Tele Columbus AG

Quarterly release for the quarter ended 30 Sept. 2017

GROUP QUARTERLY STATEMENT

I Consolidated income statement

KEUR	Notes	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016
Revenue	D.1	368,650	354,166
Own work capitalised		12,485	12,524
Other income	D.2	12,357	12,425
Total operating income		*393,492*	*379,115*
Cost of materials	D.3	-121,671	-109,014
Employee benefits	D.4	-57,906	-63,251
Other expenses	D.5	-57,957	-57,210
EBITDA		***155,958***	***149,640***
Depreciations and amortization expenses		-117,966	-123,321
EBIT		***37,992***	***26,319***
Result from investments in associates and joint ventures		-	5
Interest and similar income	D.6	283	569
Interest and similar expenses	D.6	-43,627	-62,965
Other finance income and expenses	D.7	-3,474	15,272
Profit before tax		*-8,826*	*-20,800*
Income tax expense	D.8	2,486	-2,402
Net loss		***-6,340***	***-23,202***
Loss attributable to owners of Tele Columbus Group		-7,318	-25,159
Profit attributable to non-controlling shares		978	1,957
Basic earnings per share in EUR		-0.06	-0.20
Diluted earnings per share in EUR		-0.06	-0.20

II Consolidated statement of other comprehensive income

KEUR	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016
Net loss	**-6,340**	**-23,202**
Other comprehensive income		
Expenses and income that will not be reclassified to the profit or loss		
Remeasurement of the defined benefit obligation (after tax)	-1,688	-3,827
Total comprehensive income	**-8,028**	**-27,029**
Attributable to:		
Owners of Tele Columbus Group	-9,006	-28,986
Non-controlling shares	978	1,957

III Consolidated statement of financial position

Assets

KEUR	Notes	30 September 2017	31 December 2016
Non-current assets			
Property, plant and equipment	D.9	601,535	604,690
Intangible assets and goodwill	D.9	1,383,102	1,402,134
Investments in other entities		20	20
Investments in associates and joint ventures		356	361
Trade receivables	D.10	6	193
Other financial receivables	D.10	3,859	2,046
Deferred expenses	D.10	3,817	3,727
Deferred tax assets		2,091	2,685
Derivative financial instruments	D.10	1,970	3,630
		1,996,756	**2,019,485**
Current assets			
Inventories	D.10	11,108	4,224
Trade receivables	D.10	55,009	48,251
Receivables from related parties		10	88
Other financial receivables	D.10	2,752	4,230
Other assets	D.10	14,260	6,126
Current tax assets		3,512	2,963
Cash and cash equivalents		36,513	55,223
Deferred expenses	D.10	4,539	6,310
Assets held for sale	D.10	98	229
		127,801	**127,643**
Total assets		**2,124,557**	**2,147,128**

Liabilities

KEUR	Notes	30 September 2017	31 December 2016
Equity			
Share capital		127,556	127,556
Capital reserve		620,838	620,838
Other components of equity		-229,277	-220,770
Equity attributable to owners of the Tele Columbus Group		**519,117**	**527,624**
Non-controlling interest		6,483	7,558
		525,600	**535,182**
Non-current liabilities			
Post-employment and other long-term employee benefits		11,366	9,813
Other provisions	D.11	1,800	4,061
Liabilities to banks	D.12	1,224,549	1,234,702
Trade payables	D.13	822	1,210
Other financial liabilities	D.13	87,820	88,387
Deferred income	D.13	5,411	5,232
Deferred tax liabilities		59,112	66,120
Derivative financial instruments		9,874	6,126
		1,400,754	**1,415,652**
Current-liabilities			
Other provisions	D.11	13,415	30,114
Liabilities to banks	D.12	53,235	25,955
Trade payables	D.13	79,007	87,333
Payables to related parties		228	604
Other liabilities	D.13	17,941	23,811
Other financial liabilities	D.13	13,935	12,094
Income tax liabilities		10,709	11,719
Deferred income	D.13	9,733	4,664
		198,203	**196,294**
Total equity and liabilities		**2,124,557**	**2,147,128**

IV Consolidated statement of cash flows

KEUR	Notes	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016 adjusted[1)]
Cash flows from operating activities			
Net loss		-6,340	-23,202
Net financial results		46,818	47,124
Income taxes		-2,486	2,402
Result from investments in associates and joint ventures		-	-5
Earnings before interest and taxes (EBIT)		**37,992**	**26,319**
Amortisation and depreciation		117,966	123,321
Equity settled share-based payments		500	600
Loss (+)/gain (-) on sale of property, plant and equipment		-288	-3,851
Increase (-) / Decrease (+) in:			
Inventories		-6,863	-460
Trade receivables and other assets not classified as investing or financing activities		-8,978	-13,627
Deferred expenses		1,681	-399
Increase (+) / Decrease (-) in:			
Trade payables and other liabilities not classified as investing or financing activities		-18,978	-12,930
Provisions		-19,094	-1,544
Deferred income		5,248	8,791
Income tax paid		-5,704	-5,758
Cash flows from operating activities		**103,482**	**120,462**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		1,508	1,089
Acquisition of property, plant and equipment	D.9	-65,602	-58,606
Acquisition of intangible assets	D.9	-17,477	-17,730
Interest received		235	109
Acquisition of businesses, net of cash acquired		-8,976	-5
Net cash used in investing activities		**-90,312**	**-75,143**

1) In the interest of clarity and in deviation from the Consolidated Interim Financial Statements of the previous year, the Tele Columbus Group discloses the release of blocked funds separately (period of comparison under the item ‘Trade receivables and other assets’) so that comparability with the previous year is ensured.

KEUR	Notes	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016 adjusted[1)]
Cash flows from financing activities			
Payment of financial lease liabilities		-7,811	-4,831
Dividends paid		-2,053	-1,415
Proceeds from loans, bonds or short-term or long-term borrowings from banks		41,000	125,000
Repayment of borrowings and short-term or long-term borrowings [2)]		-8,437	-161,604
Interest paid		-53,362	-42,542
Net cash from (used in) financing activities		**-30,663**	**-85,392**
Cash and cash equivalents as at the end of the reporting period			
Net increase/decrease in cash and cash equivalents		-17,493	-40,073
Cash and cash equivalents at the beginning of the reporting period		55,223	85,178
Cash and cash equivalents at the end of the reporting period		**37,730**	**45,105**
Less (-)/plus (+) release of restricted cash and cash equivalents in the financial year		-1,217	1,944
Unrestricted cash and cash equivalents at the end of the period		**36,513**	**47,049**

1) In the interest of clarity and in deviation from the Consolidated Interim Financial Statements of the previous year, the Tele Columbus Group discloses the release of blocked funds separately (period of comparison under the item 'Trade receivables and other assets') so that comparability with the previous year is ensured.

2) This item includes transaction costs incurred in the amount of KEUR 6,043 (comparative period 2016: KEUR 7,007).

A General information

Introduction and Overview

This Group Quarterly Statement for the Tele Columbus AG contains essential information about the reporting period from 1 January 2017 to 30 September 2017.

Following the introduction, the consolidated statement of financial position, consolidated income statement and consolidated statement of cash flows as of 30 September 2017 are presented. Furthermore, explanations regarding individual items as well as a description of the asset, financing structure and profit situation are presented.

The functional currency of the Group Quarterly Statement is the Euro. Amounts are stated in thousands of Euro (hereafter 'KEUR'), unless stated otherwise. Due to the presentation in KEUR, rounding differences might result in the disclosures of the report.

In respect of financial information set out in the Group Quarterly Statement, a dash ('—') means that the relevant item is not applicable, whereas a zero ('0') means that the relevant number has been rounded to or equals zero.

The Group Quarterly Statement was prepared based on the assumption of continued business operations ('Going Concern').

B Changes in the basis of consolidation

There were no significant changes in the scope of consolidation in the Group Quarterly Statement compared to the reporting as at 31 December 2016, with exception of the following.

Acquisition of shares in kabel.digital.service gmbh

On 8 November 2016 (with legal effect from 1 January 2017), Tele Columbus AG has concluded a share purchase and transfer agreement for 100 % of the shares in kabel.digital.service gmbh, with its registered office in Frankfurt (Oder). For its part, kabel.digital.service gmbh owns a 100 % share in Lehmensiek Kabelnetze & Antennentechnik GmbH, with its registered office in Lübeck. The company purpose is planning, assembly, maintenance, sales and debugging of antenna and broadband distribution systems, as well as the brokerage and conclusion of contracts for the aforementioned tasks.

Due to the ongoing valuation of the acquired assets and liabilities, the accounting for the company merger has not yet been finalised. The preliminary purchase price was KEUR 7,532 each and was settled in cash. At the time of initial consolidation, net assets (non-current assets KEUR 1,866, current assets KEUR 1,576 including cash in the amount of KEUR 1,381, non-current liabilities KEUR 480 and current liabilities KEUR 1,150) of the newly acquired companies amounted to KEUR 1,812. This results in a preliminary goodwill of KEUR 5,720. The goodwill mainly reflects synergy effects and the value of the acquired business models. No significant customer bases and other previously unrecognised intangible assets were recognised. The opening balance sheet has not yet been finalised.

The Group Quarterly Statement of Tele Columbus AG includes sales revenue of KEUR 743, EBITDA of KEUR 451 and a profit of KEUR 140 from the acquired companies.

Acquisition of shares, cable networks and various contracts (MKG Group)

On 8 May 2017, the Tele Columbus Group has concluded various contracts for a 100 % share purchase in MKG-Medienkommunikationsgesellschaft mbH (hereafter 'MKG') based in Essen, Kabelcom.digital GmbH (hereafter 'KCD') with its registered office in Lippstadt and the future network operating company along with various contracts for the acquisition of assets and debts (hereafter 'MKG Group'). The acquisition of the assets and liabilities takes place partly by purchase and assignment agreements of legal entities and partly by individual acquisitions. The purpose of the takeover are license and individual contracts and cable networks as well as current business processes.

The acquisition is carried out by a new shelf company acquired by Tele Columbus AG (Tele Columbus NRW GmbH, Berlin, formerly Aptus 1173 GmbH, Berlin, hereafter 'TC NRW'). Tele Columbus acquires 100 % of the MKG Group. At the same time, one of the sellers receives 25.1 % of the shares in TC NRW. The preliminary purchase price at the level of TC NRW for the acquisition of the MKG Group amounts to KEUR 3,405. In addition, there is an option to acquire the outstanding 25.1 % shares of TC NRW amounting to KEUR 1,130 after four years. The acquisition of the assets and liabilities takes place under conditions precedent, which are only partially fulfilled as of 30 September 2017.

By a purchase price payment on 28 September 2017, TC NRW obtained control of 100 % of the shares in MKG and KCD as well as of various licensing agreements (hereafter 'MKG subgroup'). By contrast, as of the balance sheet date, there was no control over Kabelmedia.Net Netzbetrieb GmbH, Lippstadt, to which cable network systems are to be outsourced.

Due to the ongoing valuation of the acquired assets and liabilities, the accounting for the company merger has not yet been finalised.

As at 30 September 2017, the preliminary purchase price for the takeover of the MKG subgroup totaled KEUR 3,832. This includes the purchase price of KEUR 2,847 paid on 28 September 2017 and the discounted purchase price of KEUR 985 to acquire the 25.1 % minority interest in TC NRW based on the purchase option. Due to the purchase option, the (in all probability) future acquired 25.1 % minority interest in TC NRW is already accounted for at the current balance sheet date in accordance with the anticipated acquisition method according to IFRS. As a result, there are no shares of non-controlling interests recognised in equity.

At the time of initial consolidation, the preliminary net assets (non-current assets KEUR 69, current assets KEUR 191 including cash in the amount of KEUR 50 and current liabilities KEUR 368) of the MKG subgroup amounted to KEUR -108. This resulted in a preliminary goodwill of KEUR 3,940. The goodwill mainly reflects synergy effects and the value of the acquired business models.

Following the takeover of control on 28 September 2017, the initial consolidation was simplified as of the balance sheet date on 30 September 2017. In this respect, the Group Quarterly Statement as at 30 September 2017 of Tele Columbus AG does not show any revenues or any results within the consolidated statement of comprehensive income arising from this acquisition.

Liquidation of BMB Geschäftsführung GmbH

By shareholder resolution on 23 March 2017, BMB Geschäftsführung GmbH, Essen, will be liquidated. Until the final liquidation 'i.L.' (in liquidation) is suffixed to the company's name. It is expected that the company will be deregistered after one year following the resolution.

C Accounting policies

For the nine-month period to 30 September 2017, essentially the same accounting policies, calculation and valuation methods were applied as for the Consolidated Financial Statements as of 31 December 2016. There are no significant changes through new applicable IFRS or accounting and valuation methods.

For the nine-month period ending 30 September 2017, there are no material changes in the significant discretionary decisions and assumptions as well as in the area of estimation uncertainty compared to the Consolidated Financial Statements as of 31 December 2016.

In some cases (essentially concerning restructuring provisions, liabilities for outstanding invoices, reclassifications of non-current liabilities to current liabilities, disclosure of modems and receivers) simplifying assumptions were made in this Group Quarterly Statement. Resulting effects are not significant.

D Notes to the income statement and balance sheet

D.1 Revenue

KEUR	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016 adjusted[1)]
Analogue	164,971	174,433
Internet / telephony	116,020	107,055
Ancillary digital premium services	19,637	21,241
Other transmission fees and miscellaneous feed-in charges	18,077	14,074
Network rents	13,983	13,249
Construction work	11,187	6,199
Leasing customer premises equipment	11,135	8,494
Sales of hardware	3,643	3,160
Data center	3,477	2,949
One-time fees for business customers	1,780	1,345
Antenna maintenance	1,299	396
Other	3,441	1,571
	368,650	**354,166**

1) For a better comparability and differing to the previous year's Consolidated Interim Financial Statements, the Tele Columbus Group presents business customer revenue divided by service type.

The Tele Columbus Group's revenue mainly comprises monthly subscription fees and, to a lesser extent, one-off installation and connection charges for basic analogue and digital cable television as well as for additional premium digital services. Revenue also includes fees for high-speed internet access and telephony charges. Further revenue relates to other transmission fees and feed-in charges payable to the Group in return for the distribution of programs. Other revenue is primarily from income from services, from connection and disconnection costs and from delivery costs for hardware. Furthermore, the Company generated a gain in construction work from new projects.

D.2 Other income

KEUR	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016
Income from sale	2,714	2,060
Income from the derecognition of liabilities and reversal of provisions	2,244	1,177
Income from dunning fees	1,594	1,427
Gains on disposal of non-current assets	1,338	4,522
Income from marketing subsidies	518	613
Miscellaneous other income	3,949	2,626
	12,357	**12,425**

The increase in the reversal of valuation allowances on receivables, recognised in miscellaneous other income, and in income from the derecognition of liabilities and reversal of provisions as well as in income from the sale of various materials counteracts the decline in income from the sale of technical equipment. Thus, other income remained at a similar level compared to the previous reporting period.

D.3 Cost of materials

KEUR	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016
Cost of raw materials and consumables	-4,164	-3,169
Cost of purchased services / goods	-117,507	-105,845
	-121,671	**-109,014**

Cost of raw materials and consumables refer to goods used for repairs and maintenance as well as construction work.

Cost of purchased services and goods mainly relates to fees for signal reception, maintenance costs, commissions, electricity and other services as well as changes to the inventory of customer premises equipment.

D.4 Employee benefits

KEUR	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016
Wages and salaries	-44,443	-51,365
Social security, pension and other benefits	-8,998	-9,230
Other personnel costs	-4,465	-2,656
	-57,906	-63,251

The decrease in employee benefits is mainly attributable to restructuring measures, in particular to the termination of the gradual shutdown of the Hanover site as of 30 June 2017 and the implementation of further measures in Leipzig and Unterföhring.

D.5 Other expenses

Other expenses incurred in particular for the following:

KEUR	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016
Legal and advisory fees	-15,129	-14,207
Advertising	-8,304	-9,860
Occupancy costs	-6,254	-6,193
IT costs	-5,989	-3,479
Impairment on receivables	-5,228	-4,297
Communication costs	-2,135	-2,345
Vehicle costs	-2,111	-2,021
Travel expenses	-1,539	-1,391
Insurance, fees and contributions	-1,508	-1,499
Losses on disposal of non-current assets	-1,050	-671
Maintenance	-1,012	-1,075
Incidental bank charges	-908	-916
Office supplies and miscellaneous administrative expenses	-724	-1,199
Restructuring	-	-5,563
Miscellaneous other expenses	-6,066	-2,494
	-57,957	**-57,210**

Other expenses remained at a similar level compared to the previous reporting period. For the first nine months of 2017, no additional expenses for restructuring were accounted by recognition of provision. At the valuation date, value adjustments on receivables are cautiously assessed at a little higher level due to later dunning processes caused by current migration processes. The decrease in expenses for restructuring is opposed by the increase in IT costs.

D.6 Net interest income and expenses

KEUR	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016
Interest income from third parties and similar income	283	569
Interest and similar income	**283**	**569**
Interest paid to third parties	-32,786	-49,157
Expenses resulting from compounding of loans under the effective interest rate method	-4,074	-6,970
Expenses resulting from revaluation of interest caps	-6,767	-6,838
Interest and similar expenses	**-43,627**	**-62,965**
	-43,344	**-62,396**

The interest paid to third parties relates in particular to liabilities to banks (loans and borrowed funds). In comparison to the previous year, the decrease mainly results from the successful amendment of the financing in 2016 and 2017.

For further details please refer to section D.12 ‘Liabilities to banks’.

D.7 Other financial income and financing expenses

The increase in expenses from other financial income and financing expenses is mainly due to the revaluation of derivatives embedded in loans amounting to KEUR -3,474 (comparison period 2016: KEUR 18,211). In the comparison period 2016 additional expenses of KEUR -2,935 had incurred from previously accrued transaction costs in connection with debt restructuring.

D.8 Income tax expense

The amount of KEUR 2,486 (comparative period 2016: KEUR -2,402) includes current tax expenses of KEUR -4,169 (comparative period 2016: KEUR -11,515) as well as opposing income from deferred taxes in the amount of KEUR 6,655 (comparative period 2016: KEUR 9,113).

Other deferred tax liabilities were offset against the corresponding deferred tax assets, provided that the requirements for offsetting are met.

D.9 Intangible and fixed assets

Additions to fixed assets in the first nine months of the 2017 financial year resulted mainly from investments in technical equipment, machinery as well as assets under construction and prepayments. Declines in property, plant and equipment and intangible assets for the first nine months of 2017 mainly result from depreciation and amortization expenses.

Due to the acquisition of the shares in kabel.digital.service gmbh as well as MKG-Medienkommunikationsgesellschaft mbH and Kabelcom.digital GmbH, goodwill increased by KEUR 9,660 compared to the previous year to KEUR 1,157,903 (2016: KEUR 1,148,243). Reference is made to the explanations in section B ‘Changes in the basis of consolidation’. Both first-time consolidations are preliminary.

With regard to the purchase commitments for fixed assets, reference is made to the explanations in section E.1. ‘Contingent receivables, liabilities and other financial obligations’.

Due to the introduction of the new 'PŸUR' brand for Tele Columbus and primacom companies in September 2017, the previously capitalised and scheduled amortisation of 'Tele Columbus' trademarks were written off in the amount of the net book value as at 30 September 2017 (KEUR 4,650). Impairment losses of property, plant and equipment are not significant.

D.10 Inventories, trade receivables, other financial receivables, other assets and derivative financial instruments

Impairment losses on inventories in the current reporting period amounted to KEUR 294 (comparative period 2016: KEUR -1).

The following table shows the development of impairment losses on trade receivables at Group level:

KEUR	30 September 2017	31 December 2016
Trade receivables - gross	61,418	59,862
Impairment losses	-6,403	-11,418
Trade receivables - net	**55,015**	**48,444**

Additionally, there were also trade receivables from related companies.

There are no receivables that are overdue and not impaired.

Other financial receivables in the amount of KEUR 6,611 (2016: KEUR 6,276) primarily comprise cash deposits for the debit limit, rent deposits and claims under employer pension liability insurance policies. The increase in other financial receivables by KEUR 335 mainly results from a security provided for a lease for office space as well as from the furnishing of guarantees for a network operations agreement and a contract for a fibre-optic network. There are opposite effects from the repayment for a cash deposit for the debt limit and a purchase commitment.

Other assets in the amount of KEUR 14,260 (2016: KEUR 6,126) essentially comprise prepayments as well as receivables from value added tax and other input tax.

Deferred expenses in the amount of KEUR 8,356 (2016: KEUR 10,037) consist mainly of payments in connection with insurance, maintenance contracts and rents.

The reported derivative financial instruments in the amount of KEUR 1,970 (2016: KEUR 3,630) result from two interest rate caps acquired by Tele Columbus AG in February 2016.

Current assets reported in the balance sheet include assets held for sale in the amount of KEUR 98 (2016: KEUR 229).

D.11 Other provisions

Other provisions reported as of 30 September 2017 can be classified as short-term obligations in the amount of KEUR 13,415 (2016: KEUR 30,114) and long-term obligations of KEUR 1,800 (2016: KEUR 4,061). Other provisions still mainly comprise provisions for restructuring, process risks and impending losses.

In comparison to 31 December 2016, changes result mainly from use of provisions for restructuring as well as, to a lesser extent, for process risks and impending losses.

Short-term provisions are expected to be utilised within one year. It is considered likely that provisions will actually be used in the amount made as at the reporting date.

D.12 Liabilities to banks

KEUR	30 September 2017	31 December 2016
Liabilities to banks - nominal values	1,261,016	1,263,398
Transaction costs (mainly: refinancing)	-40,991	-43,815
Accrued interest	2,356	8,537
Liabilities relating to outstanding premiums interest cap	-	4,140
Liabilities relating to embedded derivatives	2,168	2,442
Non-current Liabilities to banks	**1,224,549**	**1,234,702**
Liabilities to banks - nominal values	43,836	2,640
Accrued interest (mainly: Revolving Facilities)	7,589	23,315
Transaction costs (mainly: Revolving Facilities)	-2,500	-
Liabilities relating to outstanding premiums interest cap	4,310	-
Current Liabilities to banks	**53,235**	**25,955**
	1,277,784	**1,260,657**

As part of the Senior Facilities Agreement, the following credit facilities are available to the Group: KEUR 1,255,000 (Term Loan Facility A) as well as facilities in the amount of KEUR 75,000 for investments (Capex Facility) and KEUR 50,000 for working capital financing (Revolving Facility). Facility A runs until 15 October 2024, Capex runs until 2 January 2020 and Revolving Facility runs until 2 January 2021. The margin is 3.25 % plus EURIBOR for Facility A, and 3.75 % for Capex and Revolving Facility. In addition, the credit agreement for all facilities includes a EURIBOR floor of 0 %. To the unused portions of the Capex and Revolving Facility a provisioning fee of 35 % of the applicable margin will be charged, payable quarterly. For general operational purposes, the revolving credit line was partially utilised as of the reporting date (KEUR 40,999).

For loans there is a right to choose between a 1-month, 3-month or 6-month EURIBOR. The loans were based on the 6-month EURIBOR as at the reporting date.

The floors described with respect to the EURIBOR and the repayment options are embedded derivatives (hybrids) and are subject to the separation requirement in presentation and measurement according to IAS 39.11.

As at the respective reporting dates, the balances (including outstanding interest) for the Senior Tranche A (including both new and old tranches), Senior Tranche C, Senior Tranche Incremental and Senior Tranche 2nd Incremental loans as well as the Capex and Revolving Facility senior liabilities were as follows:

KEUR	30 September 2017	31 December 2016
Senior Tranche A loan (matures on 15 October 2024) - new-	1,225,444 [2)]	1,230,671 [2)]
Remaining interest for Senior Tranche A loan - loan repaid as of 31 October 2016 -	-	4,222 [1)]
Remaining interest for Senior Tranche C loan - loan repaid as of 31 October 2016 -	-	5,076 [1)]
Remaining interest for Senior Tranche Incremental - loan repaid as of 31 October 2016 -	-	3,737 [1)]
Remaining interest for Senior Tranche 2nd Incremental - loan repaid as of 31 October 2016 -	-	1,469 [1)]
Senior Revolving Facility (matures on 2 January 2021)	39,177 [3)]	305
	1,264,621	**1,245,480**
Other loans as described: mainly from subsidiaries	*8,853*	*11,037*
Liabilities related to outstanding premium interest cap	*4,310*	*4,140*

1) The last interest payments on the replaced financings were made on 30 January 2017.

2) Includes non-interest-bearing transaction costs of term loans in the amount of KEUR -38,635 (2016: KEUR -35,277) and liabilities related to embedded derivatives amounting to KEUR 2,168 (2016: KEUR 2,442), which result from agreed floors and repayment options in term loans.

3) Includes non-interest-bearing transaction costs of Senior Revolving Facility in the amount of KEUR -2,065 (2016: KEUR -).

In addition, loans in the amount of KEUR 1,193 (2016: KEUR 1,432) were recognised for the pepcom Group.

The remaining loan amounts of KEUR 7,660 (2016: KEUR 9,605) consisted of the following lenders of the subgroup Tele Columbus AG as of the balance sheet date: Stadtparkasse Gelsenkirchen in the amount of KEUR 1,231 (2016: KEUR 2,070), Stadtsparkasse Magdeburg in the amount of KEUR 5,652 (2016: KEUR 6,516) and other lenders in the amount of KEUR 777 (2016: KEUR 1,019).

In addition, Tele Columbus AG acquired two interest rate caps (cap at 0.75 % vs. 3-month EURIBOR) in February 2016 with a nominal amount of KEUR 550,000 each and a term until December 2020. The transaction amounted to KEUR 8,854, half of which amounting to KEUR 4,427 was already paid at the time of acquisition. For the remaining option premium of KEUR 4,427 a bullet debt, due by 31 March 2018, is shown as liabilities to banks amounting to KEUR 4,310 (present value) as of the balance sheet date.

In accordance with the Share and Interest Pledge Agreement of 18 April 2017, shares in affiliated and associated companies are pledged as collateral for liabilities to banks. In addition, loans from the Tele Columbus Group are secured by trade receivables.

The value of the given collateral for the loans at the respective dates has essentially remained unchanged compared to 31 December 2016.

D.13 Trade payables, other liabilities, other financial liabilities and deferred income

Trade payables in the amount of KEUR 79,829 (2016: KEUR 88,543) mainly comprise advance payments received and liabilities for outstanding invoices. In comparison to 31 December 2016, changes mainly result from payment dates.

The deferred income in the amount of KEUR 15,144 (2016: KEUR 9,896) consists mainly of deferred revenue from customers for prepaid annual fees and investment subsidies received.

Other financial liabilities in the amount of KEUR 101,755 (2016: KEUR 100,481) mainly relate to lease obligations of KEUR 44,312 (2016: KEUR 46,810) as well as minority interests of Kabelfernsehen München Servicenter GmbH & Co KG (hereafter 'KMS KG') in the amount of KEUR 51,654 (2016: KEUR 51,324), which are recognised in the financial statements as non-current liabilities as the owner has the right to dispose all shares at any time.

Other current financial liabilities in the amount of KEUR 17,941 (2016: KEUR 23,811) mainly relate to personnel costs, annual financial statement costs and value added tax liabilities.

E Additional Explanatory Notes

E.1 Contingent receivables, liabilities and other financial obligations

Purchase commitments in connection with investment and operating expenses as of the balance sheet date amounted to KEUR 51,596 (2016: KEUR 35,923). The increase mainly results from current projects.

In comparison to 31 December 2016 and the half year financial statements as at 30 June 2017, there are no significant changes as at 30 September 2017.

E.2 Related-party disclosures

During the first quarter of 2017, United Internet Ventures, a United Internet AG company, increased its stake in Tele Columbus AG to 28.52 % (previously: 25.11 %).

At the Annual General Meeting on 21 June 2017, Frank Krause and Dr. Volker Ruloff were elected to the Company's two-seat extended supervisory board.

Ms Dr. Susan Hennersdorf was appointed as a successor to Robin Bienenstock on 22 February 2017, which has been confirmed by the Annual General Meeting.

As part of the transfer arrangements from Ronny Verhelst to Timm Degenhardt (until 1 February 2018), he has supported the management team since 14 August 2017 and has also been appointed as an additional member of the Executive Board of Tele Columbus AG since 1 September 2017.

In the current reporting period, there are no other significant changes in the relationships with related parties compared to 31 December 2016.

E.3 Risk management

E.3.1 Risk management of financial instruments and interest rate risks

There are no material changes in the Company's risk management objectives and policies or in the nature and extent of risks arising from financial instruments for the nine months ending 30 September 2017 compared to the Consolidated Financial Statements as of 31 December 2016.

E.3.2 Liquidity risk

The liquidity risk represents the risk that existing liquidity reserves are insufficient to meet the financial obligations on time. Liquidity risks can also arise if cash outflows are required as a result of operating or investing activities. Furthermore, liquidity risks may arise from financing activities. This would be the case, if short-term cash outflows are required to repay liabilities, but sufficient cash flows cannot be generated from operating activities and at the same time insufficient liquidity is available for repayment.

A liquidity forecast based on a fixed planning horizon as well as the loan facilities available in the Tele Columbus Group in the amount of KEUR 75,000 for investments with a term up to 2 January 2020 and in the amount of KEUR 50,000 for general costs with a term until 2 January 2021, are intended to ensure the liquidity supply for operating activities on an ongoing basis. As of 30 September 2017, the Tele Columbus Group had credit facilities totaling KEUR 125,000 (2016: KEUR 125,000), thereof KEUR 50,000 as a revolving credit line. For general operational purposes, the revolving credit line was partially utilised as of the reporting date (KEUR 40,999).

Cash and cash equivalents amounted to KEUR 36,513 as of 30 September 2017 (2016: KEUR 55,223) and are essentially a snapshot.

There were no relevant changes to the liquidity, interest and debtor risk (default risk) for the first nine months ending 30 September 2017.

E.4 Segment reporting

The Group reports its operations in two product segments: 'TV' and 'Internet and telephony'. For these segments, quarterly internal management reports are prepared for management.

Relationships between the individual segments were eliminated.

For a detailed segment description, please refer to the Consolidated Financial Statements as of 31 December 2016.

The following table contains information on the individual reportable segments:

1 Jan. to 30 Sep. 2017

In KEUR	TV	Internet & telephony	Others	Group Total
Revenue	210,282	116,398	41,970	368,650
Normalised EBITDA	124,536	82,080	-14,810	191,806
Non-recurring expenses / income	-3,084	-184	-32,580	-35,848
EBITDA	**121,452**	**81,896**	**-47,390**	**155,958**

1 Jan. to 30 Sep. 2016

In KEUR	TV	Internet & telephony	Others	Group Total
Revenue	216,450	104,343	33,373	354,166
Normalised EBITDA	125,345	68,379	-14,592	179,132
Non-recurring expenses / income	-78	-2,056	-27,358	-29,492
EBITDA	**125,267**	**66,323**	**-41,950**	**149,640**

E.5 Further information regarding the Group Quarterly Statement

The following summarised additional disclosures on the Group Quarterly Statement refer to the Tele Columbus Group and present the net assets, financial position and results of operations for the quarter as at 30 September 2017.

E.5.1 Profit situation

The table below shows the development of the profit situation.

KEUR	1 Jan. to 30 Sep. 2017	1 Jan. to 30 Sep. 2016
Revenue	368,650	354,166
EBITDA	***155,958***	***149,640***
Non recurring expenses (+) / income (-)	35,848	29,492
Normalised EBITDA	***191,806***	***179,132***
EBITDA	***155,958***	***149,640***
Financial result	-46,818	-47,119
Depreciations and amortisation	-117,966	-123,321
Taxes on income	2,486	-2,402
Net loss for the year	***-6,340***	***-23,202***

Revenue from the ‘TV’ segment fell by 2.8 % to KEUR 210,282 (comparative period 2016: KEUR 216,450). Revenue in the ‘Internet and Telephony’ segment increased significantly by 11.6 % from KEUR 104,343 to KEUR 116,398.

Revenue in the first nine months of 2017 increased by KEUR 14,484 to KEUR 368,650 compared to the first nine months of 2016, which was mainly caused by the segment ‘Internet and telephony’ and construction work.

Cost of materials in the first nine months of 2017 increased by KEUR 12,657 compared to the same period in the previous year to KEUR 121,671 (comparative period 2016: KEUR 109,014).

EBITDA amounted to KEUR 155,958 in the first nine months of 2017 and increased by KEUR 6,318 compared to the same quarter of the previous year (comparative period 2016: KEUR 149,640).

‘Normalised EBITDA’ increased by 7.1 % compared to the previous year to KEUR 191,806 (comparative period 2016: KEUR 179,132).

In the reporting period, the operating margin, defined as the ratio of ‘normalised EBITDA’ to revenue, increased to 52.0 % (comparative period 2016: 50.6 %).

The negative financial result decreased by KEUR 301 to KEUR 46,818 compared to the same period of the previous year, mainly due to renegotiations of credit terms.

E.5.2 Asset situation

Status as at 30 September 2017 in comparison with 31 December 2016

Property, plant and equipment declined by KEUR 3,155 compared to 31 December 2016 to KEUR 601,535. The decline essentially results from reduced technical equipment, for which depreciation exceeded investment in the reporting period.

Intangible assets decreased by KEUR 19,032 compared to 31 December 2016 to KEUR 1,383,102, mainly due to scheduled depreciation.

The Group's debt from liabilities to banks amounted to KEUR 1,277,784 as at 30 September 2017 (2016: KEUR 1,260,657). This equals a percentage of 60.1 % (2016: 58.7 %) of the balance sheet total.

The other long-term financial liabilities amounted to KEUR 87,820 (2016: KEUR 88,387). The item mainly comprises non-current lease liabilities as well as liabilities of the pepcom Group to minority shareholders.

Long-term derivative financial instruments amounted to KEUR 9,874 as at 30 September 2017 (2016: KEUR 6,126). They result from embedded derivatives that have a negative fair value at the reporting date.

As of 30 September 2017, deferred tax liabilities in the amount of KEUR 59,112 are reported (2016: KEUR 66,120). The decrease results from the scheduled amortisation of the capitalised customer base of primacom Group and pepcom Group.

E.5.3 Financing structure

Lender	Borrower	Total in KEUR on 30 Sep. 2017	Share	Total in KEUR on 31 Dec. 2016	Share
New Facility A	TC AG	1,225,444	95.9 %	1,230,671	97.7 %
IPO Facility A	TC AG	-	-	4,222	0.3 %
Senior Tranche C	TC AG	-	-	5,076	0.4 %
Senior Incremental	TC AG	-	-	3,737	0.3 %
Rev. Facility / IPO Facility B&C	TC AG	39,177	3.1 %	305	0.0 %
Second Lien	TC AG	-	-	1,469	0.1 %
DB Lux / Diverse	pepcom	1,193	0.1 %	1,432	0.1 %
Interest caps	TC AG	4,310	0.3 %	4,140	0.3 %
Other		7,660	0.6 %	9,605	0.8 %
Total		**1,277,784**	**100 %**	**1,260,657**	**100 %**

The increase in the loan portfolio in the first nine months of 2017 is mainly attributable to the partial drawdown of the Revolving Facility.

E.5.4 Forecast report

Based on the current financial statements and the current forecast for the fourth quarter 2017 the management board has specified its forecast report for the financial year 2017.

The further peak in the investment quota (capex to revenue), which was expected in the year-end financial statements 2016, is confirmed and specified at approximately 30 %.

Also for 2018, the capex quota is expected to be higher than the usual market level in Germany.

'Normalised EBITDA' was anticipated with approximately 10 % in the year-end financial statements 2016. Based on the expansion of the scope of the rebranding project and the resulting longer phasing-in period, the increase in 'normalised EBITDA' was specified to a high single digit % growth.

Beyond that there are no further major changes that result in specifications regarding forecasts.

E.6 Events after the Balance Sheet Date

Changes in the top management of the Tele Columbus Group

In connection with the succession regulation of Ronny Verhelst, Timm Degenhardt has already been additionally appointed as Managing Director with effect from 8 November 2017 in some subsidiaries.

In addition, as of 1 November 2017, the division CCSO (Chief Customer Sales Officer), under the previous responsibility of Diana-Camilla Matz, was divided into the divisions CBTO (Chief Business Transformation Officer - Roland Schleicher) and CMO (Chief Marketing Officer - Tobias Schmidt).

Change in the participation rate in Kabelfernsehen München Servicenter GmbH & Co. KG and Kabelfernsehen München Servicenter GmbH - Beteiligungsgesellschaft

On the basis of an agreement dated 26 October 2017, pepcom Süd GmbH acquired 30.22 % of the shares in Kabeldienste München Servicenter GmbH & Co. KG, Munich (‘KMS KG‘) and 24 % of Kabel TV Munich Servicenter GmbH - Beteiligungsgesellschaft, Munich (‘KMS GmbH‘). Consequently, both entities are wholly-owned subsidiaries of the Tele Columbus Group.

The purchase of the minority shares creates clear shareholdings and makes it easier to continue to drive business with high-performance telecommunications products in the Munich region. In addition, the operational integration into the Tele Columbus Group and the introduction of the PŸUR product world will be accelerated.

The purchase price for the shares in both companies amounts to EUR 52.0 million plus dividends amounting to EUR 18.1 million and is to be paid in cash in two installments.

Financing

As at 21 November 2017, the Facility B of EUR 75 million was used to finance the KMS KG and KMS GmbH purchase price for the remaining shares in both companies and to cover short-term liquidity requirements.

Acquisition of shares in WWcon Wärme-Wohnen-Contracting GmbH

With purchase agreement dated 3 November 2017, Tele Columbus AG acquired 100 % of the share capital of WWcon Wärme-Wohnen-Contracting GmbH, located in Berlin, in order to purchase the business ‘Operation of satellite television terminals in connection with construction and contracting’. The preliminary purchase price amounts to KEUR 5,229. The additional business ‘Heat engineering’ has been already sold to WWcon Wärmetechnik GmbH before closing.

There were no other significant events after the balance sheet date.