

## PRESS RELEASE

Publication of Preliminary Fourth Quarter and Full Year Results 2018

### **Tele Columbus successfully completes Integration in 2018 and achieves Guidance for Revenue and Normalised EBITDA**

- **Revenue at EUR 494.4m in FY 2018**
- **Normalised EBITDA at EUR 236.0m in FY 2018**
- **Reported EBITDA at EUR 189.5m in FY 2018**
- **CAPEX at EUR 159.0m in FY 2018**
- **Non-cash Impairment of EUR 124.2m booked on TV Segment**
- **Management presents FY 2019 and Mid-Term Guidance**

**Berlin, 29 March 2019.** Tele Columbus AG (ISIN: DE000TCAG172, WKN: TCAG17, “Tele Columbus”, “the Company” or “the Group”), one of Germany’s leading fibre-based network operators, today published its preliminary results for the fourth quarter and full-year of 2018.

During 2018, Tele Columbus has completed all remaining integration-related projects successfully. At the same time, the Company has maintained its focus on the strongly growing B2B segment and has, during the fourth quarter, restarted its consumer-oriented commercial engine. This shows early signs of success in both Internet and Premium TV subscriber growth.

#### **Q4 Financial Performance**

Revenues in the fourth quarter of 2018 remained stable year on year at EUR 126.6 million (pro-forma IFRS 15: EUR 126.7 million stable year on year). As anticipated, strongly growing B2B revenues as well as increased revenues from construction projects, offset by lower Internet and Telephony revenues, contributed to this development.

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Normalised EBITDA decreased by 18.2% year on year to EUR 59.3 million (pro-forma IFRS 15: EUR 59.5 million, down 18.1% year on year), as guided. Increased investments in customer service, marketing, personnel as well as B2B growth initiatives were the main contributors to this development.

As the integration project was finalized during the fourth quarter, non-recurring items declined substantially versus the prior year. This resulted in strongly increased Reported EBITDA year on year to EUR 46.9 million (pro-forma IFRS 15: EUR 47.0 million, up 14.5% year on year), up 14.3%.

In line with declining industry trends for linear, basic TV, the Management Board updated its long-term view regarding the TV segment and decided to book an impairment amounting to EUR 124.2 million. This is of a non-cash nature.

Capex in the fourth quarter of 2018 amounted to EUR 34.9 million as Tele Columbus continued to invest strongly into its network to provide a superior customer experience and lay the basis for future growth.

As of 31 December 2018, the Group reported approximately 3.3 million homes connected which is a stable sequential development pro-forma for the KPI adjustment. The number of homes connected and upgraded for two-way communication on own network increased by 11 thousand sequentially to 2,298 thousand in the fourth quarter 2018 which represents a ratio of 68.9%. Moreover, by the end of December the Company served 2,292 thousand unique subscribers which translates into 2,262 thousand CATV RGUs (16 thousand less quarter on quarter), 558 thousand Premium TV RGUs (5 thousand more quarter on quarter), 574 thousand Internet RGUs (24.5% penetration, 3 thousand more quarter on quarter) and 439 thousand Telephony RGUs (9 thousand less quarter on quarter).

## **Guidance 2019**

The Company reached a number of significant milestones by successfully completing the integration of Primacom and Pepcom into the Tele Columbus Group in 2018. Given its network footprint, innovative products, strong relationships with the German Housing Industry as well as a strong position in the B2B market, Tele Columbus is poised to take advantage of growth opportunities in the German market for broadband and connected services.

The company will now focus on RGU growth, particularly in the second half of 2019, as well as continued B2B growth. Customer growth will be based on attractive tariff propositions, superior network characteristics and a focus on customer experience, for both B2C and B2B.

In setting guidance for 2019, the Management Board has considered the substantial operational turn around progress, the continuously supportive environment as well as the need to strengthen customer service and marketing. As a result, 2019 guidance will be broadly in-line with preliminary results for 2018:

- Broadly stable Homes Connected versus year-end 2018
- Broadly stable Revenues year on year
- Broadly stable Normalised EBITDA year on year
- Broadly Stable CAPEX year on year

## Mid-Term Guidance

The longer term prospects are favourable for Tele Columbus. Given current penetration levels on its network as well as the growing demand for faster internet services, the company is well positioned for structural growth. Focussing on customer service as well as leveraging a simplified IT landscape for digitalization will help create cost advantages. The company's ability to build and manage HFC, FTTB and FTTH networks provides a strong position to take advantage of next generation network opportunities in Germany, both for Housing Industry as well as municipalities.

Tele Columbus' Management Board mid-term guidance:

- Broadly stable Homes Connected year on year
- Revenues: Low to mid-single digit % growth year on year
- Normalised EBITDA: Mid-single digit % growth year on year
- Capex decreasing as a percentage of revenues

## Upcoming events

30 April 2019: Release of final full year 2018 results and annual report 2018

29 May 2019: Release of first quarter results for fiscal year 2019

21 June 2019: Annual general meeting 2019

29 August 2019: Release of half-year report for fiscal year 2019

29 November 2019: Release of third quarter results for fiscal year 2019

## Summary table (under IFRS 15)

mEUR	Q4 2017	Q4 2018	yoy %	FY 2017	FY 2018	yoy %
Revenues	127.1	126.6	(0.4)	495.8	494.4	(0.3)
Normalised EBITDA	72.6	59.3	(18.2)	264.4	236.0	(10.8)
<i>Normalised EBITDA margin, %</i>	<i>57.1</i>	<i>46.9</i>	<i>(10.2)ppt</i>	<i>53.3</i>	<i>47.7</i>	<i>(5.6)ppt</i>
Reported EBITDA	41.1	46.9	14.3	197.0	189.5	(3.8)
Net Income	(10.0)	(137.0)	n/a	(16.3)	(161.4)	n/a
RGU as per end of period (in '000) <sup>1</sup>						
CATV	2,367	2,262		2,367	2,262	
Internet <sup>2</sup>	578	574		578	574	
Telephony <sup>3</sup>	555	439		555	439	
PremiumTV	430	558		430	558	

1) Including KPI adjustment

2) Internet RGUs include individually-billed B2C, B2B and 87k bulk RGUs as of Q4 2018

3) Telephony RGUs include individually-billed B2C, B2B and exclude 87k bulk RGUs as of Q4 2018

## About us

Tele Columbus AG is one of Germany's leading fibre network operators which reaches more than 3 million homes. Via its brand PŸUR, the Company, offers high-speed internet including telephony and more than 250 TV channels. All of this via a digital entertainment platform that combines linear TV with video on demand entertainment. To its housing association partners the Tele Columbus Group offers tailored 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, the Company is actively supporting the fibre-based infrastructure and broadband internet expansion in Germany. For its business customers the Group offers carrier services and corporate solutions on its proprietary 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 listed on the regulated market (Prime Standard) of the Frankfurt Stock exchange.

## **Disclaimer**

This release may contain forward-looking statements. These statements reflect the Company's current knowledge and expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties, assumptions and other factors that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. Such risks, uncertainties and assumptions may cause our actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this release may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this document.

This release contains references to certain non-GAAP financial measures, such as Normalized EBITDA and Capex, and operating measures, such as RGUs, ARPU, and Unique Subscribers calculations. These non-GAAP financial and operating measures should not be viewed in isolation as alternatives to measures of the Company's financial condition, results of operations or cash flows as presented in accordance with IFRS. The non-GAAP financial and operating measures used by the Company may differ from, and not be comparable to, similarly titled measures used by other companies.

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