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PRESENTATION

Rob Goyens - ***Telenet Group Holding NV - VP Strategic Planning, Treasury & IR***

Okay, ladies and gentlemen, very good afternoon or morning to you and welcome to our investor and analyst call for the second quarter of 2014. My name is Rob Goyens and I'm Head of Investor Relations and Treasury at Telenet. I trust you all received the earnings release this morning and are able to download our PowerPoint presentation that will be used for this conference call and to join the online webcast.

Before we start I'm obliged to advise you that certain statements in this conference call are forward-looking statements, these 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 hand over to John Porter, our CEO, who will provide an executive overview of our main achievements during the first half. Then I will provide you with further details on our operational results. And finally Birgit Conix, our CFO, will guide you through our first-half financial results and discuss the outlook for the remainder of the year. Afterwards we will all be pleased to receive questions.

John Porter - ***Telenet Group Holding NV - CEO***

Thanks, Rob. This is John Porter. Before we discuss the operational financial results I'll kick off with a brief snapshot of the first six months of 2014. So as you can see on slide 5, the first six months of 2014 were really about enhancing our customer's experience, sustaining the innovative fabric of Telenet and stimulating growth. As you can see on the left-hand side of the slide, we enriched our Yelo TV offer, our 360 degree TV platform by renewing the cooperation agreements with all major Flemish broadcasters. Probably thanks to actions like these, we were able to reach almost 450,000 active Yelo TV users. Although it may have had a lot to do with struggles over the remote control during the World Cup.

Currently over 35% of our digital customers use Yelo TV every month, a real benchmark I think here in Europe. Second, we were able to secure the Belgian football broadcasting rights for the next three seasons on a non-exclusive basis, which was our objective. Next to Belgian football, Sporting Telnet also features international football, including the UK's Premier League and others -- also international sports such as Formula 1 and some selected NBA and NFL games.

Third, we introduced a new mid-tier mobile offer called King Supersize at the end of March which has shown good progress as you will see later in this presentation. Also by investing further into our network we increased the maximum downstream speed for our residential customers to 160 megabits per second, confirming our speed leadership in Flanders.

We've also focused on innovation. As you can see on the right, in May we launched Telenet Idealabs, a start-up accelerator which invests heavily in young Flemish digital talent. Over the next few years Telenet will invest a total of EUR1 million in innovation, innovative trajectories of young local entrepreneurs. This will help build the companies that will boost our digital economy, enable us to reap the fruits of both the innovative potential and great broadband infrastructure we have here in Flanders.

Next to Telenet Idealabs we also announced our intention to acquire a 50% stake in De Vijver Media, a company which controls two commercial free-to-air broadcast networks and a renowned content production house in Flanders. This move will ensure that the Flemish TV consumer who is often a customer of ours will be able to enjoy top quality locally produced content for years to come.

On slide 6, we go into little more detail. It's clear that with our STAP plan which invests EUR30 million in local series and films over the last four years we have been a good partner to the Flemish audio visual landscape for some time. Our announcement in June which -- on our intent to acquire 50% stake in De Vijver -- should be seen as the next step. The strategic investment will ensure a continued diverse Flemish media landscape and make sure we have good access to local content in the future.

Pictures you see on the right-hand side of the slide are all programs produced by Woestijnvis, De Vijver's content production house. It includes some of the most original and successful series in Flanders. Note that we are still awaiting approval of the European Commission competition authority to complete this transaction.

Moving on to slide 7, the operational highlights. We are reaping the benefits of continued investment in our customers and network infrastructure as we reached the lowest level of churn for nearly all of our fixed services in four years. Our bundled offers attracted nearly 18,000 net triple play subscribers which was our best second quarter performance since 2009 despite increasing competition.

As such, the total number of triple play subscribers was up 12% year on year and reached almost 1 million at the end of the second quarter. 48% of our customer base now subscribes to our triple play services compared to 42% a year ago. ARPU is nearing the EUR50 landmark, up 5% year on year or EUR2.4 in absolute terms.

In our mobile franchise you clearly see the effect of the improved mobile offering in March and the recent successful summer 4G handset subsidy campaign which led to 41,000 net mobile additions in this quarter, a substantial sequential improvement.

On slide 8, moving on to the financial highlights. You can see that our top line for the first six months of 2014 was up 3% year on year. This was impacted by substantially lower standalone handset revenue, lower analog carriage fees and lower usage related revenue. Excluding standalone handset sales and carriage fees, underlying service revenue growth was around 5%. EBITDA grew by 10% in the first six months of 2014, reflecting our continued focus on cost efficiency and process improvements across our operations. EBITDA margin remains around 55% despite a significantly higher share of mobile revenue.

EBITDA contained a non-recurring EUR12.5 million benefit related to the settlement of certain operational contingencies. Excluding this element, underlying EBITDA growth was still 7%.

Together with an improvement in our working capital, this robust growth in our EBITDA led to free cash flow of roughly EUR151 million for the first six months, a 50% increase versus prior year.

As Birgit will tell you during -- later during the presentation, we are still confident to achieve the upper end of our 5% to 6% EBITDA growth range for the full year despite a softer revenue outlook. Strong business growth we see ahead of us together with cash flow flexibility resulting from the successful April refinancing and the robust growth in our EBITDA should translate into attractive future shareholder value. In this respect, our Board has indicated it will decide on shareholder remuneration towards the end of the third quarter.

Let me now hand it back to Rob who will walk you through the operational highlights after which Birgit will provide you with some more color on the numbers.

Rob Goyens - ***Telenet Group Holding NV - VP Strategic Planning, Treasury & IR***

Thank you, John. As John mentioned earlier, Telenet can look back at another robust operational quarter. Since the launch of our revamped triple play bundles Whop and Whoppa in June last year, we have been enjoying higher growth rate in terms of triple play. And this trend was maintained in the second quarter when we added nearly 18,000 net triple play subscribers.

Consequently, this was our best second quarter achievement since 2009. We now serve almost 1 million triple play subscribers, which was up 12% versus the same period of last year and representing around 48% of our customer base now.

As you will see later, the successful execution of our multiple play strategy is paying off, both in terms of churn management but also in terms of the underlying growth we continue to see in the fixed ARPU per customer relationship. As you can see at the bottom right of the slide, the ARPU per customer relationship was up 5% in the second quarter of this year to nearly EUR50 a month. And note that this excludes the ARPU generated by our mobile subscribers.

If we move on to the next slide, which is slide 11, when you zoom in on the different products starting with broadband Internet. What you clearly see is that broadband Internet continues to trade up. We now have nearly 1.5 million subscribers, which represents slightly more than 51% of the total number of homes passed by our leading HFC network. In the second quarter, which is traditionally a softer sales quarter because of seasonal patterns in our business, we added 12,000 net subscribers. However, the result we are most proud of is depicted on the right-hand side of this chart, and this is the further reduction in our annualized churn rate.

Our churn rate fell to the lowest level in four years time as a result of continued investments in our products and services, our customers and our network. And the fact that we have been able to achieve this despite the competitive market we are operating in and despite the new telecoms law that we have since October 2012 is a great achievement, I believe.

The investments I was just referring to are very nicely recapped on the next slide. On the left-hand side you can see the robust increase in the average download speed. They reached 78 megabit per second now and they were up 81% since the launch of Whop and Whoppa which was only a year ago. Recently we boosted the download speeds for our high-end bundle Whoppa from 120 megabit per second to 160 megabit per second, further increasing our customer proposition.

And also in terms of real throughput speed on the right-hand chart, you can see that we continue to rank well both relative to other operators in our footprint as well as other cable operators across Belgium.

Let's have a look now at fixed telephony on slide number 13. Since the launch of our new bundles Whop and Whoppa in June last year we have seen higher growth rates for our fixed telephony service and this trend basically continued into the second quarter. In the second quarter we added nearly 19,000 net subscribers which was almost double the run-rate we achieved last year.

Also, our innovative voice over IP app Triiing adds value to our fixed telephony proposition as it enables customers to call over any WiFi network worldwide while paying the attractive flat fee fixed telephony rate. Especially now during the summer periods we believe Triiing is an interesting way for our customers to avoid expensive roaming charges. At the end of June we had over 210,000 registered devices and we now have in total 1.1 million fixed telephony subscribers which was a growth of 11% year on year.

Moving over to mobile now on the next slide, I first want to outline a couple of improvements we recently made to our product offering with the introduction of King Supersize and the launch of 4G services at the end of March. As you can see at the bottom of the page, our King Supersize offering remains best value for money in this untapped market segment. Recently we also ran a successful handset subsidy campaign of which you see some nice pictures on the next slide, slide number 15.

In this summer campaign we actually offered attractive 4G-enabled smartphones for just EUR49. The result of all these elements is actually summarized on slide number 16 where you see that we have been able to accelerate the net mobile subscriber growth in the second quarter as we added 41,000 net mobile postpaid subscribers. Note that this was achieved despite the intensely competitive environment we are operating in. Also, we believe that relative to the operational results which have been presented so far by our direct competitors and taking into account that these customers were only acquired within our footprint and on a postpaid contract that this achievement in the second quarter is actually underlying a very strong and very favorable development. We now have just below 821,000 mobile postpaid subscribers which is up 22% compared to June of last year.

We already discussed the churn trends on the fixed products but also on mobile there is an important improvement to be notified here. Our mobile churn further improved and reached its lowest level now since the launch of our new rate plans King and Kong mid-2012. With a churn rate of around 13% we believe that this is actually a very good performance relative to other operators within our industry.

Let's tune into digital TV now on slide 17. The main message here is that we have already converted 80% of our basic cable TV subscribers from analog to digital which has resulted into higher ARPU per subscriber. Our entertainment propositions Rex and Rio continue to show nice traction with nearly 113,000 subscribers now, they were up 9% quarter on quarter. And also our over-the-top TV platform, Yelo TV, which is complimentary in our Whop and Whoppa bundles, is helping to strengthen the relevance and attractiveness of our product offering as John has told you earlier. Again, a very good performance here in the second quarter as well which has to some extent been attributable to the side effects from the recent World Cup championship.

Talking about football and sports, I am sure that you have seen that we have been able to extend the broadcasting rights for the Belgium football competition for another three years until the 2016-2017 season. As such, all matches of the Jupiler Pro League will be covered live on Sporting Telenet. The acquisition of these non-exclusive rights has enabled us to optimize our investment costs compared to the initial contract which was, as a reminder, partly an exclusive and partly a non-exclusive contract.

But Sporting Telenet is however much more than Belgium football, as we also exclusively broadcast the main international leagues within Europe as well as other interesting sport events such as NBA basketball, golf, and Formula 1 which has been added since the beginning of this year.

At the end of June we had around 202,000 subscribers to Sporting Telenet which was a growth of 3% compared to the year ago period.

To finalize, the view on TV on slide 19, you can see the improvement we have recorded in the net organic loss rate in terms of basic cable TV subscribers in the second quarter. We believe that a loss of around 6,000 basic cable TV subscribers in the quarter represents a solid achievement because this was achieved despite the competitive environment and the availability of new TV platforms in our market.

Slide 20 shows you the results of our B2B operations, Telenet for business. The revenue for the first six months was up 5% to slightly lower than EUR47 million and reflected higher revenue generated by mobile wholesale services and also fixed voice. As continued price erosion in this market segment was more than offset by the launch of ISDN basic access for the SME and SoHo markets. This was a market segment that we did not penetrate previously and this looks like a very promising growth domain for us going forward.

I would like to conclude this operational overview with a short update on cable wholesale regulation on slide 11 -- slide 21 and I would like to provide you an update since we last spoke during the Q1 call. In the meantime, we have completed the implementation phase and we are ready to welcome the first cable wholesale customer on our network.

Secondly, on the legal appeal case, we now expect the court of appeal to rule in September and we will see whether the court shares our view that the current regulatory framework is outdated and disproportionate.

With that let me hand over to Birgit Conix, our CFO, who will walk you through our financial results.

Birgit Conix *- Telenet Group Holding NV - CFO*

Thanks Rob. As John mentioned in the beginning of this call, Telenet can look back at another solid operational quarter which translated into healthy financial growth for both the second quarter and the first six month of the year as I will explain in a minute.

For the first six months of the year we generated revenue of EUR839 million, up 3% year on year. Our revenue growth rate was impacted by significantly lower revenue from the sale of standalone handsets on which we generally earn a small margin, lower analog carriage fees and lower usage related revenue. Excluding the revenue from the sale of standalone handsets and analog carriage fees, our underlying revenue growth of the first half would have been around 5% as you can see on the right hand chart which I believe is a better reflection of our underlying growth rate.

As for the second quarter, we achieved revenue of EUR422 million, up 3% year on year and marking a slight improvement relative to the first quarter growth rate. As in quarter one, our growth rate in the second quarter was also impacted by lower standalone handset sales and lower analog carriage fees.

For the second half of the year we expect our revenue growth rate to accelerate versus the first half driven by our mobile business, higher revenue from our B2B activities and a more favorable comparison base for the standalone handsets.

Let's have a look now at our adjusted EBITDA performance on slide 24. For the first six months of the year we produced EUR460 million of adjusted EBITDA, up 10% year on year. As mentioned during the first quarter call, our adjusted EBITDA for the first three months benefitted from the settlement of certain operational contingencies which had a favorable non-recurring impact of around EUR13 million. Excluding this impact, our adjusted EBITDA growth for the first six months would have been around 7%.

The robust growth in our adjusted EBITDA was primarily driven by significantly lower costs associated with handset sales and subsidies in the first half as a result of phasing and timing variances in some of our campaign. As for the second quarter, we achieved EUR222 million of adjusted EBITDA, up 3% year on year.

As expected, the growth in our adjusted EBITDA slowed in the third quarter as a result of higher subsidies and other timing variances in our campaigns compared to last year. Some examples are the effects from the recently launched 4G summer campaign as Rob mentioned earlier.

Furthermore, our lower marketing spend in the quarter was partially offset by firstly higher interconnection costs due to our continued RGU growth for both fixed and mobile telephony and secondly higher copyright costs following the February increase. Yet our underlying adjusted EBITDA margin for the second quarter remained broadly stable compared to the prior year period at around 53%.

Moving over to our accrued capital expenditures, for the first six months of 2014 these totaled EUR188 million, up 6% year-on-year and representing around 22% of our revenue. Our accrued capital expenditures were impacted by the extension of the non-exclusive Belgian football broadcasting right in the second quarter of 2014 as the first season under the new contract has been capitalized under IFRS and will be amortized as the season progresses.

Excluding this EUR28 million impact accrued capital expenditures would have represented around 18% of our revenue for the first six months of 2014, impacted by phasing of setup box related capital expenditures and certain network investments.

On the right-hand side you can see the breakdown of our accrued capital expenditures excluding the impact from capitalized content costs. As you can see, around 60% of our accrued capital expenditures for the first half were scalable and directly related to the underlying growth of our activities and targeted investments in our most precious assets being our network and our customers.

Let's have a closer look now at our free cash flow performance and you see this on slide 26. For the first six months we generated EUR151 million of free cash flow, up 50% versus the first half of 2013. The robust growth in our free cash flow was driven by the healthy increase we achieved in our adjusted EBITDA and an improvement in our working capital triggered by our new working capital policy.

Moving over to the next slide you can see the evolution of our net leverage ratio on the left-hand side and our current debt profile on the right-hand side. At the June 30, 2014, our net leverage ratio reached 3.6 times, representing a further decrease relative to prior quarters as a result of the strong growth in our Consolidated Annualized EBITDA and healthy cash generation. Our net leverage ratio is significantly below the covenant of six times and availability test of five times.

In terms of debt maturity profile the picture on the right-hand side reflects the status post the April 2014 refinancing when we refinanced certain of our Term Toans and Senior Secured Notes which were due in 2016.

As you can see, we have no debt amortizations prior to November 2020 with the average tenure of our debt reaching just about eight year now. Also know that we still have EUR323 million available under our Revolving Credit Facility which together with the healthy free cash flow provides for ample cash flow flexibility.

I would like to conclude this formal presentation with a recap of our full year outlook. Taking our first half performance and current business trends into account we now see revenue growth between 4% and 5% for the full year, including a meaningfully lower contribution from both standalone handsets fees and analog carriage fees.

As mentioned earlier, we expect our top-line growth rate to accelerate in the second half driven by our mobile and B2B activities and a more favorable comparison base for standalone handsets sales.

Despite the softer revenue outlook we remain very confident to achieve healthy mid-single-digit adjusted EBITDA growth of between 5% to 6% for the full year. This implies a margin improvement of around 100 basis points compared to the full year 2013 despite a higher share of lower margin mobile and entertainment revenue in our mix.

I believe this represents a strong proof of our operating leverage and our ability to control our overhead expenses. Accrued capital expenditures as a percentage of revenue for the full year are expected to remain within the 20% to 21% range which results in a somewhat lower CapEx spending in absolute terms based on our revised revenue guidance.

Finally, our free cash flow outlook remains unchanged as we continue to target free cash flow between EUR230 million and EUR240 million, including a lower free cash flow growth in the second half. This reflects amongst others, firstly seasonally higher cash payments for the Belgian football broadcasting rights in the second half and secondly lower growth in our adjusted EBITDA as embedded in our outlook, and thirdly timing effects in our working capital.

As far as the shareholder remuneration is concerned, you will have seen that the Board of Directors is committed to take a formal decision by the end of the third quarter. With that let me hand it back to the operator for Q&A.

QUESTION AND ANSWER

Operator

(Operator Instructions) Emmanuel Carlier, ING.

Emmanuel Carlier *- ING - Analyst*

I have three questions. The first one is on M&A. So it looks like there is -- that it might take a little bit longer to see in-market consolidation in Belgium. If we look at the comments from Mobistar, so they are busy with the operational turnaround, so they might probably wait some more quarters. If I look at VOO the regional government has already been formed and these are the socialists, so its looks less likely that they will sell.

So maybe BASE is actually the only company that might be open for discussions, so the first question is could you maybe provide a little bit your views on, in-market consolidation in Belgium. Then secondly is on digital TV, so I see there that the ARPU quarter over quarter was still slightly down despite the Rex and Rio launch, so that surprised me somewhat because in the first quarter you gave promotions. Have they not ended in the second quarter?

And then thirdly on mobile, there I would like to know how much percent of your customer base is on King, King Supersize and Kong and if you believe that the current momentum that we have seen in the second quarter could be sustained in the next quarters? Thank you.

John Porter *- Telenet Group Holding NV - CEO*

Okay, I'll kick it off on the first one. Yes, I think there have been some recent comments by certainly Mobistar, about where they are in their -- in the cycle. And they have invested substantially in 4G and in their operational turnaround, but I am sure they are interested in a cash-on-cash return for those investments. I think over the long term, of course I think strategically standalone mobile platforms are somewhat challenged and I am skeptical as to whether wholesale cable access is going to be a solution for them. So we stand ready at any time of course to discuss with either Mobistar or BASE how we can complement each other's efforts in the future.

There is no rush from our standpoint, because we do have a full MVNO agreement that we're quite comfortable with, and that is good through 2017. So I don't think right now we are feeling any particular pressure to move quickly to acquire mobile network operator, although I think ultimately there has going to have to be some rationalization.

On VOO I think yes, I -- there is a lot of different views as to whether that business would ultimately be interested in selling or having a partner. I don't have any sort of, anything to add to that debate. We do work very closely with them from an operational standpoint; we are very close to the company on a number of levels. We provide their MVNO for them, we have a partnership on B2B, so we are plugged into them on a number of levels.

And I think if they did feel like they wanted to do something more strategic, we'd certainly be the one of the first ones to hear about it, so. But I think, yes, general it's our position that M&A sort of ways off is probably correct. You guys want to --

Rob Goyens *- Telenet Group Holding NV - VP Strategic Planning, Treasury & IR*

Yes, maybe, Emmanuel if I can come back on the question on the DTV ARPU, so if you look at particularly the second quarter but also at the previous quarters, you should know that the impact is mainly driven by the way we allocate the bundle discounts from the new Whop and Whoppa bundles compared to the older legacy bundles, so the former Shake bundles, because the Whop and Whoppa have a more favorable allocation for broadband revenue which is the reason why this revenue line is particularly up. Whereas TV and also fixed telephony is impacted in a slightly more negative way, so that's the biggest driver.

But also in the second quarter we had somewhat seasonal higher churn for Sporting Telenet which is not that unusual in the second quarter because this typically represents the end of the football season, so typically customers churn off temporarily and then they come back at the beginning of the third quarter as we do not have a fixed contracted duration at this point in time.

So on the digital ARPU I think we are comfortable that over time as we further position ourselves in the entertainment space and are successful with the launch of Rex and Rio and the other content propositions that this particular revenue line will continue to grow, also the favorable comparison base with the bundle discounts will of course ease as the introduction of Whop and Whoppa will reach its anniversary, so that should be more favorable as of the third quarter as well.

John Porter *- Telenet Group Holding NV - CEO*

And on mobile it's our intention by the fourth quarter to have no legacy customers whatsoever, so basically to have all of our customers on King or Super -- King Supersize or Kong. So we, you know, that's actually very, puts us in a very favorable position vis-a-vis the other mobile network operators who still have as much as 50% of their base in legacy position, so.

Rob Goyens *- Telenet Group Holding NV - VP Strategic Planning, Treasury & IR*

Yes, maybe Emmanuel if I can add. So on the split itself, so we do not provide a split between the different customer profiles. However we have given an indication of our mobile ARPU also in the press release, outlining that it was just actually at the high-20s. So that would mean that, yes, that the bulk of the customers actually on the King or on the King Supersize rather than the Kong product just from an ARPU -- blended ARPU perspective.

The growth rate that we have recorded in the second quarter was clearly up compared to previous quarters, and as I outlined in the presentation this was driven by a couple of elements, so it was clearly all about the improved mobile lineup with the introduction of King Supersize. The 4G access also played a favorable role here. And not to forget also our successful subsidy campaign which we introduced at the end of May. If we look at the current business trends we see that the momentum for mobile continues to be very favorable.

So in that respect it ties in with what Birgit alluded to earlier with regards to the outlook statement which is that we are confident to see a acceleration in revenue in the second half of the year which will be driven by the higher subscriber growth that we are currently seeing.

Emmanuel Carlier *- ING - Analyst*

Okay. And maybe one follow up, in the second quarter could you disclose the percentage of people that chose for the Supersize option?

Rob Goyens *- Telenet Group Holding NV - VP Strategic Planning, Treasury & IR*

Not to -- I -- from our perspective --

Emmanuel Carlier *- ING - Analyst*

-- yes.

Rob Goyens *- Telenet Group Holding NV - VP Strategic Planning, Treasury & IR*

-- it would be too sensitive from a commercial point of view.

Emmanuel Carlier *- ING - Analyst*

Yes, okay, I understand. Thanks a lot.

Operator

Joshua Mills, Goldman Sachs.

Joshua Mills - ***Goldman Sachs - Analyst***

Just two from me. The first just on the EBITDA slowdown. It sounds like most of that's due to the phasing of handset subsidies in this financial year. Should we expect further subsidies going forward? I think people have spoken before around the second half this year being potentially more commercially competitive and how could that potentially weigh on the EBITDA trend?

Secondly, how much of your overall traffic is now going over WiFi? And can you just remind us of your timing hoped for the launch of EAP SIMs, and if possible any clarity on what potential profit driver that could provide as well? Thank you.

Birgit Conix - ***Telenet Group Holding NV - CFO***

Okay, I will take the first question. And indeed you are right, so in 2014 we have a different phasing of our investments compared to 2013. And a big part of our investments is the -- of our total investments actually are related to specific campaigns which are linked to subsidies but also investments, other investments in innovation and growth initiatives which happen to, this year to occur more in the second half of the year versus the same period last year, so that is what you see. And also indeed the competitive environment also plays a role, so hence we also keep our EBITDA guidance as such as we promised in the beginning of the year.

Rob Goyens - ***Telenet Group Holding NV - VP Strategic Planning, Treasury & IR***

And maybe on the WiFi offloading opportunity for mobile, so I think we, previously we discussed that around 40% of the mobile data traffic is actually offloaded to our WiFi homespots and also the public hotspots. We have been rolling out what you will see us doing in the near future, is first of all further boosting the penetration of our WiFi homespots within the territory. We currently have around 1.1 million of WiFi homespots deployed, that is representing 72% of the overall broadband subscribers that we currently serve. That percentage will increase overtime as we will also equip our legacy broadband customers with new modem sets. So therefore de facto over time reaching a nearly 100% penetration of the broadband subscriber base. At the same time the launch of EAP SIM is going to be an important step for us in order to make sure that this automatic single authentication is coming and will help us actually to increase the share of traffic that is being offloaded on our WiFi network.

What it will do to the cost is actually difficult to assess, but I think what's clear is that since we are an MVNO operator basically a lot of the cost that we face are going to remain variable. So controlling usage of our customers and being able to accurately forecast how the usage of customers will evolve is actually quite crucial in our strategy, and that's why the investment in WiFi already started relatively early, and also the EAP SIM will actually help in that domain, so that's -- that you should expect to happen later in this year. And of course once we are ready we will also communicate on that one.

Joshua Mills - ***Goldman Sachs - Analyst***

Great, can I just ask one follow-up actually. In the past BASE has been fairly vocal about the fact that they would not provide the same MVNO terms to Telenet as were provided by Mobistar. How do you view your own negotiation position in the market when the current deadline of 2017 is reached both with your current MVNO partner and anyone else you could go with in the future? If you feel you could achieve the same economics as you currently have.

John Porter - ***Telenet Group Holding NV - CEO***

Well, of course the whole model of the MVNO is already changing with much more of an emphasis on data today than on voice when this one was negotiated, and then you have the whole elements of VoLTE, which is coming within the next 12 months which isn't even addressed in our current MVNO. So probably I am sure we will go into discussions well in advance of the end of 2017 merely to address some of the emerging trends in the business.

I mean, look I think we have a lot of levers to pull. Certainly our whole WiFi first strategy is very important and not just roaming from hotspot to hotspot but ultimately roaming between WiFi and the 1800 or 800 network will be I think an option for us well before the renewal.

We also have I think things in addition to just the, I guess competitive leverage we might have between the operators we might also have things that we can provide those operators in a more commercial arrangement. I think standalone mobile operators need robust network partners. And so it's a very, it's going to become a much more complex relationship in an IP centric world compared to the negotiation last time which was really 90% about (inaudible) voice and SMS and those kind of things which are going to become less and less relevant. So it's a little bit of a convoluted answer, but I think we've got a lot of levers to pull in our discussions even if one or even two of the parties don't want to play. Not the least of which is probably at that point going to be close to a EUR0.5 billion of revenue to the operator.

Joshua Mills - ***Goldman Sachs - Analyst***

Great. Thank you very much.

Operator

Bart Jooris, Bank Degroof.

Bart Jooris - ***Bank Degroof - Analyst***

Some questions from my side, regarding the announcement of the shareholder returns, what's holding your Board from doing it now, are you still looking for acquisition or waiting on the approval of the De Vijver acquisition?

And related with that, what leverage ratio are you looking at, to my recollection previously you was looking at 4.5 times net debt to EBITDA, but in the press I read today you're looking more at four times net debt to EBITDA.

Then little clarification, please, on your revenue, you state that you had less handsets sales on which you generate a low margin, but you also state that the your costs were less because you had less handsets subsidies. So I thought that subsidized handsets had no margin, could you give a little comment on that?

And then finally, looking at the De Vijver acquisition, what other revenue sources are you looking at?

John Porter - ***Telenet Group Holding NV - CEO***

Well, I'll take one and three. On the -- as we mentioned in our press release, in our statement, our Board is inclined to look at shareholder return proposal in the September timeframe. There are a number of reasons -- some of them which are internal as to why we weren't able to do it today. Some has to do with the more information that is required, some has to do with the fact that we may or may not be in the market, in capital market over the next few weeks and thereby giving ourselves more flexibility to pinpoint a more exceptional dividend.

So it's just a question of priorities, the work to be done, and the ability of our Board to address that. We also had, we've had all, virtually all but one of our independent directors have, are new to the Board, and there is several good reasons why we thought we'd make a more informed decision in a couple of months. That being said, once again, the Board is inclined to do act in the absence of alternatives for that excess liquidity. And as I said earlier in the comments on M&A it doesn't look like anything is imminent. So I would anticipate a positive movement in that regard by September.

On the De Vijver transaction --

Bart Jooris - ***Bank Degroof - Analyst***

Sorry to interrupt you, there was also the question of the targeted net debt to EBITDA.

John Porter - ***Telenet Group Holding NV - CEO***

Yes, sorry about that. Yes, look, I think that comment about the four times that the press picked up this morning was taken a little bit out of context. It was just to say that we can very easily, we could actually gear up to four times by just drawing down our revolver or to 3.9 times. So we do have a fair bit of flexibility even without going to the market to get up to four times. The Board has said historically that they were comfortable going up to 4.5 times but that shouldn't be read as a indication of what they would be comfortable doing in the context of some form of dividend or capital returns though. It's really a matter for the Board to decide exactly what level they are comfortable with, but.

Including the cash and the undrawn revolver that we have without going to the capital markets we have about between EUR450 million and EUR500 million of liquidity, available liquidity today.

Bart Jooris - ***Bank Degroof - Analyst***

Okay.

Operator

Our next question comes --

Bart Jooris - ***Bank Degroof - Analyst***

No, no, no --

John Porter - ***Telenet Group Holding NV - CEO***

No, wait. There is a couple more questions here.

De Vijver, look one of the big projects we have underway is targeted advertising, something we want to introduce to the market using our database of 1.6 million digital set-top boxes and some various Big Data software, investigative packages that sit on top of those, those boxes. We think it's a big opportunity to revitalize broadcasting revenues in Flanders. We also think that there is a lot of ways to amortize the programming more effectively when we can do it between the multiple platforms, whether we put scripted dramas behind the pay wall initially or we do any number of things that to help amortize the overall cost of investment in local programming.

Other revenues would include obviously the ability to bundle availability on four, five and potentially other channels we might do under the auspices of De Vijver to the market in a sort of a cross-platform digital sales initiative. That is few of the examples but there are many other ways in which we think we can stimulate the De Vijver business model.

And on the handset reconciliation.

Birgit Conix - ***Telenet Group Holding NV - CFO***

Yes, I will take that question. So standalone handsets, you were asking about that they generate indeed little to no margin, so therefore a significant drop in sales reduces the related costs. And with standalone handsets we mean cellphones without a subscription, so they are sold at our dealers or Telenet shops. And that's the first part of your question. So there we do indeed see those costs not happening in the first half.

Now, for your subsidy question. In June 2012 we simplified our mobile offering through the launch of two competitive mobile rate plans, King and Kong, and later Supersize King, and these rate plans also come in a subsidized formula such as our, for instance, iKing and iKong formulas with Apple.

And as you may have seen and in -- also in the past quarters, handset subsidies may vary from quarter to quarter as they are mainly used as a customer acquisition instrument just like other means of tactical promotions. And as handset subsidies are fully expensed at the time the handset is delivered to the customers, there is an immediate EBITDA impact when there is a lot of subsidy activity taking place. And this happened in the first half of 2013, as you may recall, and this time for us, 2014, our major campaign started this summer and will also be ongoing for the remainder of the year, we have some plans. So that's why you see the shift in both costs. Does that answer your question?

Bart Jooris - ***Bank Degroof - Analyst***

Yes, more or less. Can I just have one follow-up question which shoots -- that shoots to my mind. Saw that the share based compensation was virtually lot higher than Q1; is that a timing difference or a change in policy?

Rob Goyens - ***Telenet Group Holding NV - VP Strategic Planning, Treasury & IR***

Rob here; so it's not really related to a change in policy because it's just a matter of recognition of the share as of the cash based compensation that is provided to members of our senior leadership team. So you see that occurring from time to time below our EBITDA results. So this actually does not really have lot of an impact. But if you want, I can probably do a bit of deeper digging into the real drivers behind it and contact you offline, if that is okay for you.

Bart Jooris - ***Bank Degroof - Analyst***

That will be perfect. Thanks, Rob. That's all for my questions. Thank you very much.

Operator

Nawar Cristini, Nomura.

Nawar Cristini - ***Nomura - Analyst***

Thank you very much for taking my questions; I have a couple of them. Firstly on revenue guidance downgrade, can you help us understand better the impact of the analog carriage fee on the EBITDA by -- as perhaps how much of revenue outlook downgrade was down to those fees?

And secondly, a question on the fixed competitive landscape, are you anticipating any impact from Belgacom's branding? And lastly, are you planning any preemptive actions in preparation of Mobistar's entry to the triple-play market? Thank you very much.

Birgit Conix - ***Telenet Group Holding NV - CFO***

I can answer the first question on the carriage fees. The amount was EUR4 million, and that resulted from new negotiations that we have done with the broadcasters on the analog fees, and then I will hand over to John for the next question.

John Porter - ***Telenet Group Holding NV - CEO***

Yes, well, certainly we are anticipating some impact from Belgacom's heightened focus on Flanders and on Telenet service area. I would point out that with churn at virtually an all-time low, in fact, with our [4P] churn at sub 2%, that we are feeling quite confident in our ability to retain our customers in that context. I think a lot of the battle between ourselves and Belgacom will be fought between new customers and potentially lower end customers. And obviously we have got a few things in our kit bag to make sure that we can compete on those fronts.

I think we are very well positioned in the TV space, but I -- like -- our TV product we have a number of enhancements in the pipeline taking advantage of cloud-based PVRs and all the things that can be done with that, et cetera. And I think we have a much stronger user interface and Yelo TV is one of the most utilized over-the-top TV platforms in Europe with close to 40% utilization rate per month of our digital customer base.

So I think our message is, yes, they're going to try some things, they will compete effectively, particularly in the fixed mobile conversion space, but if we do all the things that we plan to do and we provide the customer experience that we have and will continue to have then I think we will be able to withstand the competitive push from Belgacom.

Rob Goyens - ***Telenet Group Holding NV - VP Strategic Planning, Treasury & IR***

You know what, maybe to come back on your final question with regards to Mobistar's likely entry into the triple-play market later this year. First of all, I explained the update into this cable wholesale regulation. What has happened between the first quarter and the current situation is the de facto, the implementation of the cable wholesale regulation at our end, so being ready from a technical perspective. We are still having the legal appeal case where we expect an outcome quite soon. And depending on that outcome of course that could mean that depending on what the court will rule on that in this respect. So, nevertheless, we have actually been following these steps so far and have been preparing for the network opening. So all of that has been perceived. And I think from our perspective what we -- what we have been seeing since more than a year now is that we have a much more competitive market in fixed since new players have joined, either over top providers coming in for TV or low-end brands coming in for such as Snow, for example, having a very aggressive triple-play offer.

Nevertheless, you have seen the results that we were able to achieve both with regards to the growth in our consumer base, but more predominantly the very good result on the overall reduction in our churn rate. So that's a good confirmation of our strategy. So what we do from a customer perspective is we continue to invest in the product proposition we have. So meaning that we provide higher speeds, we develop new things like the Triiing application. The Yelo TV application is also something that we are quite bullish on as John alluded to just recently. And so all of these feature sets have been integrated on top of the overall bundle to make sure that as long as we continue to execute our strategy, as long as we continue to focus on providing this great customer experience I think we have all -- I think we can still be fairly relaxed and fairly upbeat about our own customer proposition that we have in the market.

Nawar Cristini *- Nomura - Analyst*

Okay. Very helpful. Thank you very much.

Operator

Marc Hesselink, ABN AMRO.

Marc Hesselink *- ABN AMRO - Analyst*

Firstly looking at the churn going down in fixed. It seems that -- you talked a bit about it in the last question, but that the market is maybe increasing a little bit on competition. But overall I would say that also your growth is accelerating a bit again. I assume that it will have a very positive effect on your profitability going forward. So if you would split that mobile versus fixed, is that true that your fixed mobile profitability continues to increase?

And then secondly, in the press release you mentioned higher interconnection expenses. I was just wondering is that just you because of a largest customer base or is it also that the clients that you have on mobile are more optimal using their bundles and therefore that you have to pay more on that.

And then thirdly, I'm just looking a bit on the growth drivers that you are seeing at the Company, more longer term. Firstly, you had the growth on the fixed side, then the mobile is really taking that over, and now that's slowing down a bit. Do you see another growth [driver], like for example, the business segments, and if that's not the case are you more and more looking at the cost side of the business to increase the value?

Rob Goyens *- Telenet Group Holding NV - VP Strategic Planning, Treasury & IR*

Maybe Marc if I can take the first question on the churn trends overall. So as we said during the presentation, the churn rates on fixed have been trading lower and have actually reached the lowest level of the last four years for both broadband Internet and also for basic cable television which are actually quite remarkable achievements especially on TV because, as I said earlier, we have now more operators to compete against but also with a new telco law making it easier for customers to switch. And the fact that we as a Company have decided back at the end of 2012 to abolish the thick contract terms, actually makes it much easier for customers to switch from operator to operator. So therefore being able to reduce the churn rate despite this competitive market is actually a good achievement in this respect.

In mobile I think it has a lot to do with the innovation that we did in terms of product line up. The fact also that on the high end side we reduced our Kong offer in terms of price. So you remember that we have took it down EUR5, now being priced at EUR45. But also the network improvements at our network partner Mobistar have clearly helped in this respect in order to make sure that the churn levels remain fairly low.

So all of that is actually related to the way we integrate and we deal with the customers on a day-to-day basis. The product proposition we have and we continue to enrich such as the recent broadband increases that we did from customers as well. Now, the impact of course is that, as you obviously maintain the low churn rates going forward, that this will have actually a favorable impact overall on the cost that you need to serve these customers going forward.

On mobile, however, there the question was also raised for mobile profitability. I think for mobile profitability generally I can actually summarize a statement we made previously is that, of course, mobile comes at the lower margin contribution compared to our legacy cable business. Nevertheless, given the fact that there is actually very little to no CapEx involved directly means that the EBITDA contribution of that business translate directly into free cash flow and therefore that is actually a very solid business to be in from our perspective. Also as we get bigger and as the skill builds, that will have some favorable effect as well on the condition that actually we are able to further control the volume that is generated by our customers going forward.

And maybe Birgit on the interconnection cost.

Birgit Conix *- Telenet Group Holding NV - CFO*

Yes. So the higher interconnect expenses are simply due to higher RGU base. And as you may have seen, we also had lower interconnect revenues, and this is due to customers switching from SMS to data, and that was reflect -- was reflected in a decline in our revenues, is about EUR4 million I believe.

John Porter *- Telenet Group Holding NV - CEO*

And the third question, really we divide our -- we look at our business in a couple different ways. One is we have the three areas we think we can still drive mid- to high-single-digit top-line growth which is Telenet for Business, our enterprise division, mobile and entertainment -- premium entertainment which includes Sporting Telenet and our SVOD and linear offerings. So those are our real growth categories.

But fixed is more, we now have 61% of our digital base on triple play. It's -- we're probably getting to the point of diminshing returns. So that's becoming more of a yield business for us. But at the same time we have a roadmap for our HFC network to get up to 1 gig or above in terms of both capacity and speed, and that's going to deliver a range of, we think, value-added services that are going to create real growth cycle for us down the road.

So we still -- we are still looking for a sustainable mid-digit, mid-single-digit or if we're lucky higher sustainable growth trajectory for revenue going forward. That being said, there is probably an increased focus on costs in the business than from before when we were just out there harvesting Internet subscribers right and left. So and that -- we are at a point in the cycle where we need to be a lot more focused on cost and return on capital. So we are doing that. That's kind of the way we look at the business.

Marc Hesselink *- ABN AMRO - Analyst*

Okay, clear. Thank you.

Operator

Stefaan Genoe, Petercam.

Stefaan Genoe *- Petercam - Analyst*

I have got some, three questions please. First you indicated during the call that the Board was confident going up to 4.5 times leverage, I was wondering is that the current Board in its current composition or the previous Board, and if not so does that also refer to the internal decisions you mentioned that still had to be taken?

Secondly in -- Liberty Global in Austria and Switzerland has decided to combine its cable assets, is there something you could consider doing between Telenet and, for example, the Ziggo-UPC merger in the Netherland, so a cross-border combination of cable assets.

And then thirdly on fixed telephony we've see, or in residential telephony we see for the first time a decline of sales year-on-year which is due to the fixed telephony, mainly the lower usage related revenue and the Freephone Europe. How do you expect this to evolve coming quarters, can we -- the bunch of this impact behind I think can we see an improvement in fixed telephony revenues year on year in the coming quarters or -- and even return to positive growth rates again? Thank you.

John Porter - ***Telenet Group Holding NV - CEO***

Yes, I think I can answer all those questions. First of all you make a very good point, the leverage ratios that was stated before of between 4 and 4.5 times was the position of the Board when Frank Donck was the Chairman. I think our current Board with Bert De Graeve is still yet to take a firm position on their comfort level. But that being said Liberty Global which is has the most people on the Board is at five times. So I think 4.5 times I wouldn't see necessarily a lot of downward pressure on that position from our new Board who are still coming up the curve on the levered return model.

In terms of the regional linguistic area consolidation, that's been much speculated on. I think we're, given the fact that Ziggo and UPC Netherlands need to come together and find few hundred million of synergies, and that's going to be the order of the day for at least the next 12 to some odd months.

We have managed to find substantial synergies working more closely with Liberty Global across the Group not just through the Netherlands, and certainly have benefited tremendously from their innovation and development platform around products and services. So we are getting the synergies without having to create a regional entity, but -- and I guess the final thought on that one is that if it's not broken don't fix it. I think the general attitude at Liberty Global is that Telenet is a business that's firing on all cylinders and everybody knows how important the brand and the franchise with its service area is for Telenet and would be very reluctant to disrupt that.

And then on fixed, I mean I think it's very pretty gratifying that since we launched Whoppa last year that we have been able to turn around the net adds in fixed and we've been quarter-on-quarter adding fixed voice customers. Usage is down, yes, that's correct, but the primary reason there is downward pressure on the revenue is as a function of the mobile discount, because 37% of our triple play customers, and virtually all of our phoneline customers are triple play customers, have a mobile, and therefore they are getting, that discount on mobile is allocated across the fixed products, so that's what's pushing down the mobile -- sorry, the fixed revenue.

Stefaan Genoe - ***Petercam - Analyst***

Okay, thank you. One small follow up on the Board, is it that what you -- when you refer to the new Board, tell us to take a closer look, is it that what you mean when you just mentioned earlier in the call that there are some internal reasons?

John Porter - ***Telenet Group Holding NV - CEO***

Yes, look, I mean, to tell you the truth, I think this is -- the new Board is still finding its feet, and they haven't spent a whole lot of time with the Liberty board members yet, we just had a Board meeting few days ago obviously, and at which point we said that we created a roadmap to come up with a position on shareholder remuneration by the end of the quarter. And I'm -- we are very committed to that, and I think the new Board is very committed to that as well. So, yes, there is nothing more complicated than things like that.

Stefaan Genoe - ***Petercam - Analyst***

Okay, thank you.

Operator

Usman Ghazi, Berenberg Bank.

Usman Ghazi - ***Berenberg Bank - Analyst***

I have three questions, please. My first question is just on the strategy to buy stake in broadcast companies, just debating what the benefits are when you could achieve the same by commissioning exclusive content perhaps with the production house or with the broadcast company, especially given, I mean the regulators are likely to not allow you to take content that's being free-to-air broadcast a day behind a pay wall after buying a stake or taking over a content company, taking over a broadcasting company. So just any thoughts on that would be interesting.

The second question was just on your bundle strategy, obviously you had dual play bundles, you moved to triple play bundles, the Whop and Whoppa which has been very successful, but I am just wondering if the reintroduction of dual play bundles might not be a good defensive strategy ahead of Mobistar launch that might look to deemphasize fixed telephony within the bundle.

And then just related to that, I can see that the Yelo TV offering today is only on WiFi networks or public WiFi networks when you are outside of the home. Is this, I mean is this a deliberate strategy to avoid offering Yelo TV on 4G or is there something in the agreement that prevents that from happening or any comments on that would be interesting.

John Porter - ***Telenet Group Holding NV - CEO***

Okay, I think I can take those. Look, on the broadcast strategy Flanders is a unique situation I would say, and every market has got to look at it market by market. In -- we were opportunistic, and these things will come up all the time. We felt that, yes, certainly we could originate content, we could -- we could start our own channel, we've got plenty of capacity to do that. I've done that before in Australia. I know what it takes and I know how high is up with a pure play pay TV general entertainment channel, so you look at like Sky 1 or something like that, that's probably the model.

But these two broadcast entities between them generate anywhere from 15 to 18 share. There is no way you can get close to that number no matter how much money you spend originating and creating your own product. This day, the production company in this group has been producing real water cooler programming in the market for a decade.

We're also acquiring essentially a platform for our content strategy going forward, whether we amortize sports rights across their platform and our platform, whether we amortize scripted programming, et cetera, it doesn't matter, there is a lot we can -- a lot of synergies in bringing together digital distribution platform in the broadcast platform.

So I could probably wax on for hours to tell you why investing in De Vijver Media was a -- is a good thing to do, and of course my reputation is on the line, so we are going to make it happen. But it's something that we are excited about. I think in addition to have a voice in the media which lot of cable companies suffer from not having. They are perceived as media companies but they have no voice, they have no voice in the public affairs debate and things like that. So there is a lot of good reasons why existing broadcast companies are good things to own, not the least of which they generate cash from day one.

So on the bundle strategy, yes, you bring up a good point, the dual play bundle, when you have people coming -- snapping at you from the low end and certainly you have a generation coming up that doesn't really care much about fixed lines is something that we obviously have considered. The alternative to that is the way we look at our business which is really not about one plus one plus one plus one in the bundle, it's just about, we call it a smoothie, it's about the whole thing mixed together, the value added services that we could put in there.

It's no longer about do I need a fixed line, do I need a mobile phone in my bundle, the fact is that these things all work together. Without the fixed line you can't use Triiing, the VoIP app on your mobile phone to use the FreePhone Europe rate card off of your mobile phone anywhere you go.

So these things all start to melt together. And we're trying to get away from the one plus one, that may be right or may be wrong, but that's the direction we're headed. And on the Yelo TV, it's really a question of rights. We can extend most of our existing rights over WiFi without real incremental cost. But mobile rights is a whole another category, it's more competitive, it's -- the studios and the IP, the rights holders view that as a whole different thing. There is no technical reason why we couldn't offer Yelo TV over 4G.

Usman Ghazi - ***Berenberg Bank - Analyst***

Great thank you so much.

Operator

Ottavio Adorisio, Societe Generale.

Ottavio Adorisio - ***Societe Generale - Analyst***

I have just a couple of follow-up questions from my side. The first one a follow up on an answer that Birgit gave earlier, if I just summarize the answer, if I understood well, in this quarter you sold less handset or you subsidized this handset significantly more. If that's correct and consider that you guided for aggressive steps for this to continue in the second part of the year, I was wondering if this strategy is a result of reducing appeal of your service pricing or instead is a response to more aggressive subsidies offer from competitors.

The second follow-up from, I think it was Rob that actually answered the question, so basically on trade from Mobistar, there was a bit extensive answer given on the Belgacom, on the Mobistar I've seen a bit of relatively less expenses, if I am correct you enjoyed almost monopoly on the highest speed broadband in Flanders, nobody can offer more than 60 megs up to now therefore you've basically been yielding, as you said, that particular position pretty well. Consider that Mobistar will be using your network, it would be matching your offer both on speed and quality, and according to what management said in the conference call they are going to use pricing to differentiate from your offer. I was wondering how you are going to react to differentiate from a competitor that for the first time will match your speed, your quality of network, but would price for less?

And third is just a clarification, you received some advanced payments from Mobistar in January, I was just wondering if you can tell us what the amount and in which line of the P&L all the cash were accounted? Thanks.

Birgit Conix - ***Telenet Group Holding NV - CFO***

I will just give an answer on the first question, again apologies if earlier on it was maybe not so clear. So there is three types actually of mobile phone sales, so the first is just the subscription type of mobile tariff that we sell, which is just the subscription. Then secondly what we do, and we had a campaign just launched this summer, which is a discount on a handset that you provide, so we sold some subscriptions together with a handset at EUR49; so that's another, what we call, kind of subsidy plan. And then you have the subsidies together with the iPhone, such as an iKing and iKong formula together with Apple where the subsidy, the Apple -- or where the subsidy actually is divided over 24 months.

Now, what I was referring to earlier with the standalone handsets, that is unrelated standalone handsets, these are just handsets sold by themselves in like, what I said earlier, Telenet shops or dealers. So this is unrelated to each other. And the subsidy plans that we have in 2014, they happen to be rather in the second half of the year versus the first half of the year. While in 2013 we had all the subsidy plans in the first or most of them in the first half of the year.

John Porter - ***Telenet Group Holding NV - CEO***

And maybe if I can take your question on the Mobistar payment. So indeed as we mentioned on slide 21 of the presentation, we did receive the first payments from Mobistar early in the year which was a payment of around EUR600,000 which was a first milestone, because they had to file a letter of intent and then they had to make the payment itself. So this had a very negligible impact on our cash flow as you can see from the fact that we delivered more than EUR150 million in the first half.

Going forward, the revenue that will be recorded by wholesale customers, whether that's mobile, so for example VOO using our full MVNO agreements with Mobistar or whether that's growth coming from Mobistar customers directly on our cable infrastructure, that will be captured on Telenet For Business soour businesses services revenue.

And on competition, I mean, not going to give away all our secrets. But I guess in general discounting broadband is one strategy, but obviously we have plenty of leverage to pull ourselves and my general belief is that people subscribe to our service for a range of reasons not relating to the cost of their broadband. I think you can see the impact that Snow and Scarlet have had which are also competing on price albeit on a lesser quality network.

But that being said, 30 megabits per second is more than adequate for a great many things than people want to do, particularly people who don't want to pay a lot of money, streaming video works perfectly well on those networks without any problem at all.

So price, a price wedge doesn't have any example of being successful in this market so far. What does have a good track record is providing a full service network with a range of ways that you can relate to it that can deliver a high quality television experience which I don't think we're going to see coming out of Mobistar, because this is not their core business. And like we said before a range of other value added services.

So we're pretty confident, if it gets down to pricing, if we're doing battle in the trenches over pricing then we'll cross that bridge when we come to it. But I am not anticipating a major disruption because we've already been, dealt with that in the context of some other operators.

Last question.

Operator

Paul Sidney, Credit Suisse.

Paul Sidney *- Credit Suisse - Analyst*

It's just one question really. And apologies, I was unable to hear properly one of the earlier questions, sorry if there is a bit of repetition here. But just in terms of the bringing together all of the M&A and the potential shareholder remuneration. Do I understand correctly that you are still potentially looking at M&A opportunities but it seems to be that (inaudible) that there isn't anything particular to do at the moment and you're leaning towards more the and the shareholder remuneration routes. And the debate at the Board level is actually the level of that remuneration and that's why we're -- we've gone to the Q2 results for a final decision. Apologies if there is repetition there but just wanted to bring it all together and understand that.

John Porter *- Telenet Group Holding NV - CEO*

I mean, it's combination of, well, like I said there is not a lot of debate about should there be shareholder remuneration in the context of M&A being if available ways off, which I think is the current perception. And so it's both the quantum but also there are some logistics around it which need to be, we need to go through, and that's going to take a few weeks. And when we're -- we won't waste any time, once we've done that we'll have a Board meeting and then we'll make an announcement to one sector or another. And the only thing that I could see really holding it up would be if there was some other strategic opportunity that emerged, but I don't see one at this point.

Paul Sidney *- Credit Suisse - Analyst*

And just follow-up would it only be major M&A that would be an alternative or are there actually other alternatives apart from M&A and shareholder remuneration, increased investment, for example. Or is it really between the two?

John Porter *- Telenet Group Holding NV - CEO*

Well, no, certainly we consider accelerated investment in the network and things like that as also things that come into play. But I think since we do generate a fair bit of cash in this business and basically increase our capacity by about one full turn per year or little bit less, between 0.7 and 0.8 of a full turn, we generate more capacity, more cash very quickly. So we still feel like we have more than enough liquidity to make the investments in our network, keep some flexibility for emerging consolidation opportunities as well as address shareholder remuneration.

Paul Sidney *- Credit Suisse - Analyst*

That's great. Thank you very much.

Operator

That will conclude today's question-and-answer session. Ladies and gentlemen, thank you for your participation. I will now like to hand the call back to the speaker for any additional or closing remarks.

Rob Goyens *- Telenet Group Holding NV - VP Strategic Planning, Treasury & IR*

Okay, thank you, operator. Thanks ladies and gentlemen for attending this call and also for your active participation. Should you have any further outstanding questions or follow-ups, both Thomas and I will be available and more than happy to answer your questions. For those having specific holiday plans we wish you a pleasant summer break and we hope to see you back during one of our roadshows or conferences in September. Thank you and goodbye for now.

THOMSON REUTERS