012. At the end of the third quarter, only 7% of our gross debt was exposed to a floating interest rate taking into consideration the IRS position.

Interest on shareholder loans fell from €54.4 million in Q3 2011 to nil in Q3 2012. Since the conversion of the shareholder loans into equity prior to the IPO on March 21, 2012, the interest on these loans has been nil.

Banking and financing fees dropped by €0.2 million to €0.3 million in Q3 2012 from €0.5 million in the prior-year quarter as a result of the reduction in the committed ancillary facility from €150 million to €50 million in Q3 2011.

The amortization of funding cost was stable at €3.1 million in Q3 2012 compared to Q3 last year. The extension of the maturity of our senior credit facility from 2014 to 2017, which was effectuated in Q2 2011, has also extended the period over which the capitalized financing fees are amortized.

As Ziggo does not comply with hedge accounting for interest rate swaps under IFRS, any change in fair value is recognized as financial income and expense. In Q3 2012, Ziggo recorded a €4.9 million loss on other income, due to (1) the periodic amortization of our negative hedge reserve of €1.2 million, (2) a fair value loss on our IRS contracts of €3.4 million as a result of decreased swap rates during the third quarter, and (3) a foreign exchange loss on USD denominated purchases of €0.3 million. For the comparable quarter of 2011, we reported a fair value loss of €10.9 million and a foreign exchange loss of €1.7 million.

The €2.0 million net loss from joint ventures predominantly relates to our 50% share in the results of HBO Nederland, our joint venture with HBO. Investments in and results from the joint venture are accounted for using the equity method. For the full year 2012 we expect our share in the funding of the joint venture to amount to approximately €15 million in total.

For Q3 2012 Ziggo reported an income tax expense of €24.8 million, compared with an income tax credit of €0.5 million in the same quarter last year. Higher operating income in combination with reduced interest costs resulted in a strong increase in the result before income taxes and, consequently, in our income tax expense.

In Q3 2012, Ziggo posted a net profit of €72.4 million versus a net loss of €1.3 million in Q3 2011. For the first nine months net profit increased from €3.6 million in 2011 to €122.3 million in 2012. If we adjust for (1) interest on shareholder loans, (2) the amortization of the customer list, (3) the amortization of financing fees, (4) the non-recurring IPO costs and (5) changes in fair value on our interest rate hedges (all adjustments net of income taxes), net result would have increased from approximately €145 million in the first nine months of 2011 to €213 million in the first nine months of 2012, representing an increase of 47%.

Working capital, cash flow and liquidity

Working capital
Net working capital excluding accrued interest decreased from €221.4 million negative as at the end of Q2 2012 to €239.7 million negative as at the end of September 2012. The decrease in working capital in Q3 2012 is mainly the result of dividend tax of €9.5 million due on the dividend of €110 million distributed in September and a decrease in "other current assets" by €11.0 million mainly due to a reduction in the balance for prepayments by €8.0 million.

Over the first nine months working capital decreased by €40.5 million. This can mainly be attributed to VAT being payable on a quarterly rather than on a monthly basis (effective 2012), resulting in a reduction of net working capital of approximately €30 million. In addition, the dividend tax of €9.5 million is due on the dividend of €110 million distributed in September, which was nil by the end of December 2011.

We have a committed bilateral ancillary facility of €50 million expiring in September 2014. In addition, we have an uncommitted €100 million revolving credit facility available under our credit facility, which expires in September 2017.

Cash flow from operating activities
Cash flow from operating activities increased by 14.3% to €245.6 million compared to €214.8 million in Q3 2011, whereas EBITDA in Q3 2012 increased by 8.1% to €227 million. This difference in growth between net cash flow from operating activities and EBITDA is mainly due to the €18.2 million cash inflow from the decrease in net working capital in Q3 2012 versus a smaller decrease of €5.5 million in Q3 2011. Over the first nine months, net cash flow from operating activities increased by €57.8 million or 9.3% to €681.9 million, despite an amount of €13.9 million being paid for IPO-related expenses. This improvement was mainly driven by the cash inflow of €40.5 million as a result of the decrease in working capital.

Capital expenditure (capex)
Our capital expenditure and investments relate primarily to extending, upgrading and maintaining our network, installation of new service equipment at customer premises, the cost of modems and investments in our core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere. It also includes increases in intangible assets, primarily expenditures on software, which we capitalize. Set-top boxes are sold to customers and therefore recognized as cost of goods sold and not capitalized.

During Q3 2012, Ziggo recorded capital expenditures of €61.6 million, a decrease of 16.7% compared to Q3 2011 (€73.9 million). The decrease is mainly the result of (1) a lower spending on the modem swap by approximately €4 million compared to the prior year quarter, (2) a lower number of new subscriptions for internet and All-in-1 resulting in a lower capital expenditure on equipment in customer premises and installations, and (3) a lower spending on equipment for network growth while hours spent on network growth and contracted work for new build and network growth is in line with prior year. The capital expenditure in the third quarter increased compared to the second quarter as a result of an increased spending on network growth.

Capex in €m	Q3 2012	% of total	Q3 2011	% of total	Sep 2012 YTD	% of total	Sep 2011 YTD	% of total
Customer installation	12.4	20%	22.3	30%	48.0	26%	52.3	30%
Network growth	29.3	48%	38.5	52%	66.9	37%	88.0	50%
Maintenance and other	19.8	32%	13.1	18%	67.3	37%	35.6	20%
Total capex	**61.6**		**73.9**		**182.3**		**175.8**	

In Q3 2012, €12.4 million (20%) of capital expenditure related to installations of service equipment at customer premises and modem installations at customer premises (€22.3 million or 30% in Q2 2011), whereas 48% related to new build and growth of our network capacity to accommodate our increased subscriber base for internet and the continuously increasing internet speed and bandwidth requirements (approximately 52% in Q3 2011).

The decrease in customer installations compared to Q3 2011 is due to a limited number of modems swapped compared to the previous year and a lower number of installations as a result of a lower number of new subscriptions for All-in-1 and internet during the third quarter. During the third quarter we swapped approximately 34,000 modems for dual-band Wi-Fi enabled EuroDocsis 3.0 modems that enable the highest internet speeds for our customers. YtD we have swapped 127,000 modems and shipped 267,000 dual-band Wi-Fi enabled EuroDocsis 3.0 modems to new All-in-1 and internet subscribers and upgrades. By the end of the third quarter we had 1,254,000 EuroDocsis 3.0 modems activated at customer premises, of which 730,000 were WiFi enabled. In addition, a lower number of new subscriptions for internet and All-in-1 resulted in lower capital expenditure on equipment in customer premises and installations.

The decrease in capital expenditure on network growth was mainly caused by relatively high spending on materials and equipment during the third quarter of 2011 compared to the current quarter while hours spent on network growth and contracted work is in line with prior year.

The remainder of our capital expenditure represents maintenance and replacement of network equipment and recurring investments in our IT platform and systems and other investments in our core infrastructure and systems to facilitate the addition of new services such as mobility and TV Everywhere. In Q3 2012, investments in this category increased by 51.3% to €19.8 million (or 32% of total capital expenditure for the quarter) compared to €13.1 million for the prior year quarter. Previous year we started the investment program for our core infrastructure and systems, to facilitate the addition of new services such as mobility and TV Everywhere in the fourth quarter. This led to a step-up in capital investments in maintenance and other.

Based on our current projects and including a lower number of modems to be swapped, we estimate that our capital expenditure for the full year is expected to be in the range of €270 to €280 million, slightly below our previous guidance of approximately €280 million.

Operational free cash flow
Operational free cash flow (OpFCF, or adjusted EBITDA minus capex) increased by 21.5% to €165.4 million in Q3 2012 compared to €136.1 million for the prior-year quarter. Year-to-date operational free cash flow adjusted for IPO-related costs increased by 7.5% to €480.0 million.

Free cash flow and net cash used in financing activities
During the third quarter, free cash flow (cash flow before financing activities) increased to €183.4 million, an increase by 30.0% compared to Q3 2011. The strong increase in the free cash flow was the result of (1) an improved EBITDA in combination with (2) a cash inflow from a change in working capital by €18.3 million versus a cash inflow of €5.5 million in the prior-year quarter and (3) a decrease of capital expenditure by 16.7%. Over the first nine months free cash flow increased to €490.0 million, an increase by 9.2% compared to 2011, and includes an amount of approximately €13.9 million for IPO-related expenses that has been settled.

Net cash used in financing activities for the quarter comprises interest costs, banking and financing fees related to our loan facilities, and prepayments on the senior credit facilities. During Q3 2012, an interim dividend of €110 million was distributed to our shareholders and no voluntary prepayments were made on our senior credit facility.

Cash interest paid in Q3 2012 amounted to €18.1 million representing a €14.6 million drop from the prior-year period. The difference can be explained by the lower average debt and the reduction of the blended interest rate from 8.1% in Q3 2011 to 6.7% in Q3 2012. Interest on both the senior secured and the senior unsecured notes is payable semi-annually, in May and November.

At the end of Q3 2012, accrued interest for the senior secured and senior unsecured notes was €49.5 million, equal to the amount at the end of Q3 2011.

At the end of the third quarter of 2012, Ziggo held €210.8 million in cash and cash equivalents, compared to €112.7 million at the end of the same quarter of 2011.

Net debt and financing structure
As of September 30, 2012, we carried a total debt balance of €3,114.3 million including principal amount, capitalized funding costs and discount on issue date. An amount of €1,230.6 million is owed under our Senior Credit Facility (term loan B and F), €750.0 million is granted by Ziggo Finance B.V. (term loan E), who issued Senior Secured Notes in 2010 for a similar amount, and €1,209.0 million is related to Senior Unsecured Notes issued in 2010. Below is a summary of the capital structure with the notional amounts outstanding as at September 30, 2012:

As per September 30 2012	in €m	x LTM EBITDA	Mrgin / Coupon	Maturity
Term loan B extended	922.9	1.06	E + 3.00%	Mar-17
Term loan E (Senior Secured Notes)	750.0	0.86	6.125%	Nov-17
Term loan F	307.7	0.35	E + 3.25%	Sep-17
Total Senior Debt	**1,980.6**	**2.26**		
Senior Unsecured Notes	1,208.9	1.38	8.000%	May-18
Total Debt	**3,189.4**	**3.65**		
Cash and cash equivalents	210.8	0.24		
Total Net Debt	**2,978.6**	**3.41**		

On September 30, 2012 the outstanding balance of our senior credit facility amounted to €1,190.0 million, including principal amount (€1.230.6) and capitalized financing fees (€40.6 million). During Q3 2012, no voluntarily prepayments on our senior credit facility have been made.

As at September 30, 2012, the senior unsecured notes amounted to €1,182.4 million. This item is stated at amortized costs, including principal amount (€1,209.0 million), capitalized funding costs and discount on issuance date. The financing fees for the notes issuance amount to €25.8 million and are amortized over eight years. The capitalized discount at issuance amounted to €8.8 million and is amortized as interest costs over eight years. As per September 30, 2012 an amount of €8.1 million was amortized resulting in capitalized financing fees as at the end of Q3 2012 of €19.7 million and a capitalized discount of €6.7 million.

As per September 30, 2012 the balance of the senior secured notes amounted to €741.9 million stated at amortized costs, including principal amount (€750.0 million) and capitalized funding cost. The financing fees for the senior secured notes issuance amount to €10.6 million and are amortized over seven years. As at September 30, 2012 a total amount of €2.5 million was amortized since issuance resulting in capitalized financing fees per the end of Q3 2012 of €8.1 million.

Interest on the senior secured notes and senior unsecured notes is due semi-annually and as at September 30, 2012 an amount of €49.5 million was accrued under current liabilities.

As at the end of the third quarter, the fair value of the interest rate swaps (IRS) amounted to €67.0 million negative, compared to €63.5 million negative as at June 30, 2012. Since the issuance of the senior secured notes on October 28, 2010 any change in fair value has been recognized as financial income and expense as Ziggo does not satisfy the requirements for hedge-accounting according to IFRS. Before the issuance of the senior secured notes, any changes in fair value were recorded in the hedge reserve as part of equity. As at September 30, 2012, the hedge reserve amounted to €5.3 million negative and is charged to profit and loss during the remaining term of the outstanding IRS.

As at September 30, 2012, our Net Debt to Adjusted LTM EBITDA leverage ratio (as defined under our Senior Credit Facilities) was 3.41x, down from 3.87x as at year-end 2011 due to our strong EBITDA performance and strong cash generation. The average debt maturity was 5.2 years as at September 30, 2012.

Reconciliation of the results for Ziggo N.V. to 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 of the issued and outstanding shares of Ziggo Bond Company B.V. (Ziggo BondCo). A reconciliation of the results for Ziggo to Ziggo BondCo is attached as a separate schedule to this press release.

The most important differences with Ziggo BondCo are related to the outstanding loans to shareholders until Ziggo went public on March 21, 2012, at which moment the shareholder loans were fully converted into equity. The shareholder loans amounted to €2,281 million as per December 31, 2011, €2,227 million at September 30, 2011 and €2,333 million at the moment Ziggo went public. The proceeds of these shareholder loans were invested in 2005-2007 as equity in the Amsterdamse Beheer and Consultingmaatschappij B.V. (ABC), which is a direct subsidiary of Ziggo BondCo. As a result, Ziggo recognized interest costs on the shareholder loans while Ziggo BondCo did not recognize these interest costs. Ziggo recognized interest costs on the shareholder loans for an amount of €54.4 million in Q3 2011 and nil in Q3 2012. During the first nine months Ziggo recognized interest costs on the shareholder loans for an amount of €161.5 million in 2011 and €52.2 million in 2012.

Other reconciling items between the results of Ziggo and Ziggo BondCo are the following:

- In relation to the IPO, Ziggo recognized one-off costs of €39.7 million which have not been recognized by Ziggo BondCo. As a result, reported operating income for Ziggo is €39.7 million lower as reported for Ziggo BondCo.
- As a result of the IPO-related costs of €39.7 million and the interest on shareholder loans of €52.2 million, the result before income tax realized by Ziggo BondCo is €91.9 million higher than the result realized by Ziggo. Due to the fact that certain IPO costs are non-deductible for corporate income tax purposes, such as the €20.0 million share-based remuneration, the corporate income tax charge recognized by Ziggo BondCo is €17.6 million higher than the amount recognized by Ziggo.
- Mainly as a result of the accrued interest costs recognized on shareholder loans since 2006 of €969.5 million, the tax loss carry-forward at the moment of the conversion of the shareholder loans into equity on March 21, 2012, is €1,015.5 million higher than the amount realized by Ziggo BondCo. The resulting deferred tax asset by Ziggo amounts to €225.2 million while the deferred tax asset recognized by Ziggo BondCo amounts to €16.8 million. The deferred tax asset recognized by Ziggo BondCo is fully related to the fair value of the interest rate swaps per September 30, 2012.
- As a result of costs recognized and accrued for the non-recurring employee bonus in connection with the IPO, personnel-related liabilities as reported by Ziggo are €4.5 million higher than the amount reported by Ziggo BondCo.
- As a result of costs recognized and accrued for legal and advisory fees and costs of the announcement and corporate campaign in connection with the IPO, Other current liabilities as reported by Ziggo are €0.2 million higher than the amount reported by Ziggo BondCo.
- As a result of VAT due over IPO related expenses, Taxes and social securities as reported by Ziggo are €0.4 million higher than the amount reported by Ziggo BondCo.
- During the first quarter ABC distributed €53.0 million in dividend to Ziggo Bond Company Holding B.V. (through Ziggo Bondco). In addition, certain IPO-related costs were paid by Ziggo BondCo on behalf of Ziggo. As a result, the balance for current liabilities related parties reported by Ziggo BondCo amounts to €39.3 million while Ziggo reports a balance of nil.
- The equity attributable to equity holders reported by Ziggo is €287.8 million higher than the equity reported by Ziggo BondCo. This difference is mainly the result of the tax benefit realized on the total accrued interest on shareholder loans since 2006, which amounts to €969.5 million.

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

(in € thousands)	Q3 2012	Q3 2011	Change %	Sep 2012 YTD	Sep 2011 YTD	Change %
Total Revenues	**380,120**	**375,630**	**1.2%**	**1,153,634**	**1,100,209**	**4.9%**
Cost of goods sold	70,216	78,953	-11.1%	225,890	221,811	1.8%
Personnel	44,870	42,362	5.9%	175,368	129,454	35.5%
Contracted work	12,214	13,427	-9.0%	39,114	36,147	8.2%
Marketing & Sales	10,776	16,510	-34.7%	43,314	48,108	-10.0%
Office expense	13,141	12,688	3.6%	41,039	37,855	8.4%
Other operating expenses	1,892	1,636	15.6%	6,336	4,639	36.6%
Depreciation	61,237	66,882	-8.4%	189,216	200,032	-5.4%
Amortization of software	6,906	8,585	-19.6%	21,563	25,157	-14.3%
Amortization of other intangible assets(1)					44,124	-100.0%
Total operating expenses	**221,252**	**241,043**	**-8.2%**	**741,840**	**747,327**	**-0.7%**
Operating income	**158,868**	**134,587**	**18.0%**	**411,794**	**352,882**	**16.7%**
Net financial income (expense)						
- Interest	-51,299	-120,247	-57.3%	-208,108	-363,324	-42.7%
- Banking and financing fees	-306	-540	-43.3%	-809	-2,077	-61.0%
- Amortization of funding costs	-3,063	-2,988	2.5%	-9,116	-11,371	-19.8%
- Other income (i.e. fair value gains / (losses) on derivative fin. instruments)	-4,917	-12,610	-61.0%	-13,948	28,737	-148.5%
Result from normal business before income taxes	**99,283**	**-1,798**	**-5621.9%**	**179,813**	**4,847**	**3609.8%**
Net result of joint ventures and associates	-2,030			-7,141		
Income tax benefit (expense)	-24,820	450	-5615.6%	-50,347	-1,211	4057.5%
Net result	**72,433**	**-1,348**	**-5473.4%**	**122,325**	**3,636**	**3264.3%**

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) Amortization of other intangible assets includes amortization on customer lists. Please note that goodwill and customer list have been capitalized as a result of applying purchase accounting (IFRS 3).

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

(in € thousands)	30 Sep 2012	31 Dec 2011	30 Sep 2011
ASSETS			
Intangible assets	3,321,204	3,321,204	3,312,327
Capitalized software	35,499	38,532	40,542
Property and equipment	1,403,815	1,421,386	1,426,781
Other financial assets	3,292	402	523
Deferred income tax asset	225,179	272,225	301,666
Total non-current assets	**4,988,988**	**5,053,749**	**5,081,839**
Inventories	37,451	32,180	26,965
Trade accounts receivable	25,294	25,753	25,450
Other current assets	26,285	26,813	31,884
Cash and cash equivalents	210,799	112,679	85,033
Total current assets	**299,828**	**197,425**	**169,331**
TOTAL ASSETS	**5,288,816**	**5,251,174**	**5,251,170**
EQUITY AND LIABILITIES			
Issued share capital	200,000	65	65
Share premium	3,500,000	36,646	36,646
Retained earnings	-2,514,895	-1,112,854	-1,114,232
Net income (loss) for the period	122,323	14,503	3,634
Equity attributable to equity holders	**1,307,427**	**-1,061,639**	**-1,073,886**
Loans from financial institutions	1,189,981	1,336,667	1,334,637
Shareholder loan	0	2,281,218	2,226,804
Unsecured Bond	1,182,436	1,179,710	1,178,843
Facility E (Secured Bond)	741,862	740,866	740,541
Derivative financial instruments	63,939	46,796	57,030
Provisions	24,650	24,886	28,907
Deferred income tax liability	386,482	382,780	405,190
Other non current liabilities	166	214	0
Total non-current liabilities	**3,589,518**	**5,993,137**	**5,971,952**
Trade accounts payable	56,034	74,417	74,300
Deferred revenue	118,061	115,876	114,139
Derivative financial instruments	3,075	10,267	0
Provisions	6,128	6,892	5,152
Taxes and social security	65,709	19,927	19,689
Personnel related liabilities	19,362	15,186	13,315
Accrued interest	53,933	18,601	54,140
Other current liabilities	69,570	58,510	72,370
Total current liabilities	**391,871**	**319,676**	**353,105**
TOTAL EQUITY AND LIABILITIES	**5,288,816**	**5,251,174**	**5,251,170**

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)

(in € thousands)	Q3 2012	Q3 2011	Change %	Sep 2012 YTD	Sep 2011 YTD	Change %
Operating activities						
Operating income	158,868	134,587	18.0%	411,794	352,882	16.7%
Adjustments to reconcile operating profit to net cash flow						
Share based payments				20,000		
Depreciation	61,237	66,882	-8.4%	189,216	200,032	-5.4%
Amortization	6,906	8,585	-19.6%	21,563	69,281	-68.9%
Movement in provisions	345	-759	-145.5%	-1,000	-3,247	-69.2%
Working capital adjustments						
(Increase)/Decrease in current assets	10,759	-1,186	-1007.2%	-3,870	-13,333	-71.0%
Increase/(Decrease) in current liabilities	7,438	6,721	10.7%	44,181	18,502	138.8%
Change in working capital (excl. accrued interest)	18,197	5,535	228.8%	40,311	5,169	679.9%
Net cash flow from operating activities	**245,554**	**214,830**	**14.3%**	**681,884**	**624,117**	**9.3%**
Investing activities:						
Capital expenditures	-61,590	-73,945	-16.7%	-182,268	-175,814	3.7%
Funding of joint venture	-694			-10,189		
Interest received	43	185	-76.8%	421	366	15.0%
Capital contribution					45	
Change in financial assets	97	-27	-459.3%	174	-126	-238.1%
Net cash flow from (used in) investing activities	**-62,144**	**-73,787**	**-15.8%**	**-191,862**	**-175,529**	**9.3%**
Financing activities:						
Term Loan F					460,431	-100.0%
Dividend	-110,000			-110,000		
Repayment on Senior Credit Facility loans		-71,207	-100.0%	-152,772	-708,858	-78.4%
Interest	-18,143	-32,735	-44.6%	-127,959	-174,123	-26.5%
Other financing activities	-427	-2,235	-80.9%	-1,171	-8,005	-85.4%
Net cash flow from (used in) financing activities	**-128,570**	**-106,177**	**21.1%**	**-391,902**	**-430,555**	**-9.0%**
Net increase (decrease) in cash and cash equivalents	**54,840**	**34,866**	**57.3%**	**98,120**	**18,033**	**444%**

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, 2012 the free cash flow amounts to €490,022 (September 30, 2011: €448.588)

Press release

Details on consolidated income statement (unaudited)

(in € thousands)	Q3 2012	Q3 2011	Change %	Sep 2012 YTD	Sep 2011 YTD	Change %
(A) Income statement						
Revenue by segment[(1)]						
Standard cable subscription revenue	116,007	120,441	-3.7%	350,309	362,958	-3.5%
Digital pay television services revenue	41,994	37,465	12.1%	125,157	109,799	14.0%
Total video revenues	**158,001**	**157,906**	**0.1%**	**475,466**	**472,757**	**0.6%**
Broadband Internet subscription revenue	**111,296**	**105,328**	**5.7%**	**330,436**	**308,971**	**6.9%**
Telephony subscription revenue	32,710	29,059	12.6%	95,913	83,469	14.9%
Telephony usage revenue	42,326	41,705	1.5%	136,011	122,801	10.8%
Total telephony revenues	**75,036**	**70,764**	**6.0%**	**231,924**	**206,270**	**12.4%**
Revenue from other sources	**9,009**	**19,944**	**-54.8%**	**37,660**	**49,071**	**-23.3%**
Total consumer market	**353,342**	**353,942**	**-0.2%**	**1,075,486**	**1,037,069**	**3.7%**
Of which All-in-1 bundle revenues	*170,417*	*150,616*	*13.1%*	*499,270*	*431,345*	*15.7%*
Business services revenues	**26,778**	**21,687**	**23.5%**	**78,148**	**63,139**	**23.8%**
Total revenues	**380,120**	**375,629**	**1.2%**	**1,153,634**	**1,100,208**	**4.9%**
Cost of goods sold	70,216	78,953	-11.1%	225,890	221,811	1.8%
Personnel	44,870	42,362	5.9%	139,746	129,454	8.0%
Contracted work	12,214	13,427	-9.0%	38,464	36,147	6.4%
Marketing & Sales	10,776	16,510	-34.7%	42,338	48,108	-12.0%
Office expense	13,141	12,688	3.6%	39,584	37,855	4.6%
Other expenses	1,892	1,636	15.6%	5,351	4,639	15.3%
Total operating expenses	**153,109**	**165,576**	**-7.5%**	**491,373**	**478,014**	**2.8%**
Adjusted EBITDA[(2)]	**227,011**	**210,053**	**8.1%**	**662,261**	**622,194**	**6.4%**
IPO related costs[(3)]				39,688		
EBITDA	**227,011**	**210,053**	**8.1%**	**622,573**	**622,194**	**0.1%**
Depreciation and amortization	68,143	75,467	-9.7%	210,779	269,313	-21.7%
Operating income	**158,868**	**134,587**	**18.0%**	**411,794**	**352,882**	**16.7%**
Net financial income (expense)	59,585	136,385	-56.3%	231,981	348,035	-33.3%
Result from normal business before income taxes	**99,283**	**-1,798**	**-5621.9%**	**179,813**	**4,847**	**3609.8%**
Net result of joint ventures and associates	-2,030			-7,141		
Income tax benefit (expense)	-24,820	450	-5615.6%	-50,347	-1,211	4057.5%
Result from normal business after income taxes	**72,433**	**-1,348**	**-5473.4%**	**122,325**	**3,636**	**3264.3%**

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) Operating expenses incurred in connection with the IPO of Ziggo.

Details on working capital YTD 2012

(in € thousands)	As of Sep. 30, 2012	As of Dec. 31, 2011	As of Sep. 30, 2011
(C) Change in net working capital			
Inventories	37,451	32,180	26,965
Trade accounts receivable	25,294	25,753	25,450
Other current assets	26,285	26,813	31,884
	89,029	**84,746**	**84,299**
Trade accounts payable	56,034	74,417	74,300
Deferred revenue	118,061	115,876	114,139
Taxes and social securities	65,709	19,927	19,689
Personnel related liabilities	19,362	15,186	13,315
Accrued interest	53,933	18,601	54,140
Other current liabilities	69,570	58,510	72,370
	382,668	**302,517**	**347,953**
Net working capital	**-293,639**	**-217,771**	**-263,654**
Change in net working capital	**75,868**	**-6,755**	**39,128**
Net working capital excluding accrued interest	**-239,706**	**-199,170**	**-209,514**
Change in net working capital excl. accrued interest	**40,536**	**-5,176**	**5,169**

Details on working capital for the 3rd quarter 2012

(in € thousands)	As of Sep. 30, 2012	As of Jun. 30, 2012	As of Sep. 30, 2011	As of Jun. 30, 2011
(C) Change in net working capital in Q3				
Inventories	37,451	36,543	26,965	27,325
Trade accounts receivable	25,294	25,949	25,450	26,126
Other current assets	26,285	37,296	31,884	29,660
	89,029	**99,788**	**84,299**	**83,111**
Trade accounts payable	56,034	62,879	74,300	69,780
Deferred revenue	118,061	118,856	114,139	112,606
Taxes and social securities	65,709	54,271	19,689	20,110
Personnel related liabilities	19,362	19,043	13,315	13,079
Accrued interest	53,933	18,283	54,140	18,595
Other current liabilities	69,570	66,127	72,370	71,513
	382,668	**339,458**	**347,953**	**305,683**
Net working capital	**-293,639**	**-239,670**	**-263,654**	**-222,572**
Change in net working capital Q3	**53,969**		**41,082**	
Net working capital excluding accrued interest	**-239,706**	**-221,387**	**-209,514**	**-203,977**
Change in net working capital Q3 excl. accrued interest	**18,318**		**5,537**	

Details Loans

(in € thousands)	30-Sep-12	31-Dec-11	30-Sep-11	31-Dec-10
Senior Debt	1,230,564	1,383,337	1,383,336	1,631,764
Capitalized financing fees	-40,583	-46,670	-48,699	-50,637
Loans from financial institutions	**1,189,981**	**1,336,667**	**1,334,637**	**1,581,127**
Senior Notes (principal amount)	1,208,850	1,208,850	1,208,850	1,208,850
Capitalized discount at issuance (price 99.271)	-6,717	-7,411	-7,631	-8,078
Capitalized financing fees	-19,696	-21,729	-22,376	-24,242
Senior Notes	**1,182,437**	**1,179,710**	**1,178,843**	**1,176,530**
Facility E (Secured Bond; principal amount)	750,000	750,000	750,000	750,000
Capitalized financing fees	-8,138	-9,134	-9,459	-10,396
Senior Notes	**741,862**	**740,866**	**740,541**	**739,604**
Shareholdersloan		**2,281,218**	**2,226,804**	**2,065,336**
Total Loans	**3,114,280**	**5,538,461**	**5,480,824**	**5,562,597**

Press release

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

(in € thousands)	YTD September 2012			YTD September 2011		
	Ziggo NV		Bondco BV	Ziggo NV		Bondco BV
Total revenue	**1,153,634**	**0**	**1,153,634**	**1,100,209**	**0**	**1,100,209**
Cost of goods sold	225,890	0	225,890	221,811	0	221,811
Personnel	175,368	35,622	139,746	129,454	0	129,454
Contracted work	39,114	650	38,464	36,147	0	36,147
Marketing & Sales	43,314	976	42,338	48,108	0	48,108
Office expense	41,039	1,455	39,584	37,855	0	37,855
Other operating expenses	6,336	985	5,351	4,639	0	4,639
Depreciation	189,216	0	189,216	200,032	0	200,032
Amortization of software	21,563	0	21,563	25,157	0	25,157
Amortization of other intangible assets[1]	0	0	0	44,124	0	44,124
Total operating expenses	**741,840**	**39,688**	**702,152**	**747,327**	**0**	**747,327**
Operating income	**411,794**	**-39,688**	**451,482**	**352,882**	**0**	**352,882**
Net financial income (expense)						
- Interest	-208,108	-52,180	-155,928	-363,324	-161,468	-201,856
- Banking and financing fees	-809	0	-809	-2,077	0	-2,077
- Amortization of funding costs	-9,116	0	-9,116	-11,371	0	-11,371
- Other income (i.e. fair value gains / (losses) on derivative fin. instruments)	-13,948	0	-13,948	28,737	0	28,737
Result from normal business before income taxes	**179,813**	**-91,868**	**271,681**	**4,847**	**-161,468**	**166,315**
Net result of joint ventures and associates	-7,141	0	-7,141	0	0	0
Income tax benefit (expense)	-50,347	17,573	-67,920	-1,211	40,374	-41,585
Net result	**122,325**	**-74,295**	**196,620**	**3,636**	**-121,094**	**124,730**

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) Amortization of other intangible assets includes amortization on customer lists. Please note that goodwill and customer list have been capitalized as a result of applying purchase accounting (IFRS 3).

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

(in € thousands)	30 September 2012			30 September 2011		
	Ziggo NV		Bondco BV	Ziggo NV		Bondco BV
ASSETS						
Intangible assets	3,321,204	0	3,321,204	3,312,327	504	3,311,823
Capitalized software	35,499	0	35,499	40,542	0	40,542
Property and equipment	1,403,815	0	1,403,815	1,426,781	0	1,426,781
Other financial assets	3,292	0	3,292	523	0	523
Deferred income tax asset	225,179	208,428	16,751	301,666	224,336	77,330
Total non-current assets	**4,988,988**	**208,428**	**4,780,561**	**5,081,839**	**224,840**	**4,856,999**
Inventories	37,451	0	37,451	26,965	0	26,965
Trade accounts receivable	25,294	0	25,294	25,450	0	25,450
Other current assets	26,285	0	26,285	31,884	17	31,867
Cash and cash equivalents	210,799	66	210,733	85,033	55	84,978
Total current assets	**299,828**	**66**	**299,762**	**169,331**	**71**	**169,260**
TOTAL ASSETS	**5,288,816**	**208,493**	**5,080,323**	**5,251,170**	**224,911**	**5,026,259**
EQUITY AND LIABILITIES						
Issued share capital	200,000	199,982	18	65	47	18
Share premium	3,500,000	2,659,018	840,982	36,646	-804,336	840,982
Retained earnings	-2,514,895	-2,496,841	-18,055	-1,114,232	-1,076,901	-37,331
Net income (loss) for the period	122,323	-74,295	196,618	3,634	-121,121	124,755
Equity attributable to equity holders	**1,307,427**	**287,864**	**1,019,563**	**-1,073,886**	**-2,002,310**	**928,424**
Loans from financial institutions	1,189,981	0	1,189,981	1,334,637	0	1,334,637
Shareholder loan	0	0	0	2,226,804	2,226,804	0
Unsecured Bond	1,182,436	0	1,182,436	1,178,843	0	1,178,843
Facility E (Secured Bond)	741,862	0	741,862	740,541	0	740,541
Derivative financial instruments	63,939	0	63,939	57,030	0	57,030
Provisions	24,650	0	24,650	28,907	0	28,907
Deferred income tax liability	386,482	-45,201	431,683	405,190	-12	405,202
Other non current liabilities	166	0	166	0	0	0
Total non-current liabilities	**3,589,518**	**-45,201**	**3,634,718**	**5,971,952**	**2,226,791**	**3,745,160**
Trade accounts payable	56,034	0	56,034	74,300	0	74,300
Deferred revenue	118,061	0	118,061	114,139	0	114,139
Current liabilities related parties		-39,319	39,319		-302	302
Derivative financial instruments	3,075	0	3,075	0	0	0
Provisions	6,128	0	6,128	5,152	0	5,152
Taxes and social securities	65,709	407	65,302	19,689	0	19,689
Personnel related liabilities	19,362	4,505	14,857	13,315	0	13,315
Accrued interest	53,933	0	53,933	54,140	0	54,140
Other current liabilities	69,570	237	69,333	72,370	732	71,638
Total current liabilities	**391,871**	**-34,170**	**426,041**	**353,105**	**430**	**352,675**
TOTAL EQUITY AND LIABILITIES	**5,288,816**	**208,493**	**5,080,323**	**5,251,170**	**224,911**	**5,026,259**

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.