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## CORPORATE PARTICIPANTS

**Vincent Bruyneel** *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

**Duco Sickinghe** *Telenet Group Holding NV - CEO and Managing Director*

**Renaat Berckmoes** *Telenet Group Holding NV - CFO*

## CONFERENCE CALL PARTICIPANTS

**Paul Sidney** *Credit Suisse - Analyst*

**Nicolas Cote-Colisson** *HSBC - Analyst*

**Marc Hesselink** *ABN AMRO - Analyst*

**Stefaan Genoe** *Petercam - Analyst*

**Matthijs Van Leijenhorst** *Kepler Capital Markets - Analyst*

**Peter Testa** *One Investments - Analyst*

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

**Michael Bishop** *Barclays Capital - Analyst*

**Emmanuel Carlier** *ING Financial Markets - Analyst*

## PRESENTATION

**Operator**

Good day, and welcome to the Telenet investment and analyst webcast Q2 2012 results conference call. Today's conference is being recorded.

At this time, I would like to turn the conference over to Mr. Vincent Bruyneel. Please go ahead.

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**Vincent Bruyneel** - *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

Thank you. Ladies and gentlemen, a very good afternoon or morning to you, and welcome to the investor and analyst call for the first half of 2012. My name is Vincent Bruyneel and I'm head of Investor Relations at Telenet. I trust you all received the earnings release last night, and were able to access the website to obtain our PowerPoint presentation that will be used for this conference call and to join the webcast.

Before we start, as usual, 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 you over to Duco Sickinghe, our CEO, who will provide an overview of the first-half highlights; and then, Renaat Berckmoes, our CFO, will provide you more details on the financials. Afterwards, we will all be pleased to receive your questions.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Ladies and gentlemen, good afternoon. Thank you for joining us on this Q2 and first-half 2012 call.

When we turn to page 5 of our presentation, you see that we have been quite busy in the first six months of this year. If I take you through the product enhancement, we have vastly extended the WiFi coverage with both our public hotspots and the so-called home phone Wi-Free hotspots that really provide a lot more access for Internet use on-the-go, when you're away from home.

We also introduced before King en Kong yesterday some very competitive SIM-only plans. We've provided more bandwidth and volume for our services. We also provided an update of Yelo, our TV Everywhere product, which is doing very well, and find more and more customers are using that to not just watch video-on-demand, but really use it for linear TV watching. We launched CloudOffice, which you would expect from a company like Telenet to be active in that space, as that is probably one of the very good services as an add-on to our connectivity products going forward. We also launched our DTT equivalent, called Teletenne.

And on the financial side, we're very active adding EUR170 million debt facility under the senior credit facility. We have announced our EUR533 million returns to shareholders, as well as a EUR1 dividend and partly [in] capital reduction. We also announced the extension of the full MVNO agreement, which, of course, have come through very clearly as part of our announcement yesterday.

We now turn to page 6, where you see the evolution of some of our KPIs. Digital TV subscribers had a very strong jump -- 17% year-over-year growth the first-half. And particularly Q2, we saw a very strong acceleration and now is almost 70% of our customer base all digital.

Mobile, pretty good. I think I've mentioned that a couple of quarters ago, that we were not happy with our mobile performance. It had to do with last year, some problems on our HLR, which we, in the meantime, have replaced by a much more solid infrastructure. And since then, we started to push the product, and you have seen our sales improve in Q1 and again in Q2. And I can tell you that before the launch of King en Kong yesterday, our Q3 also started very strongly.

The ARPU on page 7 per customer, which is one of the critical KPIs that we consider, has done very well, up 10%, largely, of course, to the triple play subscribers that we have added, about 35,000. And all of that added in to a 9% year-on-year growth and that also is equal to 38% of all our customers.

On the financial side, page 8, you can see that our top line as well as our EBITDA progressed by 9%. That is, I think, a very, very good result and we're very happy with it. And again, Renaat, as usual, will come back to that later.

On page 9, you see the accrued capital expenditures. That is also a topic I would like to leave for Renaat, but I'd like to mention that even though it is a significant increase in capital expenditures, it is really most related to subscriber growth. And subscriber growth CapEx, I think, is the right thing to spend our money on. It really contributes directly to future results in top and bottom line. So I think we are quite okay with that. We had a very busy quarter for digital TV, and that, obviously, is always a little bit more CapEx-intensive.

The free cash flow is pretty good. There have been two events that are still showing a slight reduction compared to last year. One is, of course, the impact of the soccer rights, which we didn't have yet last year. And secondly, the higher cash interest expenses. But we think that Q2, we already saw strong improvement, and we expect to continue this trend later on in the year.

On page 11, you see that the broadband subscribers progressed very nicely. Come back to that in a minute. Digital, I mentioned before. Really very good results on the fixed telephony. Also, if I compared it to the conversion rate of the losses incurred by our largest competitor, I think it's one of our better quarters, if not best quarter, compared to the loss of our competitor and how much we've been able to recuperate. And again, I said before, mobile progressed very nicely.

On page 12, multiple play penetration is now at 67%; triple play at 819,000 -- very nice. And lower right -- lower left, I'm sorry -- the services per new customer finally passed the Magic 2 number and now stands at 2.05, and that's a 6% growth over last year. And as I said before, the ARPU per new customer progressed by 10%.

If we look on page 13, how we have evolved in the last two years, you see that we have done pretty well. I mean, from 30% to 38% triple play; double play also progressed. And we now see that we only have 33% of our customer base only taking 1 RGU. And I think all that is showing the trends that we have discussed in the past.

On page 14, you see our subscriber base for Internet is now well over 1.3 million. Net additions are 13,000 compared to 15,000 last year. I'd say that's not bad. That's pretty typical for seasonality. And there's a slight, I'd say, pent-up that we moved on to the third quarter, because we've been so busy installing digital TV that, obviously, some customers had to wait longer for being installed than we would -- normally would have liked. And the analyzed churn in the second quarter is very similar to last year and lower than the previous quarter, so I think also where you would want it to be.

Page 15 is -- and we have shown some of that data in the past as well in different shapes and forms, but the message is the same. Thanks to our vast investments over the last few years, we have been able to provide product and services to our customers that exceed European targets by 2020, or exceeds what you would commonly see in our countries or here locally in Belgium. All of our customers virtually now take services of 30 megabyte per second or more. On average, our customers have 38 average speed per customer, which is very, very significant. But I think this is where we really believe that we provide value to our customers.

We, I think, over the last few years, have kept pricing fairly stable. And therefore, I think, if you look -- if you compare the Belgian Internet prices across Europe, we are really getting to the lower end or the second tier. And I think are quite reasonably priced, if you look at that in all the Western European countries.

On page 16, we just look at Belgium. And I'd say the competitive dynamics for which we feel that our investments put it in a position where we're well-positioned to look forward into the future. As the sheet says, we start where the competition really ends. So there's not much more to say about it, other than the most important parameter in the Internet usage is the downstream speed. And downstream speed at Telenet, as I said before, mostly starts at 30 megabits per second, going up to 120 megabits. And there's really not many people out there. If you look at our prices, I think that we are quite competitively priced for those higher speeds, and therefore, deliver much more price performance to our customers for our fixed services.

Fixed telephony, page 17, also, you know, well over 900,000 customers. Very solid net adds; even better than last year. And again, the churn has been very good. So I think that that shows that our multiple play strategy is really paying off and is driving the loyalty in our customer base.

Even though, I want to mention, we announced that all of our customers can now leave any time they like. People are not bound by contracts of six months or longer. Customers can choose to stay with Telenet. And that drives us as a company very much, because that means we have to deliver every day great services, and that people are welcome as long as they feel welcome. And they can go elsewhere if they think they're better off. And that, I think, is the best incentive to all of the employees of Telenet and our partners during the day-to-day basis, service our customers to the best we can.

Mobile telephony, pretty good story -- 17,000 net additions in the second quarter. As I said before, way up from where we ended last year Q4. And that, obviously, has driven our voice revenues, in all 14%; 36% growth for mobile, 9% for fixed line voice, which is not bad either. But all of that, I think, shows a very, very good picture.

Our next page shows you our King en Kong now who go mobile. And we have done a few things here. First of all, we've spent the last four to five months as a company to really spend time with mobile customers. And that's maybe unusual for a cable company like Telenet. But, at the end of the day, marketing and understanding your customers is something we can do very well; whether that applies to mobile or fixed line business doesn't matter.

And when we listened to our customers, we found out that, as you have in the literature, this nice book about red and blue ocean, that most people feel they're in the red ocean, being a very complicated and nontransparent market, even though everybody else would like you to believe differently. And we concluded that customers really need one to maybe three plans. And we worked hard as a company to define the plans in a way that with only two plans, King en Kong, we virtually cover all the way from prepaid up to our low-end postpaid to the very high-end of postpaid, serving both residential and business customers.

So when our competitors have all kind of special features for the business markets, they basically evaporate the need for them, if you look at our Kong product. And I spoke already since lunch yesterday to a lot of business people who feel that they can do a lot better business and be better off with our Kong product. It's simple, transparent; there's no configuration. And based on our statistical research, 85% of all Telenet customers will be better off with our offering if they move over to Telenet.

We think this will be strong. As you can see, we have not wrapped this into a shake or bundle where we put together fixed and mobile. We believe this is individual choice. The whole family can take part in this, as many people as the family counts. It doesn't matter; there's no limitation there. And people can choose within the family. But I think every choice they make is a pretty good one, and I think will save them -- I've just seen a customer in our call center who is now about to save EUR750 -- EUR750 on an annual basis by moving over from our largest competitor. I believe that that is true value debt to market we'll see and will move over to our Company.

Page 20, you see digital TV, as I said before, 71,000; very strong, despite the fact that we had to reduce the number of analog channels. We retuned a number of analog channels; enough stuff that would worry any cable operator in the world. Our team has really, with scooters and everything included, serviced the customers to the best of their potential. And I think, hands-down, we have seen very little in the press because we offer them a great promotion and a great service for helping them to move over flawlessly. And as said before, 68% of our customer base is now digital.

Page 21, very robust growth in digital TV drivers. You know, you see video-on-demand transactions is up 12% year-on-year. If you look at the yellow line, the average (inaudible) use is a little bit down, but it'd be hard to explain this in the month of July, where we have seen never as much rain in the last few years as this year; but in Q2, we had actually a number of weeks where the weather was very, very good. And good weather is not very good for video-on-demand. Bad weather is very good for video-on-demand. So that should tell you that in July, we had a good month for video-on-demand.

Sports in Telenet, compared to where we were last year, obviously, very strong growth. And as you can also see that, even though we have made the big jump there, we have made some nice progress, even in Q2. And at the start of this season, we're now running a big new promotion because we virtually now have all the matches. Belgacom made a very nasty effort a couple of weeks ago to try to break in these contractual rights that we pay for and that we had been entitled to. And thanks to the League, we stood firm. We will be provided with the exclusive services, as have been set out in the contract.

The page 22 tells you that we, of course, due to the channel reduction and tune changes, we lost a number of customers. I should note of the [21.9] customers we lost are more than the usual quarters, but are much below our expectations as we set forward in our plans.

On page 23, business services. I'd like to mention this does not include our, let's say, low-end business plans. They are part of our residential reporting. This is the larger accounts. And what you see on the right-hand side is that we have growth in data and value-added services. But we couldn't report overall growth due to a decline in voice and installed revenues, because of some large contracts we completed and installed last year. But all in that, I think the core services that are much more future-proof are doing -- continue to do well.

On page 24, there is the usual timeline of the cable wholesale discussion. I think the most important due date now is the 4th of September. The Court of Appeals has postponed a couple of times their verdict, the issuance of their verdict. And we now expect that on the 4th of September. And other than that, I can tell you that we have complied by preparing all the documents and making sure that we can handle this.

I'd like to share with you that it's incredible that large incumbents, when they had to open up to networks years ago, often needed four to five years and literally hundreds of people to get this done. And the regulators expecting us to get it done in less than a year, as a very small company, for some project that has never been proven elsewhere in the world. And I'd like to underline that we have not spoken to any company yet that formally has presented it as a interested customer, other than, of course, Belgacom that is beating the drums, that this, is of course, something they need. And I think if you look at their positioning in the Belgian market, I would be hard-pressed to feel sorry for them.

I'd like to turn it over to Renaat for the financial highlights. Renaat? Thank you.

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**Renaat Berckmoes** - *Telenet Group Holding NV - CFO*

Good morning; good afternoon to all of you. In these Olympic times, I think it's fair to say that with our Q2 and first-half results, we will maybe not have a gold medal, but at least we'll make it to the finals, and maybe get even on the stage with at least a silver or a bronze medal.

If you look at the top line growth, you see a very nice 9% revenue growth in the first half and a 7% topline growth Q2 versus Q2 last year. If you exclude the impact of handset sales, actually the revenue growth was quite stable, Q2 versus Q1. And then if you look a bit further into the detail on where the revenue growth is coming from on page 27, you can see that, like last quarters, digital TV, premium cable TV is the most important source of growth, backing on strong DTV sales. As you have seen, 71,000 net additions in the second quarter, as well, of course, benefiting from the strong contribution of our sports channels, and Belgian soccer in particular, which we didn't have in the first half of 2011.

A much more important factor than the years ago is the telephony revenues. This is including both our mobile and our fixed revenues. But even on the fixed side, I think a 7% year-on-year revenue growth is quite impressive, particularly if we read in almost all analyst reports two, three years ago that the fixed line was dead. Backing on the very strong uptake of triple play and the acceleration of our triple play growth, you see also the fixed line telephony doing well.

And of course, there's mobile. You've seen the acceleration in the mobile customer base, which is also translating into growth of the mobile telephony business.

On page 28, on the cost side, you see the reflection of the growth. The increase in network expenses mainly relates to the growth of our RGU basis, and increasing copyright and programming costs, as, of course, as these businesses grow faster than the rest of our business. And the strong increase in depreciation and amortization for 60% reflects the Belgian soccer depreciations, because we, under IFRS, we capitalize the contract and we amortize it as we broadcast the matches.

I think all other expenses were in line with the business growth sales and marketing; a bit higher than last year, but that's mainly the reflection of the marketing efforts we made to actually push digital TV, as we reduced a number of analog channels and very attractive promotions that we had at that time being. The small reduction in Other basically refers to legal fees and other professional fees where we had incurred less of professional fees in first-half this year than last year, basically because last year in the first-half we were, of course, in full force debating the regulatory case in court.

If you then look at page 29, where you see the EBITDA results, a very healthy 53.6% EBITDA margins; 0.4% higher than last year. And for the half-year, we had a 53.2% EBITDA margin. And as a result of it, the EBITDA has grown in line with our revenues.

The finance expenses, which you find on page 30, are predominantly influenced by the negative impact of the reducing interest rate curve on our interest rate derivatives. As you can see, excluding these negative impact of the yellow bars, the interest expense has gone up slightly -- maybe the reflection of a higher debt level; as well as you can look at the cash projection for the full-year interest expense, you will see a slight increase in interest expenses, maybe the reflection also of higher debt, and of course, also to some extent, the shift of our hedging portfolio, which is also reflected as cash interest from caps and covers into swaps. And these swaps are now starting to kick in.

Finally, a few words on the net income. On the face of it, the net income has decreased by 57% from almost EUR60 million to EUR25 million. But if you exclude the impact of the loss and gain on derivatives, which is purely accounting and not cash items, you can see that underlying, actually our net profit has grown by almost 50% from EUR43 million last year into EUR63 million in the first half of 2012.

And this brings me to the reflection or the flip side of the strong subscriber growth that we've seen in Q1 and in Q2, it's the CapEx. And particularly, if you compare on the left-hand side graph, you see the difference in expenses for several boxes. It is the dark red part on the slide. You see that in the first half 2012, we spent almost 4 times as much as in Q1 -- as in the first half of 2011 on several boxes.

This is, of course, the reflection of the very high success of our digital TV sales, as well as the fact that, due to the Thai floodings last year, we were running on very low stock by year-end last year, and we received a big chunk of set-top boxes very early this year, which is also reported on the CapEx -- stock CapEx, because these boxes are actually designed to be rented out to customers. The 27% of CapEx that we spend on customer install is, of course, the pure reflection of our successful and continuous growth.

So, all in all, 76% of our total CapEx is natural growth and subscriber growth. It's all scalable. And as you have seen in Duco's part of the presentation, the high speeds that we offer to our broadband customers are not only top class on a European level, but they also result in the lowest churn rates in the industry.

Finally, two words on free cash flow. It's EUR117 million in the first half of 2012; is slightly lower than last year. One-off effects such as, of course, the cash payment for the Belgian Soccer League, which is around EUR16 million, EUR17 million per half year, as we pay over EUR30 million for the full year, which is the most important explanation why the cash flow is a bit lower. We expect, in the second half, the cash flow to be higher, so we will undoubtedly reach our cash flow target -- stable cash flow target that we put out in the guidance.

Maybe quickly flipping over to the leverage, which was stable at 3.1 times EBITDA, this is, of course, just before the payout of our EUR3.25 per share capital reduction, which we will execute in the end of August. If you include the effect of the payout, we will be back at 3.5 times EBITDA. A quick word also on our debt profile. As you can see, in the next years, we don't face any maturities and we have an average maturity on our debt of over seven years.

And finally, maybe the last comment, you see the EUR158 million which matures in 2016, that's the result that is over, but currently, we have not drawn on it. So the real installment for 2016 is only EUR100 million. So also, here, you see very well-balanced that portfolio, which is covered by a combination of swaps, covers, and caps. And if you would look at the distribution of our hedging portfolio, you would see that, over time, the path of the swaps is increasing gradually.

With this, I would like to hand it back over to Duco, who will take you through the outlook for the rest of the year.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Thank you, Renaat. Ladies and gentlemen, on page 37, we have picked up on our outlook which, to no surprise, we reconfirm. We believe the outlook is something we focus on at the beginning of the year, when we fixed that. And we don't have a big urge to review that or reset that every quarter. I think that we are cautious. We are very happy with the results of the first half, obviously, which would tell you that we will at least end up at the top end of our outlook.

But to be more specific or more (inaudible), you know, with another five months to go in the year, we'd rather stay on the safe side and say, we'll see how this evolves into the second half of the year. But there should not be any conclusion that we have grown pessimistic about our business. I think our King en Kong plan yesterday will fuel more growth for the Company. And we are pretty confident that the second half doesn't look that bad at all. But again, to reset the guidance, we stay away from that and rather confirm it, and of course, guide you to the high end of it.

The accrued capital expenditures, [EUR22 million, EUR23 million]. Three-quarters of that is success-based. And obviously, in the first half, we had quite a bit of DTV sales. It's unlikely that would repeat itself in the second half, so we would expect some relief from that. As a result of all the above factors, we think that we can conclude by saying that we expect a stable free cash flow.

With that, I think we'd like to open it up for questions.

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## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Paul Sidney, Credit Suisse.

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**Paul Sidney** - *Credit Suisse - Analyst*

Just two questions, please. Can you confirm that the ARPU from a digital TV customer is still roughly double that of an analog customer? I.e., when you migrate the customer over.

And just a second question for Renaat. I'm just wondering if you could just give us a bit more information in terms of the cash tax situation, in terms of your tax losses and how we should feel about the next few years. Thanks very much.

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**Vincent Bruyneel** - *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

Hi, Paul, Vincent here. On the ARPU for digital customers, we can indeed confirm that the ARPU still doubles also with the new customers coming onboard. Of course, the effect from the recent ones that came onboard following the analog channel reshuffle that we did, of course, to (inaudible), because we first have to report on these customers.

But so far, we've seen that we see a continuing trend of doubling ARPU. And that's basically derived from the ramp on the set-top boxes, people using video-on-demand, and of course, people taking additional packages like Sporting Telenet or Prime. But indeed, we still see the same trend as before.

And on cash taxes, Paul, no -- actually no news to report, so we will start paying taxes in 2015 onwards. That counts for -- not on a full-year result.

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**Paul Sidney** - *Credit Suisse - Analyst*

Sorry, Renaat, so that's actually physically paying the cash tax in 2015?

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**Renaat Berckmoes** - *Telenet Group Holding NV - CFO*

Yes. But not a full-year effect because we still have some NOLs left for 2015. But you will see the first year of more substantial tax payments in 2015, and then the first real full year of tax payments would be in 2016.

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**Paul Sidney** - *Credit Suisse - Analyst*

That's great. Thank you very much.

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**Operator**

Nicolas Cote-Colisson, HSBC.

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**Nicolas Cote-Colisson** - *HSBC - Analyst*

I've got two questions. First one is on mobile. Should we assume more commercial spendings into your new mobile office? And what is the strategy regarding handset subsidies on these King en Kong offers?

My second question is contradictive to some station to ask you for an update on BASE, if you can say something on that. Thank you.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Duco here, Nicolas. Basically no. Yes, we will spend some money on promoting King en Kong. It will sure influence our spending in a material fashion, causing a huge spike compared to what we would normally show.

The second question on the handset subsidies, there are still [four more laps] available with the handset subsidies, but they are not yet in combination with King en Kong.

And on BASE, hard to comment. There's nothing really to say. We are a little puzzled ourselves. We're in the process really stands based on all the public announcements we have seen out of Mexico and out of the Hague. But when the neighbors will say, well, look at it, I think what's more significant actually is what we did yesterday.

Yesterday, we -- in launching King en Kong, we are really testing ourselves whether we have a good viable future in becoming a leader in mobile. Everything I see right now tells me that we have great potential in mobile, and it's more important to be successful from a marketing and than to be the proud owner of a network.

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**Nicolas Cote-Colisson** - *HSBC - Analyst*

And just back on that -- thank you for your answer, but on the 3G network and the obligations of coverage, I read a couple of lines from your press conference this morning. But what exactly do you mean by feeling comfortable with not spending too much in the way of place in 2013 for 3G coverage? Because it looks like the regulators may be not completely sharing this.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Well, I cannot comment on that. But we do believe that we have plans that will allow us to meet the legal requirements to satisfy the licenses. How we intend to do that is not something we are willing to share at this stage. And just also to come back to BASE, my neighbor here says to me that in no event would we ever take an interest to make any full acquisition of BASE. If ever BASE is going to be on our plate, it would always be as a minority player in a much larger consortium.

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**Nicolas Cote-Colisson** - *HSBC - Analyst*

As a minority?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Absolutely as a minority. There's no way that we would consider a -- we would absolutely be a minority in a consortium. And that is dependent on a number of circumstances that still need to be defined. (multiple speakers)

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**Nicolas Cote-Colisson** - *HSBC - Analyst*

Well, thank you very much.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

And as I said is, I would like to reiterate that, in the absence of any clear view on BASE, we are very happy with our Mobistar relationship. And I think Mobistar likewise, because, of course, they eventually lose some customers to Telenet, but I think we bring them an enormous number of Proximus customers back in return. And that, obviously, has a somewhat common objective.

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**Nicolas Cote-Colisson** - *HSBC - Analyst*

Okay, very clear. Thank you very much.

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**Operator**

Marc Hesselink, ABN AMRO.

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**Marc Hesselink** - *ABN AMRO - Analyst*

First question. Now with King en Kong, it seems that you have a little more push on mobile but also more and less in integration with your fixed. You're not pushing it as quadruple. But I mean, it's clearly some more integration with the discounts. Is that also looking at the competitor, the converged products are doing relatively well. Is that something that you're looking at as well? And something that you could push, like on mobile data combined with fixed data?

A second question -- if you're looking to the content provider at 3DM, you're clearly in some discussion there. Could you give an update on that one?

And then, thirdly, what do you see, maybe some impacts in the third quarter from the new telecom law on the competitive landscape?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Okay, Mark. Duco here. A couple of questions. First, the telecom law -- no impact. The people can go already today. So, we have removed all barriers to exit from Telenet. As I said in my presentation, that's the best incentive and motivation for all of our employees and partners to do a real good job.

Now, today, the consumer in a modern world doesn't want to be withheld. If you withhold a customer by telling him how do you pay -- I see it with our competitors. We have people want to come over to our product, and they call us up and they say, this and that competitor is imposing EUR150, EUR200 fine if we want to come over. Customers will never forget surgical strength. And I think it's much more healthy to say, at Telenet, you know, you are free to go.

People will therefore engage much more with us and debate about how we should fix it. I trade a lot of emails; my colleagues do that. We want to be an engaging company. And we have moved away from imposing legal constraints on people staying with us against their desire.

Let me see. Your question was -- I was a little puzzled. What we did with King en Kong is that we sidestepped the whole discussion about quadruple play shakes, because many fellow operators we analyzed, all come up with bundles with quadruple play. And if you start to look at that, that is immensely complicated. Because then you have to determine, if you have a fixed shake or bundle, how many mobile subscriptions can be part of that bundle? And how much would you price for it? Is it a one-member family? Two-member family?

So, we scrapped that whole topic. And we said, also, you know, a customer who only takes analog may have a lot of potential for the Company. So why would you be less nice from a mobile point of view to a customer who only takes analog, compared to somebody who already has triple play? Now, everybody who is, for whatever reason, a Telenet customer is entitled to our attractive Telenet prices.

But there's a few lessons that we drew ourselves. First of all, don't be stupid. Don't commit with quadruple play packages. Have your fixed packages -- single play and multiple play; and complement that with a very strong mobile offer that the whole family or a single person can choose from. And the prices are so attractive when you're a Telenet customer, that you can take one or five or four, it doesn't matter. But simplicity matters.

And it's, again, also attractive for people who are not a Telenet customer today, but say, listen, you know, this mobile offer looks great; why wouldn't I switch over just for mobile if I liked it? I trust the Company. I may even consider them for a fixed product. And then our fixed -- our mobile prices are also very good in that respect.

So the whole discussion of mobile and fixed convergence, I think we have addressed that by saying, yes, the two together are more attractively priced at Telenet, if you look at the mobile discounts. But we're not going to tell you what shape or form you should take that.

I think it was another question?

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**Vincent Bruyneel** - *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

VTM.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Ah, VTM. Yes, VTM. You know, let me tell you this. You know, we have -- this is what I said to one of the important politicians today, earlier today. I said, in Belgium, for Telenet objectively, when we benchmarked it with other countries, we paid the most to free-to-air [world] cost. But there's no question about it -- it's not a minor margin; by a huge margin. Do we pay more to the public and commercial broadcasts this year? So you can shoot us, but we must be doing something right.

At the same time, consumers benefit from one of the lowest CATV prices we see in Europe. So, Telenet apparently is an extremely efficient company because we pay a lot to the content guys, and we are very attractively priced to consumers. And most people start to recognize that.

What I do see here in Flanders is, of course, a wake-up call for the media players, and that's the following. When you look at the advertising spend in Belgium, only 5% of the advertisements are spent on the Internet, compared, for example, in Holland, it's between 20% and 25%. And at the same time, TV advertising in Flanders is probably the most expensive across Europe. So because of the market structure here of the commercial broadcasters, I think that has enabled prices to go up for advertisers over the last 5 to 10 years.

Now, when you're advertising, we are one of them, we say, stupid. Why spend all the money on TV advertising as the Internet is becoming very attractive? For example, YouTube has a reach that's very much equivalent now to the public broadcaster here that holds about a 40% market share. So, all the Internet advertising stuff in Belgium has a huge potential to develop, if you do the math. And you would assume that Internet advertising is going to go from 5% to 20%. And let's assume that half of that, or one-third, whatever you assume is going to come away from the commercial broadcasters, then they're going to incur a lot of losses.

But there's no way that distributors like Belgacom, Telenet, and Mobistar will be capable to compensate for those losses. That has to do with their business model. It has nothing to do with our, let's say, features on our digit quarter. And that's the way they try to project it. It's really about money. They want more money from us and we say, hell, no. We say we are paying you more than anywhere else in Europe on a per subscriber or per citizen basis, whatever way you want to put it. So, there's got to be an end to all of this.

And at the same time, when I look at the UK, I'm surprised, because the broadcast in the UK seems to be much more cooperative with all the innovations that we implement into set-top boxes as cable operators. In the UK, the TiVo box is much more, let's say, advanced in user features. And I would say it's making much more use of fragmenting if you wanted the TV signal.

And the question is, why within the UK and other places like Holland, there's been much less of a discussion? And then you have to realize that broadcasters are probably best off to closely cooperate with distributors because it's the only way to really long-term compete with over-the-top. Now I see that Google has a number of TV and advertising features that, unless you start to compete with them, that's the way it's going to go.

Last but not least, I'd like to note that when I say that we pay the most of all cable operators, and I think likewise, for Belgacom right away in Flanders, compared to other regions in Europe, is that in many countries like Germany, the broadcasters aren't paying the distributors. And here they have received, since 2004, net positive payments that have grown by double-digit numbers annually. So, I think it's really a wake-up call for the media industry. Their advertising market is changing. They shouldn't expect to claw that back on the back of the distributors, and they should innovate.

One other topic I always raise with politicians and people otherwise interested, is that the final thing a broadcaster should want is to have as many eyeballs as possible. And we, as a distributor, we provide platforms on DTT, cable, Yelo, to give those signals as many eyeballs as possible. I would think that broadcasters would like that. But the typical response is, every platform you had, you should pay for -- you should help us with more money. And it's like, wait a minute now. These are the same number of people watching TV. If anything, we may increase the number of viewers, which is good for your business model. Why should we be punished by investing in those additional platforms?

If you add up all those arguments, I'm a little puzzled why this all happened. And, you know, [I'd like to earn the line debt] with, except for VTM, we do have contracts in place at all the other broadcasters. And even in the case of VTM, we continue to pay them millions of euros a year on the basis of the previous contract. So they're not going bankrupt any time soon.

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**Marc Hesselink** - *ABN AMRO - Analyst*

Okay, clear. Just one follow-up on the mobile. How is it integrated with your WiFi hotspots and home spots?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

It is. I mean, if you are a mobile customer, you have access to the Wi-Free. That's the public hotspots. It is not yet integrated with our home spots.

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**Marc Hesselink** - *ABN AMRO - Analyst*

Okay, thank you.

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**Operator**

Stefaan Genoe, Petercam.

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

Stefaan Genoe, Petercam. Two questions, please. First on the broadband net adds, which were a bit lower in the quarter. On the broadband, can you indicate us how the split is a bit between the basic Internet subscribers and the higher-end fiber net subscribers? And do you believe that in the given indication of the trends of the underlying individual broadband ARPU, and do you expect this to be able to increase going forward?

And then second question is on the B2B activities, which seems a bit sluggish in the last few quarters. Do you consider other commercial initiatives on the B2B side? Thank you.

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**Vincent Bruyneel** - *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

Stefaan, Vince here. On the broadband net additions that we're seeing, it's pretty consistent with what we already were seeing for the past couple of quarters, which is that about 35% to 40% are still coming out at the high-end. So really on the fiber net type of subscriptions. That's also what is being reflected in the overall basis. Because only since the introduction of fiber net a couple of quarters, we're now already having more than 25% of the total base, of the total installed base, on these high-end rate plans.

So it's clearly picking up. And it's not only in the sales that we're seeing that affect, but also existing customers migrating, of course. So that's the continuation of the same trends we've seen before.

And on the B2B side, the problem you have is, of course, in the public reporting, we report the non-coax business as B2B, and the coax-based business of B2B is reported under our residential markets. This is because our reporting is in line with the reporting of our controlling shareholder. And the B2B business for Telnet is, on a relative basis, much more important than for Liberty as a group, because Telenet has one of the biggest B2B activities.

Now, of course, with the arrival of DOCSIS 3.0, which brings the cable platform up to a new standard also for B2B applications, because we can actually offer service levels now over coax, which are very close to fiber service levels. And as a result of that, the bulk of the growth of our B2B business is actually happening on coax, and not so much on the traditional fiber and VPN business. And that's why the reflection of our B2B business is not entirely fair the way we represent it here.

If I take the overall B2B business growth, you're more looking at a 4.5% to 5% annual B2B growth, which I think is very healthy, given the fact that also in the B2B markets, you always suffer from a little bit more price erosion than you would do in the residential markets. So, all in all, we are quite happy with our B2B.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Stefaan, I'd also like to add here, because what we are seeing that's a recent trend for the last two quarters is that companies -- so, products that we're selling in the B2B space to companies -- prefer not to have the installation and activation fees that are typically pretty high in that segment to pay that, let's say, over the lifetime of the contracts.

So it's more reflected in the subscription fee rather than an upfront payment that we've seen in the past. That is also going to be reflected in the next couple of quarters as a kind of transition into when we're renewing contracts. So that's also, let's say, one of the elements why you see, for example, in the slides where we're looking at B2B, that you see that installation revenues are also somewhat lower compared to previous years.

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

Okay, that's clear. Thank you.

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**Operator**

Matthijs Van Leijenhorst, Kepler Capital Markets.

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**Matthijs Van Leijenhorst** - *Kepler Capital Markets - Analyst*

I've got only one question. Could you please comment on the announcement made by [Nali Kushe] on reducing regulatory intervention on ADSL and new generation approach?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

I don't know what statement you refer to. She has made many statements on that topic.

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**Matthijs Van Leijenhorst** - *Kepler Capital Markets - Analyst*

Yes, well, it's basically about not imposing further cuts to ULL wholesale ADSL prices, and that's what I'm (multiple speakers) --

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

I think the (multiple speakers) --

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**Matthijs Van Leijenhorst** - *Kepler Capital Markets - Analyst*

I think it's about two weeks ago.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Yes, but I think the general theme of her storyline is the following. But we're not in the incumbent business, so we're not necessarily the best (multiple speakers) --

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**Matthijs Van Leijenhorst** - *Kepler Capital Markets - Analyst*

No, but you're in competition with the incumbent.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Yes, but [Nali's] comments are mostly applying to regions where they lack cable versus copper competition. See? In Belgium, there's a huge amount of competition between cable and copper. But there are many parts of Europe where this is not the case, and therefore, you have only competition via the incumbent's platform. Her dilemma is how is she going to motivate those big guys to invest in NGN projects when they would be threatened by lowering wholesale conditions.

So she has to make that a delicate dialogue with the big guys and say, if you guys will commit to NGN investments, which we need for digital targets of Europe, you know at the same time, I'll give you some regulatory relief that you're not going to be opened up and cut back to the bone for those investments. So that the payback will be beyond four, five, six years. So that's where she has to -- one hand, she wants -- she needs to open up those incumbents, because often there's no cable competition, and at the same time, she has to give comfort to the guys who invest that money.

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**Matthijs Van Leijenhorst** - *Kepler Capital Markets - Analyst*

Yes, but so you're basically saying so in the same applies to the Dutch market because of the density of cable and the deployment you've already got in the Netherlands and in Belgium. You don't see any threat of these new regulations?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Well, I'm not sure I'm the person because I'm not sure of all the details and certainly not about the Dutch situation. But yes, I mean, Holland also has this unique characteristic that we have in Belgium of very high cable penetration, so there's a natural tendency to have two infrastructure guys invest. As long as that happens, customers have a choice, and they have a choice between two networks with all the pros and cons.

And I think in those markets, she will still have to do a deal with KPN and Belgacom about the wholesale players. But it's something that is of a different nature than in countries where there is just virtually no cable. So I think it's mostly applying -- her discussion is mostly applying to regions where there's only the copper network.

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**Matthijs Van Leijenhorst** - *Kepler Capital Markets - Analyst*

I totally agree. But you were saying you think you -- Nali has to work on the wholesale tariffs they've already got in the Netherlands and in Belgium?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

No. I don't intend to make any statements country-specific and what Nali wants. What I'm saying is that once I attended a session where she was speaking, that her delicate balances -- if I tell the big incumbents that they're going to be opened up and have to face very low wholesale prices on NGN networks, the guys are not going to go there. They'll just say, listen, it's not worth our while because no return on investments. So she has to provide some relief and say, listen, I'll give you guys reasonable wholesale rates. That is how I perceive the debate.

But again, we're cable guys. We may not be the best place to answer this question.

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**Matthijs Van Leijenhorst** - *Kepler Capital Markets - Analyst*

Okay. Well, many thanks, anyway.

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**Operator**

[Sasso Risumaki], Merrill Lynch.

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**Unidentified Participant**

Three questions totaling, if I may. Firstly, there's been much discussion obviously about the new telecoms law. Do you see this as an aggressive opportunity now to go after the customers of your competitors, and kind of make a concerted push for market share, in that there is a lot of, quote/unquote, free customers available. And you've got a very aggressive tabs to sort of address them.

Then secondly, on a slightly different note, do you see that there would be any increase in the competition level for pay-TV subscribers, particularly from the Belgacom side? And is proprietary content that's all becoming more significant as a differentiator?

And then, thirdly, kind of coming back to the mobile area, just it looks to me as if the King en Kong price plans are still fairly focused on Mohsin SMS. So if you could share some of your thoughts on how you see the kind of penetration of smartphones in your customer base, and what do you think about mobile data revenues going forward?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Okay, Duco here. First topic was new telecom law. Yes, I mean, there will be more in-market flows. I mean the flows should increase. As a result, we should benefit, because customers are free to leave when they don't feel they're very well-served.

What we find out in our research, as I said before, 85% of the market, particularly Telenet customers who will be better off if they move their mobile today over to Telenet; so, the opportunity for us is huge. And I think there a lot of people we find out in research very interesting -- a lot of people who have a so-called unlimited offer and they're paying more than the price that was in the brochure. They would say, how come? If it's unlimited, it should be unlimited, should be the same price.

And yet, the other operators have figured out ways to charge people more out of bundle stuff even though they were subscribed to unlimited. That has made the whole term and space of unlimited a very much polluted space. That's why we have stayed away from it. We don't use that term and we are very explicit.

If you look at our plans, I'd like to point out, that our plans -- I come down to your third question -- our plans are not voice or SMS or data. They are voice and SMS and data. So it's all of the above, which, if you start to compare that to the competitive programs, you will see they are vastly more attractive.

I'm a little bit dumbfounded about your comment about data, because what we did is, in the package for [EUR15] a month, there is 500 megabytes included, and at EUR50, there's 1 gigabyte included. Of our test -- let's take a typical example of an executive of an advertising agency with his or her iPhone. Now, pretty intensive use. They download a lot of stuff.

We did a test now of our own advertising agency, and we figured out that they were not even using 300 megabytes to 350 megabytes. So, professionals who look at King en Kong are finding themselves very well-serviced on the data end. So this is what we think is so great about this plan. It's not only good for our voice and SMS; it has huge capacity for 0.5 gigabyte for the low end, 1 gigabyte for the higher end. And yes, there are other operators who offer more, but people don't use that. They are 95% of the market -- I think I even dare to say 98% of the market is not using that capacity.

We have, therefore, provided an application that people every day of the week can really see how much they use in terms of SMS, voice, and data. And last but not least, this really attracts (technical difficulty) Telenet platform is that our customers can use the VoIP application handsomely. So people are subscribing to (technical difficulty) or they subscribe to ViPort. There have so much data through the Telenet subscription that they could use VoIP endlessly and even better.

So if you start to think that through, I think our customer base will readily see the advantage. See, Telenet doesn't have a lot of legacy in terms of voice minutes and SMS. As a result, we have less of a constraint to include a lot of data in these plans. And that's, of course, where I think the competition will have a bit more of a challenge.

Pay-TV, more competition. There is always competition with Belgacom. I noted Belgacom -- see, my perception is the following. Belgacom, I think, will have increasingly to cope with some network challenges, like speed. If you watch Belgacom TV at home, yes, you will have some reduced performance on Internet if you want to use the same time as your laptop or whatever other service. I mean, that's not a Belgacom problem; that's a DSL and VDSL problem alike. I mean, that's universal.

But if you're sitting in their seat, and you would do the strategic analysis, you say, okay, I'm going to fall behind probably on the network, and even though I would invest a lot, but maybe it's a good idea to them compensate that by buying a lot of content features. That is what I perceived them to do. Now, will that get them there? I'm not too sure. But -- that's a race. I think Belgacom will increasingly put cost in content to compensate for the technical services where they may be a little bit behind, compared to the competition.

Is that okay?

**Matthijs Van Leijenhorst** - *Kepler Capital Markets - Analyst*

Very clear. Thank you very much. Good answer.

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**Operator**

Peter Testa, One Investments.

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**Peter Testa** - *One Investments - Analyst*

A couple of questions, please. Thank you. One is just going on, on mobile, I was wondering if you could help us with some sort of context on how we should perceive the margins now that you've launched the King en Kong plans on mobile? Just to give us some understanding of how to think about that, now that you're up and rolling.

And a second was just on the free cash flow going forward into the second half. Can you just help us understand the levers which should be pulling up the free cash flow towards flat for the year versus the first half, just to be more clear on that. Thank you.

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**Vincent Bruyneel** - *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

Hi, Peter. Vincent here. In terms of the impact on the margins following the King en Kong, of course, it's still early days, but we don't believe ANYTEL is going to be any impact to the margins. So the reason why we have -- basically, are very comfortable with the guidance that we set at the beginning of the year, before we even launched King en Kong rates. And are now even very comfortable that we will reach the high end of the outlook. That should, I think, be a sufficient answer that we don't feel any big impact on EBITDA.

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**Renaat Berckmoes** - *Telenet Group Holding NV - CFO*

And on the free cash flow, as Duco already hinted to, we've spent a lot of set-top box CapEx in the first half because of the very strong growth of our digital TV basis. Moreover, we had to catch up actually buffer stock. That will fade out in the second half of the year. So that's the main reason why our free cash flow will be in line with target.

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**Peter Testa** - *One Investments - Analyst*

All right, thank you. And just one last question, just if I could, since has brought up the concept of BASE. I was wondering if you take the very hypothetical scenario of you having a participation in any consortium in BASE, can you just give us a comment on how that might impact theoretically the shareholder remuneration policy?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

It should not. That's why -- the reasoning for us to not aim for a majority or 100% thing with BASE is very simple. We believe that we should prioritize our investments the next few years in fixed, and keep a close eye on the shareholder remuneration or whatever for. So basically, that is our answer. And if we were to include all of that, you know, it would be a little bit over the top, I guess. So, we pick our battles.

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**Peter Testa** - *One Investments - Analyst*

Very good. Thank you very much for the answer.

**Operator**

(Operator Instructions) Usman Ghazi, Berenberg.

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

Thank you for taking the question. I've got two, please. The first one is on EBITDA margins. Usually, there is a seasonality effect, it seems, in the second half, where EBITDA margins are lower in the second half versus the first half. I was just wondering if we should expect that seasonality again in 2012? Or is -- or will the trends be different?

My second question was whether -- if you could disclose what proportion of your mobile base currently is on the 45 plan versus the 15 to 20 plan? And then I know you have walk-and-talk zero as well. So can you give any indication of how the current mobile subscriber base is split?

And while I'm here, if I can have a third question as well. It's just regarding the broadband subscriber base -- the charge ratio, a large proportion of your base is already on FiberNet. Does that mean that the legacy subscribers on the ExpressNet and TurboNet tariffs have already been transferred over to the new FiberNet tariff? Thank you.

**Renaat Berckmoes** - *Telenet Group Holding NV - CFO*

Maybe on the EBITDA margin, the EBITDA margin in the second half always tends to be a bit lower than in the first half because of the impact of Q4. And Q4 is always the quarter with the lowest EBITDA margin because, A, everybody spends a lot of marketing out of Christmas and New Year sales; B, the cost per minute of radio and TV advertising is the highest in the fourth quarter. And the combination of those two, together with strong sales, which we usually have in Q1 and Q4, contribute to traditionally lower EBITDA margins in Q4. That has been the case in the past 11 years and it will not be different this year, I think. So, therefore, wholesale in Q2, in the second half, yes, Q4 will be a bit lower.

Traditionally, Q3 is one of the quarters with the highest EBITDA margin, so the two sometimes net out; sometimes they don't. But usually when we have somewhat lower EBITDA margins in the second half, that is the translation or the reflection of stronger subscriber growth. So, I don't see so much of an issue with it. But yes, it is seasonal and that trend will not be different.

**Vincent Bruyneel** - *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

On the mobile subscriptions there, unfortunately, because of competitive reasons, we don't want to have our competitors a full insight on how our tariff plans are being -- well, picked up by customers; we don't provide any further details on how, let's say, the different mobile plans are geared.

On broadband, there we can say in detail -- well, we still have a lot of customers indeed on the old tariff plans, the legacy tariff plans, but we do some practice migration out. So indeed, we do have customers now signing up for the FiberNet. They're not all in the FiberNet yet, so there is an opportunity there left.

In these slides where we're reporting the speeds, those customers are still reported in the 75% segment, because they have -- they're still on DOCSIS 2.0 modems. And a DOCSIS 2.0 modem, indeed, is only representing speeds of up to 30 megabit per second, which means, indeed, that they are comprised in that part. But over time, you should indeed see that there's going to be an outflow of the yellow bar into the high-end FiberNet rate plans.

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

Okay. Thanks, Vincent. Just as a follow-up to your answer, I mean, do you see any -- an acceleration of back book repricing risk in broadband, given all the CD ExpressNet and TurboNet tariffs are a lot more expensive than the recent ones that you've launched? So isn't there an incentive for people to -- especially with the new telecom modem migrate to the new tariff plans at a more accelerated rate than previously? Thanks.

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**Vincent Bruyneel** - *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

Well, that's, of course, indeed what we are expecting. Because we've indeed now retuned also the existing tariff plans on the FiberNet and dovetails on the higher end. So, that you'd indeed incentivize existing people to migrate. But, as said, we also have a proactive way now that we're going to introduce those in the next couple of months, to also target the seasoned customers to sign up for the higher end rate plan.

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

Thank you very much.

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**Operator**

Michael Bishop, Barclays.

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**Michael Bishop** - *Barclays Capital - Analyst*

Thanks for taking the question. Yes, it is Michael, not Michelle. (laughter) Just one question on mobile. As you look out over the next couple of years, where do you think the standalone cash flow margin of the MVNO under the new agreement can sort of get to, especially with the new tariffs coming in, versus the cable business? Thanks.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Well, the new tariff plans will not substantially change the margin. I mean, on a relative basis, compared to a fixed line products or mobile, will definitely still continue to have a substantially lower EBITDA margin contribution than our fixed line products. So, the new tariff plan will not, in essence, change that. Of course, the EBITDA margin will slightly increase compared to what we used to have on the old MVNO plan. But that's about all the insight I can give you on your question.

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**Renaat Berckmoes** - *Telenet Group Holding NV - CFO*

And I think, also, if you compare mobile versus fixed, I think an important element is on mobile, there's no CapEx associated because we're working on it as an MVNO. So that is basically also offsetting the slightly lower EBITDA margin that we're getting on mobile versus fixed.

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**Operator**

We will take our final question from Emmanuel Carlier from ING. Please go ahead.

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**Emmanuel Carlier** - *ING Financial Markets - Analyst*

One question from my side. If I look at the video-on-demand, then I see that the growth rate is declining somewhat. And I'm wondering if you believe this is mainly due to the weak economic times? Or if you believe that this is due to the fact that once you upgrade, yes, more and more from analog to digital, the late adopters are maybe not that keen to use video-on-demand?

And in addition to that, would you intend to lower prices on video-on-demand in the hope to increase the transactions -- the number of transactions in the total top line? Thank you.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Duco here. I think that we have different prices for different movies and other episodes on our video-on-demand service. Some are priced very attractively at EUR1.00 or even less. And then some are more expensive; a typical movie ranges between EUR3.00 and EUR4.00.

I don't think that the economy so far has had anything to do with it. That may happen going forward. And I think that's the big question mark for all of us. We attribute it to lower usage much more to the weather. We clearly saw that whenever it becomes springtime, we've had a particularly -- I think a reasonably good spring; certainly compared to the summer, you see that the viewing habits go down. And when it's rainy weather, they always go up.

So -- and your question is, you know, would a late, let's say, adopters be less of users of video-on-demand? The answer to that is, well, they always are when they become a new customer. But, over time, they all follow the same learning curve. So we would all expect them to start to change their viewing behavior and benefit more from video-on-demand services.

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**Vincent Bruyneel** - *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

I think also to add on this, what we've also seen in our analysis is that, in the second quarter of 2012, we had less blockbuster movies available, compared to the second quarter last year. So that's also illustrating the trend, and that's also what you have seen reflecting here. But we should indeed -- what we believe is that this trend with new movies coming in now during summer and all through summer, that should be back on the normal run rate.

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**Emmanuel Carlier** - *ING Financial Markets - Analyst*

Okay, thank you. And maybe one additional question. You might have handled it earlier, because I was quite late in the call, but on Sporting Telenet, do you expect a substantial uptake still there when the next soccer season will start?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

It's a good question. I honestly don't have the answer to it as right now end of July. The season starts in a couple of weeks. We'll see. (multiple speakers) I would personally expect a little bit of growth but not substantial. But yes, I would, like last year, after the first big intake, I would expect positive evolution.

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**Emmanuel Carlier** - *ING Financial Markets - Analyst*

But you will not make any substantial promotions on the product?

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Oh, yes. Oh, yes. We are readying a big promotional campaign right now. Absolutely.

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**Emmanuel Carlier** - *ING Financial Markets - Analyst*

Okay. Thank you.

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**Duco Sickinghe** - *Telenet Group Holding NV - CEO and Managing Director*

Thank you.

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**Operator**

That will conclude today's Q&A session. I would now like to turn the call back over to your host for any additional or closing remarks.

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**Vincent Bruyneel** - *Telenet Group Holding NV - Director of Strategy, IR and Corporate Communications*

Thank you, ladies and gentlemen, for your participation on this call. I would like to wish to, for the guys who still need to go on holiday, to enjoy it. And we hope to welcome you in our investor call at the end of October, when we will present our third-quarter results. In the meantime, thank you and good bye.

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**Operator**

That will conclude today's conference call. Thank you for your participation ladies and gentlemen.

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