

Press Release

Publication of the second quarter results 2015

Tele Columbus continues on growth path with strong Internet and Telephony services

- + Normalised EBITDA increased by 9.2% year on year to EUR 27.7 million
- + Revenues grew by 2.3% year on year to EUR 54.3 million; normalised total operating performance increased by 7.0% year on year to EUR 62.2 million
- + Internet and telephony RGUs reached 213,000 and 202,000 respectively, representing a bundle ratio of 82.7% as of June 2015 (versus 73.0% end of Q2 2014) and leading to a segment revenue growth by 20.3% to EUR 15.1 million
- + RGUs per subscriber reached all time high 1.50x
- + Total blended ARPU for the quarter grew by approx. EUR 0.20 to EUR 14.30 quarter over quarter

Berlin, 14 August 2015. Tele Columbus Group (“Tele Columbus” or “Company”), the third largest German cable network operator, continued to deliver on its success story in the second quarter of 2015. Revenues in the second quarter of 2015 increased by 2.3% year on year to EUR 54.3 million. Compared to a high normalised EBITDA of EUR 25.4 million in the previous year’s second quarter, the Company again showed significant growth of 9.2% year on year to EUR 27.7 million in Q2 2015, generating an EBITDA margin uplift of 3.2ppt to 51.0% (47.8% in Q2 2014). With capital expenditures of EUR 23.4 million in the second quarter, Tele Columbus was able to increase the number of households connected to its own two way fully upgraded network to 955,000 which is an increase of 15,000 compared to March 2015.

“Tele Columbus continues to successfully deliver on its growth strategy: For the second quarter of 2015, we report 2.3% top line growth paired with strong EBITDA development”, says Ronny Verhelst, CEO of Tele Columbus. “We have good traction in our new product offerings which confirms that we are successfully meeting the needs of our customers and partners in the housing industry. Our progress to date has been driven by our high-performance infrastructure and highly competitive product portfolio. Going forward, we see our development moving to the next level by joining forces with primacom and maximising the potential of our combined platform.”

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Stable housing industry customer base

In the second quarter 2015, Tele Columbus was able to increase its homes connected base by 9,000 to 1.68 million on the back of the acquisition of several smaller cable network operators which more than compensated the terminating housing industry contracts in the reported quarter.

In May 2015, the Company successfully migrated 22,000 Internet-only customers with low broadband speeds onto double flat products with minimum 16 Mbit/s. Given the attractive Internet and Telephony product portfolio, the churn on the migrated customer base was kept to a minimum. This underpinned the increase in telephony RGUs by 27,000 to a total of 202,000, up 15.3% quarter on quarter or 26.0% year on year. Based on this customer migration, the bundle rate increased to 82.7% at the end of June 2015, significantly up from 73.0% at the end of Q2 2014.

At the same time, Internet RGUs reached 213,000 at the end of the second quarter 2015 (+12.3% yoy). Compared to the second quarter 2014, the number of subscriptions per Tele Columbus customer reached an all time high of 1.50 RGUs per subscriber versus 1.42 RGUs per subscriber at the end of Q2 2014. Monthly average revenue per user (ARPU) for the Internet & Telephony product in the second quarter jumped to EUR 23.20, up €0.60 quarter on quarter and EUR 0.90 year on year. Total blended monthly ARPU showed stable growth of 3.3%, reaching EUR 14.30 compared to EUR 13.90 in the same period in 2014.

The Company continues its execution of the ongoing migration projects: As of 30 June 2015, approximately 57% or 955,000 of Tele Columbus' homes connected were upgraded for two-way communication and connected to its own Level 3 network, compared to 54% or 925,000 as at 30 June 2014, an increase of 30,000. In line with the future growth strategy, the Company invested EUR 23.4 million in network and infrastructure upgrades in the second quarter 2015, compared to EUR 12.5 million in the second quarter 2014 (+ 86.4%).

Overall, the Internet & Telephony business continued to be the growth engine of Tele Columbus generating revenues of EUR 15.1 million in the second quarter, reporting 20.3% growth year on year.

“In the second quarter of 2015, we were again one of the fastest growing cable companies in Europe with normalised EBITDA growth of 9.2% year on year. In addition, we are very pleased to report the positive net profit of EUR 5.0 million for Q2 2015”, says Frank Posnanski, CFO of Tele Columbus. “Tele Columbus strengthens its position as the number 3 cable player in Germany with the acquisition of primacom which has a growth and development strategy that is very much aligned with Tele Columbus' strategy.” primacom will be consolidated into the Tele Columbus group from 1 August 2015 onwards.

Recent developments

In April 2015, Tele Columbus launched an internet offering with download speeds of up to 400 Mbit/s in its city network of Potsdam and reached a new record high in the German consumer market. A roll out of the service to further regions is planned.

In April and May 2015, Tele Columbus Group acquired several cable network assets with approximately 30,000 homes connected primarily in Eastern Germany.

In May 2015, Tele Columbus stopped selling its Internet only product with speeds of less than 16 Mbit/s. The customers were offered new bundle Internet and telephony products with broadband speed of 16 Mbit/s or more.

In May 2015, for the first time the Company launched business tariffs based on its 50 Mbit/s and 150 Mbit/s retail customer products.

In June 2015, the Company launched two pilot Wifi hotspots in Halle/Saale to test the Wifi opportunity.

On 22 June 2015, Tele Columbus AG was included in the SDAX index of Deutsche Börse, Frankfurt.

On 16 July 2015, Tele Columbus announced the acquisition of Leipzig based primacom, the fourth largest cable operator in Germany, for EUR 711 million, which was closed on 31 July 2015. The acquisition added 1.2 million homes connected to the 1.7 million of Tele Columbus' homes connected.

On 6 August 2015, Tele Columbus announced that it will host an EGM on 14 September 2015 in Berlin. Tele Columbus plans to conduct a rights offering with pre-emptive rights of targeted EUR 240 million to finance further acquisitions thereby the maximum number of new shares shall not exceed the existing number of shares.

Confirmed guidance for the full year 2015

The Management Board of Tele Columbus confirms its guidance for the full fiscal year 2015 of Tele Columbus standalone:

- Stabilization of the homes connected base at 2014 levels
- Revenue growth towards the lower end of 4.0% to 6.0%
- Expansion of Normalised EBITDA margin to more than 47.5%
- Capex between EUR 80 and 100 million (was EUR 110 to 120 million) with the additional amount deferred to 2016
- Increase of two-way upgraded networks connected to own signal to more than 60% by year end

Guidance for the combined Tele Columbus and primacom entity will be provided later in the year.

On the back of the primacom acquisition announced in July 2015, Tele Columbus increased its leverage temporarily to approximately 5.0 times Normalised EBITDA and expects to reduce leverage back to 3.0 to 4.0 times Normalised EBITDA within 18-24 months.

In view of the investment requirements over the next years for both companies and in view of increased leverage, Tele Columbus does not expect to propose a dividend for fiscal year 2015.

Additional information:

Please be informed that TC Management S.à r.l., a shareholder owning 10.15% in Tele Columbus AG, will be liquidated at the end of August 2015. Shares will be transferred to individual shareholders. **This action will increase the free float of the Company to close to 100%.**

Release of Q3 and 9M results: 12 November 2015

Summary table for Q2 2014 / Q2 2015 and H1 2014 / H1 2015 respectively:

€m	Q2 2014	Q2 2015	yoy %	HY 2014	HY 2015	yoy %
Revenues	53.1	54.3	2.3	105.5	107.9	2.3
Normalised EBITDA	25.4	27.7	9.2	47.2	52.1	10.4
<i>Norm. EBITDA margin, %</i>	<i>47.8</i>	<i>51.0</i>	<i>3.2ppt</i>	<i>44.7</i>	<i>48.3</i>	<i>3.5ppt</i>
Capex	12.5	23.4	86.4	18.5	38.0	105.2
<i>Capex / Revenues, %</i>	<i>23.6</i>	<i>43.0</i>	<i>19.4ppt</i>	<i>17.6</i>	<i>35.3</i>	<i>17.7ppt</i>
€ per month						
Total blended ARPU	13.9	14.3	3.3			
RGU as per end of period ('000)						
Internet	190	213	12.3			
Telephony	160	202	26.0			
Premium TV	162	161	-0.9			

About Tele Columbus

The SDAX listed Tele Columbus Group is one of Germany's largest cable network operators. Via its origins - individual regional cable network operators that were merged into Tele Columbus - the company dates back to 1972. About 1.7 million connected households in Germany use Tele Columbus' TV signals and, increasingly, digital broadcast packages, Internet and voice connections provided via high-performance broadband cable. As a national provider with a regional focus and a partner of the housing industry, the Group is present throughout its core markets Berlin, Brandenburg, Saxony, Saxony-Anhalt and Thuringia as well as in numerous key regions in western Germany. In tune with current demand trends, the company is upgrading its networks in a hybrid fibre-optic infrastructure for superfast Internet connections of up to several hundred megabits per second with the state-of-the-art Internet transmission standard DOCSIS 3.0. The broadband cable caters to the entire range of innovative media applications from analogous, digital and high-definition TV to high-speed Internet and voice connections to telemetry services, tenant portals and interactive services. Beyond merely transmitting signals, Tele Columbus uses its own product platform in order to actively increase the programme offering and to develop additional services.