

## PRESS RELEASE

Tele Columbus AG publishes its results for the first half-year of 2018

### **Tele Columbus AG achieves integration milestone and the new management resets the baseline for future growth**

- **H1 revenues decreased by 2.2% yoy to € 240.0m (pro-forma IFRS 15: € 240.4m, down 2.0% yoy)**
- **H1 Normalised EBITDA decreased by 4.5% yoy to € 118.0m (pro-forma IFRS 15: € 118.3m, down 4.2% yoy)**
- **Capex in H1 amounted to € 77.1m, up 65.5% yoy**
- **Full year targets for 2018 revised**

**Berlin, 30 August 2018.** Tele Columbus AG (ISIN: DE000TCAG172, WKN: TCAG17, “Tele Columbus”, “Company” or “the Group”), Germany’s third largest cable operator, today published its results for the first half-year of fiscal year 2018.

The Company has made significant progress in the integration of the three entities Tele Columbus, Primacom and Pepcom. At the end of June 2018 the Company successfully completed the migration of customer data. Following this milestone, Tele Columbus now has all of its customers on one single CRM platform, enabling more efficient customer service, better business processes and faster digitalisation. As a result, Tele Columbus’ new management board decided to harmonize the definitions which have been historically used by the different group entities and apply a common policy for the recognition of certain group wide KPIs. The common classification will be implemented as of the third quarter 2018.

Furthermore, the integration of the Group’s accounting platforms into one single ERP system is on track to be completed in the third quarter of 2018. However, the complexity of the integration has contributed to the rescheduling of the Company’s half-year reporting.

### **Operational Development**

Tele Columbus is in a year of consolidation. Nonetheless, the business is broadly stable. Revenues in the first half-year of 2018 amounted to € 240.0 million, a slight decrease of 2.2% year on year. Pro-forma for the impact of IFRS 15, the revenues amounted to € 240.4 million, a decrease of 2.0%. This revenue decline is largely attributable to a reduction in low-margin construction revenues as well as slightly

Management Board  
Timm Degenhardt (CEO)  
Eike Walters

Chairman of the Supervisory Board  
Frank Donck

Registered office of the company  
Kaiserin-Augusta-Allee 108  
10553 Berlin, Germany  
District Court  
Berlin Charlottenburg  
HRB 161349 B

Press contact  
Silke Bernhardt  
Director Corporate Communications  
Phone +49 (30) 3388 4170  
presse@telecolumbus.de  
www.telecolumbus.com

IR contact  
Leonhard Bayer  
Senior Director Investor Relations  
Phone +49 (30) 3388 1781  
ir@telecolumbus.de  
www.telecolumbus.com

lower TV sales. This is partially compensated by strong B2B revenues which increased by 9.3% year on year to € 20.0 million.

Normalised EBITDA in the first half-year of 2018 decreased by 4.5% year on year to € 118.0 million (pro-forma IFRS 15: € 118.3m, down 4.2% yoy) as a result of lower TV revenues and a higher cost base (eg customer service, signal delivery fees, leased lines for B2B and personnel costs).

In order to deliver a superior product experience, the Company has increased its investments by 65.5% year on year to € 77.1 million in the first half-year of 2018. In particular, the Company is investing in fiber infrastructure to better serve housing industry, B2C and B2B customers. These continued investments increase the Company's bandwidth advantage over DSL based offerings.

Net income excluding minority interests in the first half of 2018 amounted to a loss of € 31.3 million compared to a loss of € 9.3 million in the first half of 2017. This mainly relates to one-off costs in relation to the issuance of senior secured notes in May 2018 which are however of a non-cash nature.

## Guidance

Due to the finalization of the overall integration project in combination with marketing activities starting in October 2018 the new management board expects a higher recurring cost base and revenue growth delayed. Based on net sales of € 240.0 million and a Normalized EBITDA of € 118.0 million for the first half of 2018, the new management board has therefore decided to adjust its FY 2018 outlook as follows:

- Stable homes connected
- Stable revenues year on year
- Normalised EBITDA of at least € 235 million
- Maximum capex of € 150 million

The Normalised EBITDA target includes a significant ramp-up of marketing spend in the second half of 2018. Furthermore, the management board expects significantly reduced non-recurring costs year on year in the second half of 2018 translating into a largely stable year on year development of the Reported EBITDA for FY2018.

The financial report for the first half year 2018 is expected to be available early September 2018. The management board will provide an update on the growth path for the Company early 2019.

As of 30 June 2018, the Group reported approximately 3.6 million homes connected. The number of homes connected and upgraded for two-way communication on own

network increased by 0.6% year on year to 2,322 thousand which represents a ratio of 65.2%. Moreover, the Company served 2,327 thousand subscribers which translates into 2,308 thousand CATV RGUs, 419 thousand Premium TV RGUs, 571 thousand Internet RGUs (24.1% penetration) and 539 thousand Telephony RGUs. This represents a decrease of 4 thousand Internet and 8 thousand Telephony RGUs versus the end of the previous quarter. The number of RGUs per subscriber decreased to 1.65x, vs 1.66x by the end of the first quarter 2018. This translated into a revenue decrease according to IFRS 15 of 2.2% year on year in the first half-year 2018 to EUR 240.0 million (pro-forma IFRS 15: € 240.4m, down 2.0% yoy). Normalised EBITDA in the first half-year of 2018 decreased by 4.5% year on year under the application of IFRS 15 to EUR 118.0 million (pro-forma IFRS 15: € 118.3m, down 4.2% yoy).

## **Upcoming events**

29 November 2018: Release of Q3 results FY2018

## Summary table (under IFRS 15)

€m	Q2 2017	Q2 2018	yoy %	H1 2017	H1 2018	yoy %
Revenues	124.4	116.6	(6.3)	245.4	240.0	(2.2)
Normalised EBITDA	62.4	52.6	(15.7)	123.5	118.0	(4.5)
<i>Normalised EBITDA margin, %</i>	50.2	45.1	<i>(5.1)ppt</i>	50.3	49.2	<i>(1.1)ppt</i>
Capex	24.7	45.7	85.0	46.6	77.1	65.5
<i>Capex / Revenues, %</i>	19.9	39.2	19.3ppt	19.0	32.1	13.1ppt
RGU as per end of period (in '000)						
CATV	2,392	2,308		2,392	2,308	
Internet	549	571		549	571	
Telephony	528	539		528	539	
PremiumTV	430	419		430	419	

### About us

The SDAX-listed Tele Columbus AG serves 3.6 million homes connected thereby being Germany's third-largest cable network operator. Its brand PÿUR stands for simplicity, performance and fairness in relation to TV and telecommunication products. Via its state-of-the-art fibre network PÿUR offers high-speed broadband internet including fixed-line telephony as well as more than 250 TV channels on a digital entertainment platform which combines linear TV with streaming services. To its housing association partners PÿUR offers flexible models of cooperation and state-of-the-art services such as telemetric and tenant portals. As a full-service partner for municipalities and regional utilities Tele Columbus Group is actively supporting the fibre-based broadband internet expansion in Germany. For its business customers the Group offers carrier services and corporate solutions via its fibre network. Besides its

headquarter in Berlin the Company has locations in Hamburg, Leipzig, Ratingen and Unterföhring/Munich. Since January 2015 Tele Columbus AG is traded on the regulated market (Prime Standard) of the Frankfurt Stock exchange and since June 2015 listed in the SDAX.

## ***Disclaimer***

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