



A case study of investing in your supply chain

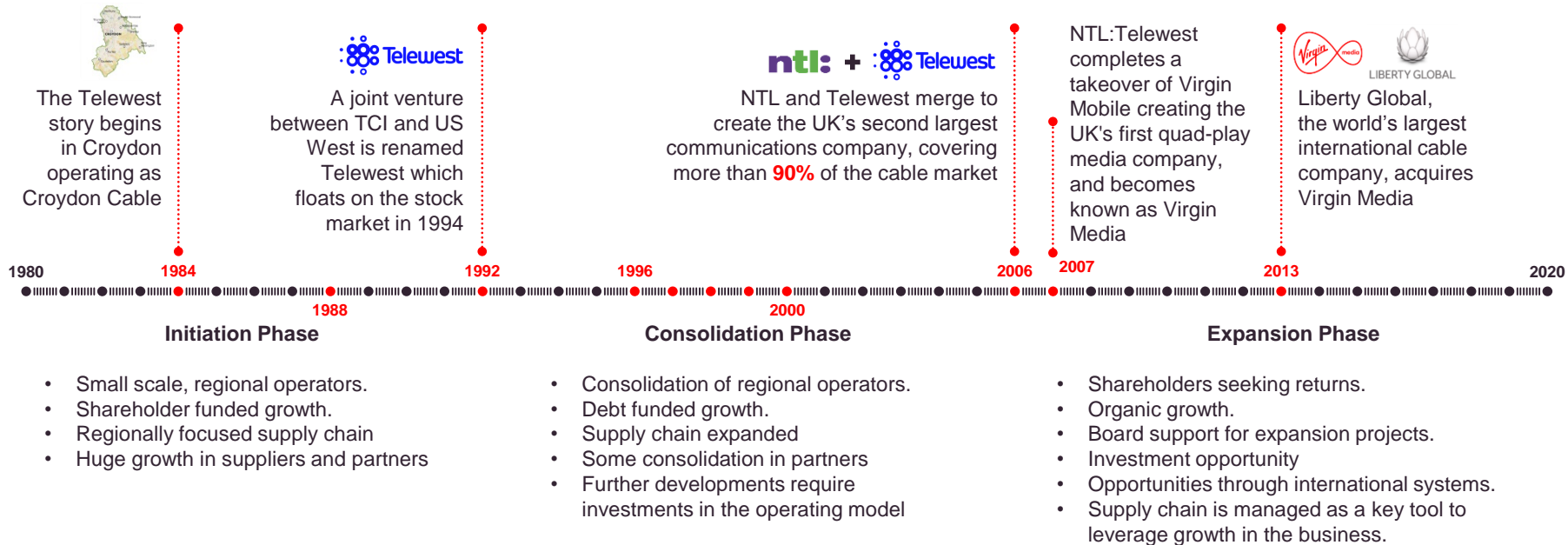
February 2016



Investing in your supply chain:

Evaluate your domestic and international supply chain.

Changing Outlook over last 20 years.



Virgin Media Supply Chain

- A. Supply chain is not just limited to goods being provided for resale
- B. Suppliers are integral to customer experience:
 - Enter customers' homes
 - Represent company on the high street and by contact centres
 - Responsible for service levels that keep the network running and in turn drive key service KPI's
- C. Three key areas to Supply Chain
 - a) Direct Partnering – e.g. providers of set top box's and install providers
 - b) Outsourced Partners – e.g. contact centres for customer operations, both off shore and on shore
 - c) Insourced - e.g. specialist logistics and warehousing undertaken at VMED premises

Virgin Media - Why invest in your supply chain ??

A. Allows Virgin media to concentrate on what we are good at.

- Customer experience.
- Product Development.

B. Investment itself can be in several areas

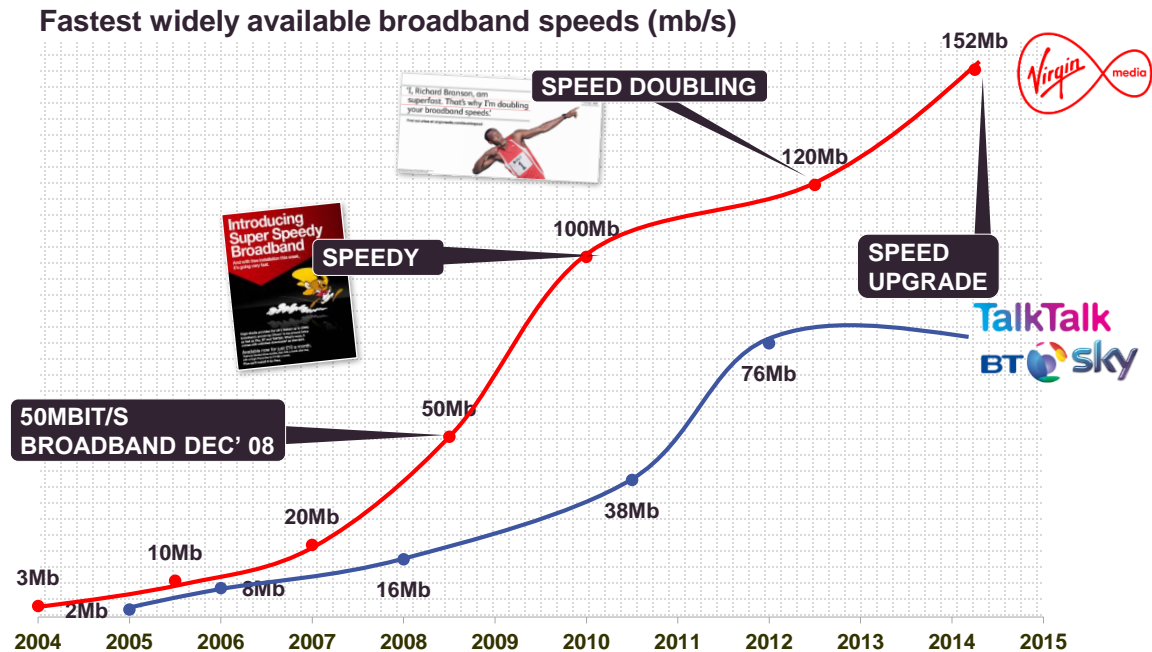
- Long term contracts with Suppliers.
- Partnership in SCF facilities allowing for payment flexibility
- Training and development for customer facing activity.

C. Management of Supply Chain Partners

- Hot spot map of Risk Indicators – e.g. 2011, Japanese Tsunami affected delivery's of Set Top Box's for months
- Company engagement at high level, both by procurement and senior management
- Importance of KPI measures for adherence to service level agreements



Our network is our strongest asset and we've transformed the UK's broadband market



* Up to advertised speed (speed that can be achieved by at least 10% of the base)

Virgin media

Guess which broadband cable performs better?

Cure: Up to 152Mb

BT Infinity & Sky Fibre: Up to 76Mb

- Virgin Media is the only widely available provider to use DOCSIS® 3 tech
- Fibre optic broadband that's up to twice as fast as what's widely available through Sky and BT
- Our speed is more reliable as well, so you and your family can stream, chat and surf to your hearts' content.

DOCSIS® 3 tech. It's the magic in our cables.

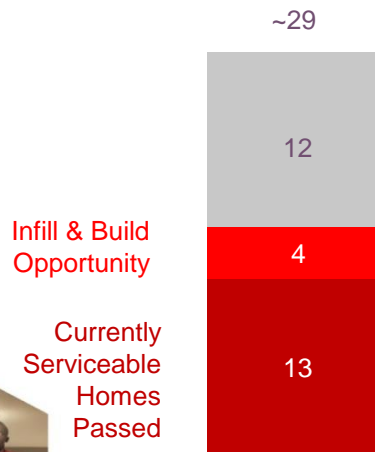
Go to virginmedia.com
Visit a Virgin Media Store
Call 0800 952 8665

Capex - Project Lightning in the UK

Five year program targeting ~4 million homes and businesses

Network Coverage & Infill Opportunity

Total premises in the UK (in millions)



- Less than 50 meters from our network
- Of which two-thirds less than 20 meters
- Targeting ~40% penetration
- Targeting initial ARPU of ~£45

Highly accretive financial returns

Modular investment opportunity

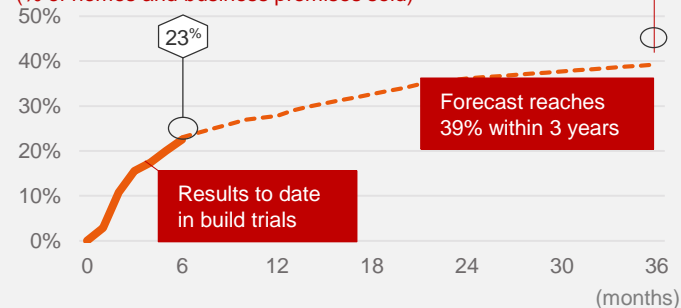
Largely SCF financed

Quad-play and B2B accelerator

Field trial supports expectations

Penetration – Trial Results & Forecast

(% of homes and business premises sold)





Investing in your supply chain:

Setting up an SCF programme

Setting up an SCF programme

A) Focused preparation

- Small and targeted project team that works closely with the service provider
- Smart selection of strategic suppliers
- Mutual understanding of processes (early detection of bottlenecks)

B) Implementation

- Working in parallel: legal docs, Ops/IT and supplier on-boarding
- Dedicated staffing, single points of contact, clear targets
- Simple and consistent communication towards suppliers

C) Feasibility

- SCF is usually offered by the most credit worthy party in the chain (from a cost perspective)
- VMED has taken out the cost component, while offering a reduced payment term to suppliers



Investing in your supply chain:

Engaging your stakeholders and
the board.

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- Virgin Media was in a good starting position as Liberty Global were experienced at rolling schemes out across Europe.
- Senior management needs to be aligned and involved. Hard targets need to be set for the various functions
- Establish a project team early in the process
- Choose the right partner that can support the business case and provide a tailor-made solution
- Prepare detailed business case showing short term and long term benefits to the company
- Eliminate the misconception that a SCF solution can only work when suppliers have a less strong credit profile compared to the buyer's

All companies:

- 1) Strive to optimise liquidity/cash
- 2) Are prioritising credit risk management
- 3) Wish to optimise their balance sheet

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