

Our investments continued

TMT



Ziggo

www.hetbedrijf.ziggo.nl

Activity	Cable operator
Location	Netherlands
Acquired	September 2006/January 2007
Transaction value	€5,450 million
Sales*	€1,375.7 million
Employees	Approximately 2,500
Cinven representatives	David Barker, Caspar Berendsen
Senior management	Chairman Andrew Sukawaty CEO Bernhard Dijkhuizen CFO Bert Groenewegen CCO Marcel Nijhoff

*to end December 2010 (unaudited)

Company description

Ziggo is the leading cable operator in the Netherlands, providing television, broadband and telephony services across its network, which passes approximately 55% of all Dutch households. Ziggo was formed by Cinven through the merger of three separate cable businesses: Kabelcom, Casema and Multikabel (respectively the second, third and fourth largest cable providers in the Netherlands). The combined business is the market leader in the Netherlands with more than three million customers.

Cinven origination

Cinven had been tracking the cable industry across Europe for several years, and had concluded that the Netherlands was one of the most attractive markets for cable, due to the high household penetration of its basic television service. Cinven's TMT sector team had maintained contact with the major players, management teams and potential sellers. Cinven understood the benefits of building a larger cable platform that could offer state-of-the-art products to customers, specifically broadband, telephony and enhanced digital TV services.

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Cinven origination *continued*

This understanding came from its deep industry expertise through its successful investment in the French cable industry, consolidating the acquisitions of Numericable, Altice One, Noos and Completel in the third Cinven fund. Cinven therefore focused on consolidating the Dutch cable market, with particular attention on three of the four major cable companies in the Netherlands. By combining these three businesses, Cinven created the market-leading cable operator in the Netherlands. Cinven had developed a close relationship with the owner of the Netherlands' largest cable operator, Kabelcom, prior to the decision by the owners of Casema to sell their cable business. Consequently, Cinven was very well placed to negotiate the purchase of both Kabelcom and Casema in parallel and Cinven proposed a joint deal with another private equity company. The material synergies between the three businesses provided a platform for attractive offers for both Casema and Kabelcom.

Investment rationale and strategy

Cinven's strategy for Ziggo was to consolidate the cable market in the Netherlands, by:

- creating a leading Dutch cable operator with a 'multi-play' offering of digital TV, broadband and telephony, in order to capitalise on the opportunity to sell higher value services ('up-selling') to the traditional television customer-base;
- realising the substantial synergies derived from combining multiple businesses of scale; and
- achieving operational improvements by sharing best practice across each company, targeting significant savings.

Cinven value creation

To date, Cinven's value creation for Ziggo has included:

- up-selling and cross-selling additional products to existing and new subscribers with higher average revenues per user (ARPU) and promoting sales of triple play bundles;
- successfully integrating three companies, resulting in a significant improvement in profit margins;
- achieving substantial progress on network upgrades allowing for an enhanced service offering, including high-speed internet, high-definition television and video on demand services; and

- ensuring significant net debt reduction and cash generation, resulting in Ziggo launching, with the close involvement of Cinven's Financing team, two highly successful bond offerings in 2010 totalling nearly €2 billion, at very favourable rates. This also had a positive impact on Ziggo's debt maturity profile and elevated the company's profile in the capital markets.