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+++ presentation

Operator^ Good day, and welcome to the Telenet Q1 2015 conference call.
Today's conference is being recorded.

At this time, I would like to turn the conference over to Rob Goyens;
please go ahead, sir.

Rob Goyens^ Thank you, operator. Ladies and gentlemen, on behalf of the
Telenet Investor Relations team, Thomas and I would like to welcome
everybody to our investor and analyst call for the first quarter of 2015.

I trust you all received our earnings release this morning and were able
to download the PowerPoint presentation from our investor relations
website that will be used for this earnings call.

Also, a warm welcome to those joining the online webcast.

Before we start, I'm obliged to advise you that certain statements in
this conference call are forward-looking statements. This may include
statements regarding the intent, belief or current expectations
associated with the evolution of a number of variables that may influence
the future growth of our business.

For more details on these factors, we refer to the Safe Harbor disclaimer
at the beginning of our presentation.

Let me now briefly introduce today's speakers. First up we have Mr. John
Porter, our CEO, who will provide an executive overview of the first

quarter. Next, I will briefly walk you through our operational performance for the quarter. Afterwards, Birgit Conix, our CFO, will guide you through our financial results and present the outlook for the full year 2015. After this formal presentation, we will open for Q&A.

So, John, the floor's yours.

John Porter^ Thanks, Rob, let me kick off the call, we're on slide 4, with a brief overview of our operational and financial achievements in the first quarter of 2015.

I believe we're off to a great start, having achieved solid financial and operational results for the first three months of the year.

Despite the fact that net subscriber growth for our advanced fixed services of enhanced video, broadband Internet and fixed telephony was impacted by, first, the intensely competitive environment; two, the anticipated adverse impact from our January 2015 price adjustments; and three, the fading impact from the revamp of our triple-play bundles, Whop and Whoppa, we were still able to achieve 34,200 net subscriber additions.

Relative to Q4 last year, when the rate of net mobile postpaid subscriber adds slowed, as a result of aggressive handset subsidy campaigns and temporary discounts offered by our direct competitors, we managed to turn the tide in the first quarter this year, thanks to our successful marketing campaigns.

Having achieved just over 30,000 net mobile postpaid subscriber additions during the first three months of the year, we now serve over 900,000 mobile subscribers in our Flemish and Brussels franchise areas.

And, there's more to come, as we recently launched our Family Deal packages, offering a recurring monthly discount on multiple SIMs for both existing and new triple-play subscribers.

As Birgit will explain later in more detail, our revenue growth rate improved meaningfully compared to previous quarters and was up 6% year on year to EUR443 million.

Growth was mainly driven by a higher share of triple-play subscribers, the benefit from the aforementioned price increase, and higher mobile and B2B revenues.

Adjusted EBITDA in Q1 2015 amounted to EUR235 million, down 1% year on year at first sight, but actually up 4% excluding the EUR12.5 million one-off we booked in Q1 last year.

Moving to slide 5, I'll give you a brief snapshot of the strategic rationale concerning the BASE transaction, which we announced last week.

Valued at EUR1.325 billion, the acquisition of BASE represents a purchase price multiple of 5 times BASE's 2015 estimated ~~adjusted EBITDA~~Adjusted EBITDA, as adjusted for EUR145 million of projected annual run-rate OpEx

synergies and EUR240 million of one-off integration costs and investments. This represents an attractive multiple for our shareholders.

Through this acquisition, we have made a significant step to secure long-term mobile access conditions, ensuring we are well positioned to effectively compete for the future growth opportunity of mobile data. With those headlines, I'll hand it back to Rob, for some operational insights.

Rob Goyens^ Thank you, John. Let's move over to slide 6 (sic), and zooming in on our operational performance for the first quarter. As I'm sure you've read in our earnings release this morning, we've changed the way we calculate certain operational KPIs to further align with our controlling shareholder.

From January 1, 2015, RGUs are counted on a unique premises basis, such that the given premises does not count as more than one RGU for any given service. On the other hand, if an individual receives one of our services in two premises, for instance a primary and a secondary home, that individual will count as two RGUs for that service.

For additional information, we would refer to our investor and analyst toolkit, which can be obtained from our investor relations website.

On slide 7, you can find an overview of our multiple-play performance. We added nearly 17,000 net triple-play customers in the first quarter, which we see as a solid achievement, despite the intensely competitive environment we're operating in. We now have nearly 1.05 million triple-play customers, and this was up a healthy 9% compared to the first quarter of last year.

As you can see on the top right-hand of the slide, we have now around 48% of our customers subscribing to all three fixed services of broadband Internet, enhanced video and fixed telephony, compared to about 44% one year ago.

As a result, today's average customer takes nearly 2.2 services from us, which is up 3% year on year.

Going forward we remain focused on cross-selling the remaining 29% of single-play customers to any of our attractive multiple-play bundles, so they can take full advantage of ~~that~~their digital lifestyle.

Finally, the ARPU per customer relationship, which, as a reminder, excludes the revenue, which is generated by our mobile customers, came in at nearly EUR49 for the first quarter. This was up 6% year on year.

Besides healthy 3P conversion, as I just mentioned, ARPU growth benefited from the January 2015 price adjustments, offset by a growing proportion of bundle discounts and other related discounts.

Let's now focus on the inventory of products and services that we offer, starting with broadband Internet on slide 8. As you can see in the middle chart, we added just over 11,000 net broadband Internet subscribers in

the first quarter. As John mentioned in the beginning of this call, our net adds performance in the quarter was somewhat impacted by the competitive environment, on the one hand; and the anticipated adverse impact of the January, 2015, price adjustments on the other hand.

Annualized churn reached 7.6% in Q1, which was up 70 basis points sequentially.

At the end of the quarter, we served nearly 1.54 million broadband Internet subscribers, which is equivalent to around 52.5% of the homes passed by our leading HFC network. With data download speeds of up to 100 and 200 megabit per second, our Whop and Whoppa bundles today continue to offer the fastest and most-unique user experience in our footprint.

On the next slide, which is slide number 9, you can see the sound progress we have made over the last quarters in terms of fixed telephony penetration with nearly 40% (sic - see slide 9, "40.2%") of homes passed now being connected. This translates into 1.2 million RGUs, which was up 8% year on year.

In terms of net adds, in the first quarter, we added 15,000 net fixed telephony subscribers. As in the recent quarters, the rate of net additions continued to outpace the number of broadband net adds, telling you that underlying we continue to do very well in terms of triple-play conversion.

Annualized churn of 8.9% in the first quarter picked up compared to the previous quarters, which was due to the competitive environment; the ongoing substitution from reduced mobile prices; and also, the anticipated impact from the price adjustments, as I alluded to earlier.

Referring to mobile on slide number 10, you can see that we ended the first quarter with nearly 925,000 mobile postpaid subscribers. This number was up 19% year on year. As a reminder, all of our subscribers in mobile are postpaid, with the vast majority being active cable customers in our Flemish and Brussels footprint.

To date, around 19% of our cable homes take mobile services from us, showing you the ample growth opportunity which is still ahead of us. Thanks to last year's product improvements, including the launch of [KING King](#) Supersize and also the availability of 4G services, and also the untapped Wi-Fi offloading capabilities, we believe to be well positioned for the future.

Thanks to Wi-Fi, our customers can enjoy a seamless, superfast mobile data experience at no incremental cost. But also, for us, as a Company, the cost levers are important.

As you've seen from this morning's release, we have added just over 30,000 net mobile postpaid subscribers in the first quarter, and this was up 16% sequentially.

Unlike the previous quarter, which was severely impacted by aggressive handset subsidies and temporary price discounts offered by our direct

mobile competitors, we managed to turn the tide in the first quarter. This was due to our successful campaigns in mobile, including subsidized handset plans.

We believe there is more to come as we recently launched our ~~f~~Family ~~d~~Deal packages. These plans now provide a recurring monthly discount for multiple SIMS in the home, for both new and existing customers.

On the right-hand side you can see the growth that we have achieved in terms of mobile telephony subscription revenue. Our mobile revenue was up 15% year on year to nearly EUR48 million. This was the result of solid net subscriber growth in mobile, which was partially offset by a mild decrease in our mobile ARPU coming from lower out of bundle ARPU and SMS.

Moving over to video on slide 11, which is the combination of both basic video and enhanced video. You can see on the right-hand side that we lost nearly 12,000 total video subscribers in the first quarter.

Just like for fixed telephony and broadband Internet, this was also somewhat higher compared to the average run rate of the last year. This is not only indicative of the competitive market we are operating in, which is characterized by the availability of other digital platforms and several OTT players. But, at the same time, it is also impacted by the aforementioned price adjustments.

Let's have a look now at our enhanced video performance, which is our new reporting of digital TV. Basically, in the first quarter net subscriber growth for enhanced video reached 8,000, which was somewhat lower compared to last year when we benefited from the phasing out of our legacy SD video platform in the third quarter.

Around 81% of our total video customers have already converted to the enhanced video platform, so they can enjoy an enriched viewing experience on all connected devices in the home.

As highlighted last quarter, we have stepped up our efforts in the TV market, both with the launch of our new Yelo TV UI and, also, enriched content features ~~to~~ through the recent launch of our subscription VOD packages, Play and Play More.

Priced at EUR10 a month, we believe that Play represents an attractive entry-point for customers who want to take full control of what, when and how they consume TV. At the end of March, we had nearly 177,000 subscribers to our SVOD packages, and this was up 17% sequentially.

With that, let me now introduce our CFO, Birgit Conix, for a snapshot on our Q1 financial results.

Birgit Conix^ Thank you, Rob. As John indicated at the beginning of this call, Telenet can indeed look back at a good first quarter with solid operational trends, translating into improved, healthy, fully organic financial growth across the board despite the intensely competitive environment we continue to operate in.

As you've seen from our earnings release, we changed the way we present the disclosure of our revenue in order to further align with our controlling shareholder, and to provide a greater level of transparency on the underlying evolution of, firstly, our traditional cable subscription revenues; secondly, the revenue generated by our mobile telephony customers; thirdly, our B2B revenue; and last, our other revenue, which includes, amongst others, the revenue generated from the sale of set-top boxes and handsets, interconnection revenue and carriage fees.

We have also applied these changes retroactively to the prior-year quarters. For more detailed information, I refer to our investor and analyst toolkit, which can be obtained through our Investor Relations website.

For the first quarter of 2015 we generated revenue of EUR443 million, which was up 6.4% year on year. This year-on-year growth was underpinned by four main elements.

Firstly, we recorded solid multiple-play growth with the number of triple-play subscribers up 9% to over 1 million, as Rob highlighted earlier.

Secondly, our revenue growth reflected the benefit from the selective price increase on certain of our bundles from the end of January.

Thirdly, the revenue contribution from our mobile business was up 15%, coming from robust net subscriber growth, partly offset by a mild ARPU decline.

Finally, our B2B revenue went up 11% year on year.

As you can see on the right-hand chart, our year-on-year revenue growth rate showed a meaningful acceleration in the first quarter of 2015, driven by the tailwinds I just described and the fact that last year's revenue decrease from standalone handset sales no longer impacted our year-on-year revenue growth trend. With that, we are on track to meet our full year revenue outlook.

Slide 15 zooms in on our year-on-year revenue performance for the quarter. Although our 6% revenue growth was driven by positive contributions from all revenue lines, three contributors stand out on an absolute basis; namely, broadband Internet, mobile telephony and fixed telephony.

7% higher broadband Internet revenue for the quarter was driven by, firstly, a solid 4% growth in our subscriber base; second, the benefit from the aforementioned price increase effective from the end of January 2015, in part offset by an increased proportion of bundle discounts.

The second biggest contributor was mobile telephony revenue, which posted 15% growth year on year, reflecting continued double-digit growth in the number of postpaid subscribers, partially offset by a decrease in usage-related revenue mainly coming from lower out-of-bundle usage and SMS.

Finally, we also recorded ~~a~~ 10% higher fixed telephony revenue driven by solid RGU growth, higher usage-related revenue, and the aforementioned price increase benefits.

Let's have a look now at our operating expenses on slide 16. For the record, these exclude depreciation and amortization expenses, share-based compensation and restructuring expenses.

Relative to the first quarter of 2014, and excluding a EUR12.5 million non-recurring benefit in that quarter related to the settlement of certain operational contingencies, as highlighted in previous earnings calls, our operating expenses were up +9% year on year. This was driven to a large extent ~~to~~ by higher network operating and service costs.

These added roughly EUR20 million to our cost base in the first quarter of 2015 on a like-for-like basis, driven by substantially higher costs rate-related to handsets and subsidies, which drove robust net adds performance in mobile, as Rob mentioned earlier; higher interconnection costs reflecting growth in both our mobile and fixed telephony subscriber base; and also, higher copyrights and content-related expenses.

Advertising, sales and marketing expenses decreased 17% year on year. This EUR2.8 million year-on-year decrease reflected timing variances in some of our marketing campaigns as the first quarter of 2014 was impacted by the launch of our King Supersize tariff plan and campaigns surrounding our premium entertainment services.

Finally, our personnel expenses remain broadly stable year on year as growth in our employee base was offset by lower bonus accruals.

This brings us to ~~adjusted~~ Adjusted EBITDA on slide 17. In the first quarter, we generated EUR235 million of ~~a~~ A adjusted EBITDA, which was down 1% compared to the first quarter of 2014.

Excluding the EUR12.5 million non-recurring benefit in the first quarter of 2014, our ~~a~~ A adjusted EBITDA grew 4% year on year. This was the combined result of robust revenue growth of 6%; lower advertising, sales and marketing expenses; and a flat evolution in employee benefits, which was partly offset by higher costs related to handset subsidies, higher interconnection costs and higher copyright and content-related expenses.

Our margin for the quarter reached 53%, below the 57% margin we achieved in the prior-year period, but which included the aforementioned non-recurring benefit.

Excluding the non-recurring impact in the first quarter of 2014, the remaining decline in ~~adjusted~~ Adjusted EBITDA margin in Q1 2015 was driven mainly by a higher proportion of lower-margin mobile and premium content revenue in our overall revenue mix, and significantly higher costs related to handset subsidies.

On a sequential basis, our margin recovered despite higher costs related to handset subsidies, which is indicative of our continued focus on creating operating leverage in our overall business.

Flipping over to our accrued capital expenditures now on the next slide. These amounted to almost EUR90 million for the first quarter of 2015 and were up 28% compared to last year, representing around 20% of our revenue.

Our accrued capital expenditures in the quarter were impacted by the recognition of the non-exclusive Belgian football broadcasting rights for the 2015/2016 season, as you can see on the left-hand chart. Excluding this impact, our accrued capital expenditures reached about 14% of our overall revenue, as a result of phasing of certain network-related investments and lower set-top box expenditures.

As you can see on the right-hand side of the slide, approximately 58% of our accrued capital expenditures for the first quarter of 2015 were scalable and subscriber growth-related, excluding the Belgian football broadcasting rights.

The next slide gives you an update on our ~~free cash flow~~ Free Cash Flow generation for the first quarter of 2015, during which we generated nearly EUR25 million of ~~free cash flow~~ Free Cash Flow, down EUR3 million, or 11%, compared to Q1 2014 when we achieved ~~free cash flow~~ Free Cash Flow of almost EUR28 million.

This year-on-year decrease in our ~~free cash flow~~ Free Cash Flow was predominantly driven by the EUR78 million higher cash taxes in the first quarter of this year.

Excluding the negative impact from cash taxes, we would have achieved robust ~~free cash flow~~ Free Cash Flow growth in the quarter driven by a marked improvement in our working capital relative to the prior-year period and substantially lower cash interest expenses compared to the first quarter 2014.

The latter reflects the combined effect of last year's refinancing and derivatives unwinding as well as finding variances in the cash settlement of cash interest expenses on our term loans compared to last year.

As we already fully settled the expected cash tax payment in the first quarter, we believe to be well on track to achieve our full-year outlook of ~~free cash flow~~ Free Cash Flow between EUR240 million and EUR250 million.

Slide 20 pictures the evolution in our net leverage ratio, which is defined as net total debt over consolidated annualized EBITDA. You can find an in-depth calculation of this ratio in our investor and analyst toolkit, which is available in the results center of our investor website.

At the end of March 2015, our net leverage ratio reached 3.7 times, which remains stable compared to the end of last year. Our current leverage

ratio remains well below our covenant at 6 times and the availability test at 5 times.

Our cash position at quarter end, which reached EUR129 million together with a EUR323 million undrawn and fully-committed revolving facility, provides for ample cash flow flexibility.

As John mentioned in the beginning of this call, we are excited about the acquisition of BASE Company and the benefits it will bring to all stakeholders and additional growth benefits to our long-range plan.

Slide 21 gives a general overview of how our debt maturity profile is expected to change after having attracted the necessary external funding to finance the EUR1.325 billion acquisition of BASE Company.

For the financing, we intend to use a combination of both existing liquidity and new debt facilities of up to EUR1 billion. The latter will be a combination of a new 8-year EUR800 million term loan and an additional revolving fully-committed credit facility of EUR200 million.

Last week, both S&P and Moody's reconfirmed their credit rating and outlook for our long-term credit following the BASE transaction, which is indicative of the vast synergies we see in the mid to long term.

On the right-hand side, you can see the expected impact on our net leverage ratio which I discussed a few minutes ago. Pro forma leverage at the end of 2014 will be just below 4.5 times compared to 3.7 times on a reported basis.

Including expected annual run rate OpEx synergies of EUR145 million, the pro forma leverage would have already decreased to 3.9 times, which shows the strong deleveraging capabilities we have.

On slide 22, you can find a recap of our full-year 2015 outlook, which we presented to you on February 12 of this year, and which we reconfirm today.

We continue to target revenue growth of between 4% to 5% in 2015, driven by a higher contribution from our entertainment and mobile businesses; continued growth for our B2B activities; and a generally higher contribution from our fixed connectivity business, including the benefit of rate adjustment for certain fixed services as of February 2015.

We target ~~adjusted EBITDA~~Adjusted EBITDA growth of around 4% for 2015. Excluding the aforementioned non-recurring benefit in full-year 2014, the underlying growth rate in ~~adjusted EBITDA~~Adjusted EBITDA would be around 1.5% higher on a like-for-like basis.

Accrued capital expenditures, excluding the impact from the recognition of the Belgian football broadcasting rights, are estimated to represent around 21% of our revenue and include higher investments in our HFC network as part of our Grote Netwerf investment program, as announced in August last year.

Finally, we continue to see ~~free cash flow~~ Free Cash Flow in the EUR240 million to EUR250 million range, as a result of solid underlying growth in our ~~adjusted EBITDA~~ Adjusted EBITDA; a targeted improvement in our working capital; and lower cash interest expenses, as a result of our optimized derivatives portfolio. This represents a solid improvement versus the achieved ~~free cash flow~~ Free Cash Flow in 2014, despite substantially higher cash tax expenses in 2015, whose impact you have already seen this quarter.

Note that our ~~free cash flow~~ Free Cash Flow outlook for the year excludes additional cash interest expenses incurred for the new debt facilities related to the acquisition of BASE Company NV.

With that, let me hand back to the operator for Q&A.

+++ q-and-a

Operator^ (Operator Instructions). Vikram Karnany, UBS.

Vikram Karnany^ I've just got a couple of questions related again back to the consolidation in the Belgian market. So with the potential opening of the cable network to Mobistar, are you worried that the concession required to get the Telenet BASE deal approval could provide a much-needed window for opportunity to Mobistar as they hope to get a better economics working for the wholesale access product when they potentially launch later this year?

Secondly, again related to your strategy, post the consolidation in mobile, given the relatively low smartphone penetration and subsidies in the market, there is an opportunity for a mobile challenger to still be there.

Now, will your strategy change? Do you think that Mobistar could have that challenger approach in the market as they go for market share gains with subsidies? I just wanted to get your thoughts around that subsidy approach in the market. Thanks.

John Porter^ Well, I'm no expert on Mobistar's strategy. But I would say I agree with you that there's more than enough room in the market for a mobile challenger, particularly a mobile challenger that also has access to a fixed-line network.

I think the current regime is more than adequate to position that challenger quite effectively. I think, as you say, there is plenty of upside in the mobile business, particularly with smartphones and data consumption in the Belgian market.

We, historically, have not been a national player. We have a ways to go before we can really leverage this investment. So I think Mobistar has more than enough headroom to execute against their own business plan, without any concerns about disruption versus where we are today.

In terms of the access regime, I don't think this transaction changes anything in relation to the fixed market. There already is a process being run at the local level by the BIPT to evaluate the pricing model

for retail minus, included in the regulated bundles. They're looking at potentially reducing the retail rate -- the headline retail rate, by estimating the value of vertical services, such as mailbox, Wi-Free, Yelo TV, etc., to come up with a different starting place.

That process is ongoing. It's happening. It has nothing to do with any kind of competition review that will take place in regards to our acquisition of BASE.

So I think Mobistar's success potential has not changed. I'm sure they have many, many, plans to continue to build on the turnaround that they've already got going.

Vikram Karnany^ Good, that's clear. Thanks.

Operator^ Nawar Cristini, Nomura.

Nawar Cristini^ I have two questions. So firstly on the rest of the year, the full-year guidance implies around 6% EBITDA growth over the next nine months versus a clean EBITDA growth of 4% year--on--year in Q1.

Is this a reflection of the price increase impact with the full impact over the rest of the year, as opposed to only partial impact in Q1, since prices were increased at the end of Jan? Or are there any other drivers that we should consider in here?

And my second question is on the churn that has picked up across the board, post the price increase. Could you update us on the trends that you have been seeing on April? And how should we think about the rest of the year? Thank you very much.

Birgit Conix^ First on your question on EBITDA guidance and growth in the quarters, so this is purely due to phasing of handset subsidies. As you - last year in the first quarter, we did a significantly less handset subsidies versus this quarter in this year.

Rob Goyens^ On the question with regards to churn, so as you have seen from the presentation, we have indeed seen an increase in churn for our fixed services in the first quarter, building on the increase in churn that we already had in the fourth quarter.

Let me remind you that there are basically two crucial moments with regards to price increases, which are related to the effective announcement which was already the case last year in the fourth quarter.

And then also the fact when the customers see for the first time there their new bill in the mailbox. Basically, we also had some bill optimization from customers. So customers basically optimizing their spending levels, which is also the reason why fixed telephony churn was a bit higher than the overall churn for broadband.

What we have seen after the Q1 is that the churn has been stabilizing, and actually improving as well. So that seems to be a good indicator for

the rest of the year, which is also the reason why we feel quite comfortable with our full-year outlook also on the revenue side.

Nawar Cristini^ Okay, thank you very much.

Operator^ Joshua Mills, Goldman Sachs.

Joshua Mills^ Two for me. The first is I was hoping you might be able to give a bit more color at how you arrived at the EUR150 million of synergies, and particularly the mobile growth, which you're assuming as your own business, which gets you to the 2017 MVNO-related expenses included in that figure.

And the second one was quite simply is there any clear factor that made BASE a more attractive M&A target for you than Mobistar? Or was this simply a question of valuation? Thank you very much.

John Porter^ Well I think in terms of the EUR145 million run rate of synergies, it breaks down approximately two-thirds, one-third, in terms of MVNO and other.

We're not giving forward-looking growth information about our mobile business in Telenet. Suffice it to say, this is a game changer potentially for our willingness and ability to get behind this product, because it will result in a better margin for us down the road. So stay tuned; we might give it some gas. So we'll see what happens over the next couple of years.

But we're very, very, comfortable with the run-rate synergies. We didn't buy this business just to buy spectrum and some mobile customers. We believe in BASE. We believe in the brand. We believe in their model.

We expect them to continue to grow and do great things, certainly between now and 2017 when we would start to really effect more the synergies.

In terms of the company that we bought, I'd have to say it was opportunistic. There was a process. We engaged in it, as we felt we needed to, and we ended up being successful.

I think you could have made an argument certainly for us to invest in another mobile operator in Belgium. But there were pluses and minuses to that as well. There are pluses and minuses to BASE as well. It's a very highly competitive transaction. There were other people interested in acquiring the company.

So I think you have to play what's in front of you; and we did. The fact of the matter is we like the company. We like what they're doing, and we think there's a really good alignment between us strategically and culturally. It's a merger that we're going to make work.

Joshua Mills^ Thanks. That's very clear. Just if I can maybe ask one very quick one. Do you think that this deal changes anything on the cable M&A landscape, and in particular VOO's potential willingness to sell?

John Porter^ Well as far as I know VOO is not for sale, and I don't expect that this will change things much.

So look, I'm sure any time something like this happens everybody has to do a bit of naval gazing and see where it's all going for them. But the fact of the matter is we still have two fixed networks and we still have three mobile networks.

There's not a tremendous amount of real power shifting in the market. It's still pretty much the way it was. We've just taken our rental economics on our mobile business to owner economics, which [is](#) dramatically accretive to our bottom line.

So that's the big story on this transaction, and it shouldn't really change things for the existing players.

Joshua Mills^ Very clear. Thank you.

Operator^ Frank Knowles, New Street Research.

Frank Knowles^ I had three questions actually. The first one, last quarter you talked about the process of sending technicians round to visit customers and so on. I just wondered if you could update how that's going; whether there's any early results that are interesting in terms of the positive outcomes you were hoping for there?

Secondly, obviously, a really good B2B growth this quarter. I just wonder if you could talk about what -- a little more granularity about what's behind that, the type of businesses that are signing up, pricing trends, renewal experiences, that sort of thing.

And then lastly just a technical question, just to clarify you said you weren't expecting any further cash tax payments this year. Would you be expecting the payment I think you talked about earlier of around about EUR90 million to come in in the first quarter of 2016 relative to 2014 results? Thank you.

John Porter^ Sure. You want to do the last one first?

Birgit Conix^ Yes, I'll do the last one. So based on the existing law and also previous administrative practices, so we expect to pay around EUR90 million in 2016, which is the cash tax payment related to the financial year 2014.

But the payment of the cash taxes is, as you said earlier, highly dependent on the filing deadline of the corporate tax return. But -- and which is, for financial year 2014 it will probably remain unchanged versus last year, so that would then be like around September.

So all things being equal, we would, indeed, expect the cash tax payment related to the financial year 2014 to be in 2016 and that is the first quarter of 2016.

John Porter^ And in terms of our Yelo ~~house~~House, our health-check updates, that's -- we're getting very good returns on that, and such to the extent that if we outperform I think in some areas, we would certainly consider investing in an accelerated health-check program.

We have -- the NPS of customers who receive a visit increases by about 25 points. They go from -- we are going after detractors initially, so that's a very valuable exercise for us.

About 30% of the homes we visit require some form of improvement in their Wi-Fi experience, which we are able to accommodate. Some of our customers, we bring their equipment up to date and, in many cases, we leave them with improved education.

We have a view and, certainly, our investment in BASE is a manifestation of the view that customers are going to want to be connected universally 24 by seven. They don't want parts of the house where they have to -- they can't get the network they want, where they can't get Wi-Fi or places outside where they can't get 4G or whatever.

So it's very important for our strategy, both in terms of customer experience and for data offload, which provides real economics to our business to have universal coverage in people's homes and businesses.

Speaking of businesses, B2B growth was stimulated in the first quarter through a combination of, one, probably a big deal that we did in the security area. We are a security service provider and we have a great many customers, both from consumer, SoHo, but all the way up to large enterprises who utilize our security business. So we did one big one-off deal.

But also, without giving too much away, to tell you the truth, we're starting to get some winds in the small end of the SME market, because we're offering more vertical services along with our connectivity products and starting to do better there.

We're also investing in extending more network into more business parks, because we're finding that our market share these days allows us to invest and then go find the customers, so that's working out quite well also.

So hopefully, that answers your questions.

Frank Knowles^ Yes, that's great. So just on B2B, it sounds as if you're pretty positive that the good momentum we've seen is going to be carrying on in the foreseeable future based on those market share gains.

John Porter^ Well, that's our biggest opportunity. We're, relatively speaking, a small player in the enterprise market and if we can extend some of the fundamental principles of great products, simplicity, transparency to our enterprise portfolio, then hopefully, we can start to close the gap as we have in the consumer area.

Frank Knowles^ Very good. Thanks very much.

Rob Goyens^ The only caveat, Frank, I would like to make here is that from an external reporting perspective, all of the revenue growth in B2B may not be perceived as B2B growth, because the growth that is actually generated on coax is reported under our residential revenue lines. Therefore, you don't always see the real underlying growth rate in B2B.

But it's really that underlying, if you look at the overall uptick we generated in SME and SoHo, actually we are very strongly positioned with some strong market share gains in that segment.

Frank Knowles^ Understand. Thank you.

Operator^ Hassan Al-Wakeel, Deutsche Bank.

Hassan Al-Wakeel^ Two questions from me please. The first question, just a follow-up on synergies. Could you please comment on the revenue synergy potential with BASE, I guess given the high prepaid penetration at BASE?

And the second question regarding the competitive intensity. How would you characterize this in the first quarter, compared to Q1 last year and, of course, a very commercially active Q4, I guess in relation to Birgit's comment earlier regarding higher handset subsidies year on year at Telenet? Thank you.

John Porter^ Well, I'll do the first one; you can do the second one.

On revenue synergies, we've been quite conservative on revenue synergies of course. We have some opportunities to improve our positioning in B2B by having a full-fledged own-mobile offer for our B2B customers. That plugs the gap in our portfolio.

Certainly, prepaid-to-postpaid migration is an important part of our strategy and there are some upsides in ARPU, but also, it's just instability lowering churn and much a more stable customer base. There are big benefits.

But, at this stage of the game, we're -- there's not a lot of revenue synergies in that EUR145 million, so that's TBD.

And on the handset subsidy question?

Birgit Conix^ Yes, I can do that. So as I mentioned earlier, so the costs related to the handset sales went up significantly in the first quarter 2015 versus the same period last year. These were very targeted investments and, as you have seen through the numbers, they have driven a robust take-up of net postpaid mobile subscribers in the quarter.

And yes, well, given the commercial sensitivity, I cannot give you an exact number, but I can share that the year-on-year increase approximated like EUR9 million in the quarter, so this is really a substantial investment.

Hassan Al-Wakeel^ Excellent. Thank you very much.

Operator^ Emmanuel Carlier, ING.

Emmanuel Carlier^ Two questions from my side. The first one is on the business market, so I think this is clear that this is a big opportunity. But could you remind me maybe of your market share you have on fixed and on mobile, potentially split up in Flanders, if that is possible?

And then the second question is on the southern part of Belgium. So you will become a nationwide mobile operator. Would you, based on that, consider to use cable wholesale regulation in ~~fLalunia~~Wallonia or not? Thank you.

John Porter^ Well, on the first question, was the penetration, was that then the consumer market?

Emmanuel Carlier^ No, no, it's on the business market, so in the residential market, you clearly have nice market shares. But if I'm right, in the business market, also BASE, does not really have a big market share. So I would like to know the mobile market share of the combination Telenet base on mobile and on fixed and, if possible, mainly for the region within your footprint, so in Flanders.

Rob Goyens^ I can tell you that in mobile, definitely for B2B, we are a tiny midget, because until recently, we have actually not been able to crack the nut on how to target the B2B market, given the constraints of the MVNO contract.

Of course, now that we are achieving, of course, pending the regulatory clearance of the BASE acquisition, the ownership economics in mobile that will be a game changer for our B2B strategy, as we can grow much more aggressive into the B2B market.

Recently, we did introduce mobile employee plans in mobile, especially for the SME and SoHo type of customers, with the same ~~feable~~credo as we do in the residential market. So it's all about simplicity, value for money, and that has been, to some extent, successful. So in that respect, obviously, having our own mobile network is going to be complementary to the B2B strategy.

On the fixed side, in B2B, we have to make some caveats, because at this point, there are very few reliable external data statistics on the exact size of the Belgium B2B market and, also, the different components in the B2B market.

But underlying, if we look overall at the number of market shares we have in the B2B market that should be around one-third, so clearly lower than our residential market share that we have achieved. So it gives you a flavor of the potential growth opportunity in fixed.

Emmanuel Carlier^ Thank you.

Rob Goyens^ And then maybe, John, can come back on the question with the mobile and other footprint subscribers.

John Porter^ Yes, no contemplation of accessing the wholesale regime in the southern -- in areas where we don't have cable footprint with those mobile customers. We are still working through and we have some time to work through our off-footprint strategy, but it's not resolved. But, certainly, accessing the wholesale regime is not on the cards right now.

Emmanuel Carlier^ So the synergy target that you provided does also, not at all, take that into account?

John Porter^ I think to the contrary, we probably, within that number, have assumed some attrition ~~of~~-off-footprint. So we've taken a conservative approach there.

Emmanuel Carlier^ All right, very clear, thanks a lot.

Operator^ Paul Sidney, Credit Suisse.

Paul Sidney^ Just three questions. Firstly, Telenet has mentioned intense competition from over-the-top platforms in its commentary for the past couple of quarters. I was just wondering: are Telenet customers telling you they're leaving because of over-the-top platforms? Or is it really just you flagging the presence of the likes of Netflix in the market?

And the second question is why are customers actually churning due to the price increase? It may sound a bit of a strange question, but is it really that they can't afford the price any-more? Or, is it they don't think the product's good value at the new price point? Or, is it just the sheer number of price increases they've had to face over the last number of years?

And my third question is a follow-on from that. Do you think it makes it more difficult for you to put future price increases through? Or would you actually think harder about future price increases, given what happened in Q1 2015? Thank you.

John Porter^ Well, let's keep it in perspective. Before the price increase, we had the lowest churn of any cable network I've ever seen, and we still have the lowest churn of any cable network I've ever seen. So it's increased during a fixed period on an annual basis, 0.5 of 1 point. And as Rob indicated, the trend is that we're back to pre-rate increase positions.

So, yes, I think you have the small phenomenon of cord cutting, people who, particularly individuals as opposed to families, who can get their data requirements satisfied in a 4G area. You also had -- there was also some concerted efforts by a couple of our more value-oriented competitors to pry some customers away.

But at the end of the day it's the biggest area of churn we saw was in cost optimization, so it wasn't people cutting the cord completely. It was, particularly, like in fixed line, people saying, well, I don't want to pay EUR3 more so I'm going to drop this fixed line phone, which is going to save me the value of the rate increase.

So there are other things that we charge for that people could drop and optimize their bill with, so that was the primary driver.

In terms of its impact on future rate strategies, naturally you would love to be able to continue to grow your business without doing rate increases; very difficult to do, particularly as well penetrated as we are in the market.

So I think every time you do it, there is more learnings. I think if we had to do it all over again, we just would have been a lot more proactive about communicating with customers the value increase that we delivered in 2014.

We took Internet speeds up to 200 megabits per second for our Whoppa customers. ~~We~~, uncapped, unlimited. We added value in our television, in our DTV product. We also have innovated in the area of mobile and, actually, brought mobile prices down for our customers. We dropped the price of our entry-level SVOD product from EUR15 to EUR10.

I think that stuff was necessarily well enough communicated, so if we had to do it all over again that's probably what we'd do to try to help the medicine go down a little bit better.

Paul Sidney^ Thank you very much. And the over-the-top commentary?

John Porter^ The over-the-top, no, we're not seeing cord cutting, because of over-the-top. Netflix is a product for the true believers and if you - - I would -- I don't know this for a fact, but I would venture to say that many Netflix customers are also Play and Play More customers, because that tends to be the direction it goes, although there are certain flexibility advantages to over-the-top.

We think we're well positioned, given our localness, which is not replicated by Netflix, as well as our functionality that we deliver through our version of the Horizon platform, which is replay, catch up, there are lots of great search in UI capabilities that Netflix can't replicate.

Paul Sidney^ That's great, thank you very much.

Operator^ Marc Hesselink, ABN AMRO.

Marc Hesselink^ I would like to talk about quad-play. At the year-end, I think you were at 20% penetration. Where are you now?

And also, do you have an idea, after the acquisition of BASE, how much will be your quad-play penetration, I think it didn't really compare yet all the clients list, but do you have a feel for that?

John Porter^ Yes, it's about 20% right now.

Rob Goyens^ Go into detail around 20% of people have quad-play today; that would be fairly stable compared to the fourth quarter. Although

there is some variance in the numbers, because, as I said in the beginning, we did revise some of the operating statistics, having an impact overall, especially on the number of cable households underlying.

At this point, we cannot provide more granularity on the future quad-play penetration once the acquisition has been done.

But it's clear that it does provide additional growth leaders-levers for us, especially to move further into quarterlyquad-play, but especially also on the further optimization of the costs, which are related to the mobile side of the business.

Marc Hesselink^ Okay, thank you.

Operator^ Stefaan Genoe, Petercam.

Stefaan Genoe^ I've got some -- three questions. First, a follow-up on the run rate synergies you have published earlier on. Is it fair to assume that the majority of these savings is the present value of the future variable costs you are currently having towards Mobistar as you're on a pay per use basis to Mobistar and given the high data growth?

Secondly related to this, is it -- would you be willing to sacrifice profitability on your mobile between now and, I would say, the closing of the BASE deal by, for example, being more aggressive on handset subsidies, while afterwards you would be willing to shift to your strategy to a more data allowance based bundle to the customers?

And a third question, how should we see the transfer of the customers from the Mobistar to the BASE network in terms of timing? Will this be a gradual transfer or should we somewhere in 2017 see an immediate transfer of those customers on a short-term basis to the BASE network? Thank you.

John Porter^ Well, on the first question, it's not the present value of the contract, it's the run rate. As I said earlier in the call, it's about two-thirds of the EUR145 million is the synergies associated with moving from an MVNO to a MNO, and about EUR45 million is other.

On -- in terms of your second question, you're really articulating a go to market strategy, which, at face value, may have some merit. But we're just -- for competitive reasons, we're not going to discuss our future go-to-market strategy, particularly around mobile, because it's highly, highly competitive business. So we're going to just keep our powder dry on that one.

And in terms of switching customers over, it's going to be a more gradual process. You wouldn't want to have 1 million-plus customers hit the network overnight, or anything. We would do that gradually. We would ensure that the experience for our customers was as positive a one as possible, and -- so there was no degradation of service whatsoever, at which time we would move them over.

So we're taking a long view, so we're going to do -- we're going to be conservative about it and we've got a good agreement with Mobistar that

gets us to -- through 2017 and beyond, because we do have a cut-over period after that.

Stefaan Genoe^ Okay, thank you. And perhaps a last question, in the press release you mentioned the lower out of bundle in the fourth quarter. Can you give some more clarification on that, because your bundles have not changed in terms of allowances, I think?

So how come that Q4 we saw -- while we have increased data traffic growth we saw lower out of bundle?

Rob Goyens^ Well, the lower out of bundle, Stefaan, is merely the year-on-year calendar effect as we have been introducing King Supersize in Q1 last year. So therefore, people who actually have gone to this new contract have, in some cases, a lower out of bundle usage and ARPU.

On data monetization we have not been able to -- I have currently given our Wi-Fi strategy. ~~B,~~ basically, the goal for us is to put as much traffic as possible over our Wi-Fi network.

In this respect, of course, there are cost benefits associated to us as a Company, but also for the customers who are able to have a superior Wi-Fi experience over their mobile data. Of course, if they are on the Wi-Fi network, it means that also for them it does not have any incremental costs.

And so, therefore, as a result at this point given our MVNO strategy, we do not see any imminent incremental effects from the growth in mobile data.

Stefaan Genoe^ Okay, thank you.

Operator^ Bart Jooris, Bank Degroof.

Bart Jooris^ First one, extra question on Netflix. Now that you have some months of experience do you see that the traffic they are generating will, at some level, push you to increase your CapEx in your networks in the years to come?

And then something more on the BASE acquisition, you announced EUR240 million investments plus integration costs, will those mostly be focused to the investments on the north part of the country. ~~?~~

There was also some comments before the acquisition from Mr. Donville that BASE would scale back investments in the south part of the country, because of the pylon tax. How are you calculating for the pylon tax in your financial model?

And then finally there was a big Court -- there's still a big Court case of BASE against Belgacom. Should BASE win that is that still for you, or does that go to KPN?

Rob Goyens^ Okay, Bart, let me try to answer these questions.

I think first of all on Netflix and the CapEx investment that we foresee long term, as we discussed at length also during the analysts' breakfast that we organized here at Telenet a few months ago, our network is actually fully capable of dealing with traffic ~~in cases~~ increases long term, as we do anticipate increase in the data capacity and also in terms of streaming capacity over the network.

Netflix and over the top being one of them, but also our own plans as we have just outlined with Play/Play More play an important role in that capacity plan. ~~A,~~ as we do foresee that more and more connected devices in home will make use of those type of streaming applications.

So therefore, we can say that long term, in terms of CapEx beyond the EUR500 million investment that we foresee in the Grote Netwerf, which is all about increasing the capacity of 600 megahertz to -- up to 1 gigahertz and also, at the same time, increasing the number of bandwidth in the network, the overall CapEx additional investments are going to be fairly limited.

On the BASE side, so it's true that we have announced last week a plan to invest into the BASE network, which, together with the integration costs, would come at a total value of EUR240 million. This investment plan is covering the whole of Belgium, which includes of course Flanders, Brussels and Wallonia, as you are aware of.

It's true, however, that most of the overlap in terms of subscribers is coming from the Flemish and the Brussels footprints. And so, basically, what we will be doing is a fine mapping of subscriber density, looking at network behavior and trends, comparing that with our own experience, because at this point BASE has 3.3 million mobile subscribers, of which the bulk are pre-paid subscribers. So it's fair to assume that these people have a lower data usage and have also a lower penetration of smartphones than we typically have here at Telenet.

So therefore, combining our expertise with regards to the consumption of our own customers, with the one of BASE and then comparing it to the network will actually lead to come up with a very sensible and ~~in~~ credible investment plan for the network as a whole.

Then, finally, on the court case, it's true that there is a court case ongoing between BASE/Mobistar, on the one hand, and then Belgacom, on the other hand, with regards to some past differences in terms of mobile pricing.

As a result of the acquisition the outcome of the case is actually majority held by KPN. Meaning that, in the event that there would be a positive outcome for the mobile operators against Belgacom, the ~~differential~~ financial impact would be predominantly with BASE and, to a lesser extent, with us as an acquiring party.

Bart Jooris^ Okay. What's your view on the pylon tax? How's that included in your model for acquiring BASE?

Rob Goyens^ Well, on the pylon tax I think our main take would be that we consider these pylon taxes to be a brake on investments. I think there's something that we have been echoing previously as well with regards to other areas of regulation.

So the idea that we see is that since we are going to invest in the network, we would rather see a good model where we have network-based competition, because it would generate the best interest also from a consumer perspective.

For the pylon taxes, basically in the model we have currently we have just assumed the assumptions that are in the seller's business plan. But do not take any further action at this point, so we take a bit of a wait-and-see there.

Bart Jooris^ Okay, thank you.

Operator^ Louis Citroen, Arete Research.

Louis Citroen^ All the questions I had have already been answered. Thank you.

Operator^ Usman Ghazi, Berenberg.

Usman Ghazi^ I have a couple; again, just on BASE, please. The first question was just on the margins we should be expecting in mobile post-integration. You indicated that you were making a 20%/30% EBITDA in terms of free cash from margin in mobile on the MVNO.

It's in that context, should we really expect the combined [Telenet](#) ~~Telenet~~-BASE operation to be earning mobile margins on an all ~~free cash flow~~ [Free Cash Flow](#) basis in excess of that?

And linked to that question is also the synergy targets that have been communicated. How much of that is actually cost avoidance as opposed to actual cost reduction? So that long-winded question, unfortunately, is the first one.

The second question and my last one is just on your comments that you are a believer in BASE. I just wanted to challenge that a bit, given on the face of it at least, it looks like this is a business that's underperforming Belgacom and Mobistar in service revenue trends. Its [contract](#) churn is the highest in the market. You've got a situation now where, obviously, the bulk of, or a large proportion of the customer base is sitting in Wallonia who might be rightly or wrongly, worried that their Flemish broadband provider has actually bought the company.

Just in view of all of that, how do you see integration risks and why are you -- and what aspect of BASE currently gives you confidence that they can actually deliver? Thank you.

Rob Goyens^ Okay, Usman. Thanks for your questions.

With regards to your first question on the mobile margin and also the margin going forward, one thing I would highlight is maybe a bit cryptical (sic), but the margin today is not indicative of the future margin. Meaning that today our MVNO is, indeed, generating a margin in excess of 20%.

But, let's say, that if you just take the current assumptions you should not extrapolate that 20% margin eternally, because, at the same time, we are seeing an increase in mobile data consumption. And while we try to migrate that risk as much as we can by pushing ahead with our Wi-Fi strategy, it's true that we are exposed to variable data costs, especially in the 4G type of environment. So that's one element.

The second element is that of course the current MVNO contract, which we intend to fully honor, is scheduled to end at the end of 2017. Suppose that the BASE acquisition would not have taken place, of course we would have needed to renew that agreement and, of course, there is an uncertain outcome at this point with regards to the potential value of that contract and underlying drivers.

So therefore, being able now to buy a mobile operator at a multiple of 5 times including synergies, which is based on a forward-looking 2015 multiple, seems attractive, compared to where we see our own multiple at this point in time.

And also, given the synergies that we intend to generate, which as John mentioned earlier are two-thirds driven by MVNO related costs, and so cost that we do no longer pay to Mobistar; and then the remainder coming from further SG&A-related expenses.

With regards to the overall BASE appeal, or the BASE strategy in general, I think it's fair to say that from a cultural perspective there is a good fit with Telenet. I think both companies have historically been challengers to the incumbent operator on various fronts. So we have been a challenger on fixed to the incumbent.

BASE has been a challenger to the other mobile operators in the mobile market, with some good successes. They have gone out into the market with the multi-brand strategy, having a lot of MVNO agreements and also reseller agreements, which we also intend and also are keen to renew and continue that type of business.

I think the BASE proposition is something that works well for us also from a B2B perspective, as was already previously mentioned.

And then there is, of course, the fact that from an overall customer level they seem to have still a very high basis of pre-paid customers. While we agree that a large chunk of these are on so-called MVNO-related contracts and may be difficult to migrate to post-paid, there is still a good upside in terms of potential migration from pre-paid to post-paid.

Usman Ghazi^ Thanks, Rob. Just one follow-up. Do you see potential for the contract subscriber churn at BASE to come down? Or is there anything

structural that you saw, which is why the contract churn in BASE is so much higher than yourselves or Belgacom's or everyone else's?

Rob Goyens^ Not that we are aware of. I think what gives us comfort, and maybe as a short side note is, based in the multiple that we provided so the 5 times EV/EBITDA acquisition multiple, because if you take that number in, which is our own estimate of the BASE performance in 2015, it should give you some comfort that they are on the right track to improve their business.

Usman Ghazi^ Thank you very much.

Operator^ Ruben Devos, KBC Securities.

Ruben Devos^ Most of my questions have been answered already, but I have two small ones left.

The first one, to come back on your comments you've made on the MVNO migration to BASE network. I understood that there is some part of exclusivity involved in the contract. So I wondered: whether this imply implies that both your existing and new customers that you will add in the network until 2017 will still be on Mobistar's network and that you subsequently would start gradual migration as of 2018?

And then the second question, in your guidance you indicated that adjusted EBITDA Adjusted EBITDA in 2015 will be impacted by higher investments in premium content and improving in-home connectivity. Could you also be more concrete on what sort of in-home connectivity improvements you're looking at and whether that includes some cloud-based applications? Thank you.

Rob Goyens^ Okay, so let me take the first question and then I will have Birgit answering the second question on the guidance.

On the MVNO agreement, I appreciate your question, but obviously it's a very sensitive subject and also a confidential one, which is under strict NDA. So therefore we cannot provide too many details.

As we have been seeing previously, we assume that the bulk of the synergies are going to kick through post-2017 when the current MVNO contract is ending. That's all we can say on that for the moment.

And then maybe on the commercial costs, Birgit?

Birgit Conix^ Yes. So the in-house connectivity concerns, or what we call internally our Yelo house-House project, that these are like checkups that we do at customers' houses to improve their connectivity.

As we see, this is more and more important, in order to benefit fully from our services and the quality of Telenet. So therefore, it's important that we make sure that at our customers' homes they can enjoy, actually, the full spectrum. So we visit them and then we make sure that everything is in order, so we place extra modems, etc.

Ruben Devos^ All right. Thank you.

Operator^ Guy Peddy, Macquarie.

Guy Peddy^ One very quick one and one slightly more-longer one. Very quickly, first, given what you said about Q1 with regard to Telenet being the only operator to seemingly invest in handsets, and since we've heard from some of your competitors that they've started to subsidize and be more aggressive in Q2, can we assume therefore that you are not going to chase market share in Q2 and that we're likely to see a reduction in your adds rate in Q2 postpaid additions?

Secondly, on this issue of migrating customers from Mobistar to BASE in late 2017/early 2018, are you concerned that effectively your strategy now for the next three years is pretty clear to all your competitors and the risk is that with having an MVNO that you then want to exit you're going to lose commercial flexibility over the course of the next two years?

And then finally, history would tell you that KPN continues and always underinvest in its assets. So, is there a provision in your agreement to say how much CapEx and what state the BASE network will be when you actually take ownership of it? Thank you.

Rob Goyens^ So, let me take the first question with regards to the hand subsidies in mobile.

As we said earlier, we did spend a lot more in the first quarter of 2015 with a delta of EUR9 million year on year to actually reignite growth in our overall mobile business. This was actually possible, because, at the same time, whereas the fourth quarter was still characterized by a lot of competition, mainly becoming -- mainly coming from aggressive handset subsidies from other operators and temporary promotions, we did see that the competitive environment from that angle eased, to some extent, in the first quarter, which predominantly happened in the January and February period.

So handset subsidies for us are a tactical instrument to reignite our growth in mobile. It's something that we look after, of course, very carefully, because these subsidy approaches have a direct impact on our overall costs and, hence, also our ~~adjusted EBITDA~~Adjusted EBITDA.

So depending where the market is, we may or may not decide to ease or to accelerate again, in terms of overall subsidies. So that's something that we will see later on as the year progresses.

In terms of overall mobile strategy for the next couple of years, I think for us today the strategy is clearer. We are continuing our Wi-Fi strategy, which we see as complementary to owning, in the future, a mobile network.

The contract in itself, from an MVNO perspective, seems pretty straightforward to us and would include already all the things that you typically have today with regards to 4G access, data connectivity, etc.

So from that angle, I don't really believe that having still two years of waiting period would impact, in a negative way, our overall commercial momentum.

And with regards to the final question, with regards to the state of the BASE network and the question with regards to the future CapEx levels, so beyond the CapEx that we have committed, so the EUR240 million, we cannot say more than that. Also, it's under a strict NDA with the seller, so we cannot discuss at this point.

Guy Peddy^ Okay, thank you.

Operator^ Michael Bishop, RBC.

Michael Bishop^ Just one question. You mentioned taking a long-term approach with the BASE transaction. When I think about the CapEx profile of Telenet going forward, there's two very specific CapEx project in the BASE upgrade and the network upgrade.

But looking beyond that, so from 2018, do you have any early view of where you think an integrated cable, mobile company would run CapEx levels, either CapEx to sales or an absolute level for Telenet and BASE combined in a sort of steady state scenario once both the networks are upgraded? Thanks very much.

Rob Goyens^ On the overall CapEx, you have indeed highlighted the two main projects that we are embarking on. I think the first one was already announced last year, which is the Grote Netwerf, so the EUR500 million network investment strategy to go from a 600 megahertz network up to 1 gigahertz network.

As Birgit mentioned also in the presentation, there are some timing variances in the network project, so you will see a ramp-up of that activity later on in the year, as we have now also been hiring all the subcontractors we need for that particular project.

Then, next to that, there is the upgrade of the mobile network, which is, of course, dependent on the regulatory clearance of the transaction. So, therefore, also from a timing perspective, not that easy to say when that will occur exactly.

Beyond that, at this point it's a bit too premature to say how the joint CapEx to sales, let's say, post-2018 would look like. But it's fair to say that on an overall perspective a lot of the upgrade will have, of course, have been done. But it's too early to provide more details on that one today.

Michael Bishop^ Okay, thanks very much.

Operator^ This was the last question. I would now like to turn the call back to Rob Goyens. Please go ahead, sir.

Rob Goyens^ Thank you, operator; and thank you, everybody, for your active participation in this call. If you would have any follow-ups or

additional queries at this stage, please reach out to either me or Thomas.

We hope to welcome you during one of our future roadshows or conferences, and also to catch up at the stage of our Q2 results at the end of July.

With that, goodbye for now and speak soon. Bye.

Operator^ This will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.