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Rob Goyens^ Thank you, operator. Ladies and gentlemen, on behalf the Telenet Investor Relations team, I would like to welcome everybody to our full year 2016 earnings call. I trust you all received our earnings release this morning, were able to download the PowerPoint presentation from our Investor Relations website, as it will be used for this earnings call, and were able 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 briefly introduce today's speakers. First up we have John Porter, our CEO, who will give an executive overview of the main achievements in the quarter. Next, our CFO, Birgit Conix, will guide you through our financial results. At the end, John will get back to you with some details on our full year 2017 outlook and come concluding remarks. And after the formal part of the session, we will gladly open it up for Q&A. So John, the floor is yours.

John Porter^ Thanks, Rob, and good afternoon, or early morning to everyone on the call. 2016 has been a really exciting year in the 20-year history of our Company. A year in which we laid the groundwork for healthy, profitable growth going forward. As you've seen from this morning's release, we managed to outperform on all of our financial metrics versus our initial expectations. That's driven by a solid operational performance, but also the result of maintaining tight cost control and making sure we're reaping the benefits of the BASE acquisition. Birgit will tell you more about that as she goes through the financials.

On the next slide, you can see that we also continued to lead the market in innovation through our fixed mobile convergence, FMC, as demonstrated by the launch of our first all in one converged package, WIGO, in June of last year. WIGO combines the best of the triple play world with a number of mobile SIMs in which the mobile data lounge can be shared amongst different family members. As you can see, WIGO is off to a strong start, reaching over 150,000 customers at the end of last year. This included almost 51,000 net new customers gained in Q4. Although the vast majority of customers represent subscribers with whom we already had an existing relationship, our WIGO proposition has allowed us to continue to grow in the mobile space as we attract more SIMs from our direct competitors.

On the next slide you can see that our targeted proactive network strategy is paying off. At the end of last year we had upgraded about 36% of all nodes in our network which means that around a million homes passed can already get theoretical access today to speeds of 1 gigabyte per second and more. And there's more to come as we aim to upgrade around 60% by 2017.

Our network today is already in great shape and as proven by the results of the Ookla Speed Index, it has confirmed our status as the fastest ISP in the market.

Slide seven, zooming in on our mobile network infrastructure, I'm pleased to see that we have upgraded just over 500 macro sites by the end of last year and we have completed the rollout of 100 new sites. We're upgrading at a pace of one per hour, and equally important, our customer migration strategy is well on track with almost 40,000 MVNO customers having been migrated to our own acquired network at the end of January, reducing MVNO related costs. We intend to accelerate customer migrations over the next couple of months, targeting a full transfer by end of Q1 2018.

Next slide gives you a flavor of our latest marketing campaigns for our premium SVOD packages, Play More, which we recently revamped with a new UI and improved search and recommendation function. Our own local production of Chaussee d'Amour has been top rated in our catalog and is currently being broadcast on our co-owned free to air channel, VIER. You can see from this morning's release we've taken a EUR31 million impairment charge on our 50% investment in [Devaver] Media as a result of a reassessment of their strategic long-range plan. This does not imply that we're giving up on the local media ecosystem, as we remain committed to invest and bring the best local and international media content to our customers.

Let's briefly look into the future. In December last year, we signed an agreement with Altice to buy their cable operations in Brussels and Luxembourg. Through this EUR400 million transaction which is pending regulatory approval, looking at a bigger footprint in Brussels and extend our footprint to parts of Wallonia and Luxembourg. More importantly, this acquisition will allow us to generate additional synergies from the fact that around 30% of BASE's off footprint subscribers base reside in Brussels. And by acquiring the center of Brussels, it will give a big leg up to Telenet for Business for our enterprise market strategy.

And then just last week, we signed a strategic full MVNO agreement with Lycamobile. Some of you may have heard of them. They're the world's largest MVNO. As a result, we'll welcome Lycamobile to our mobile network pretty soon and have sold our direct subsidiary, Ortel Mobile, to Lyca with a joint total subscriber base of one million.

As the Lyca customer migrations will be phased in 2017, and as we'll dispose Ortel already in March, the full impact of this transaction on our financial performance in 2017 will be mixed, yet paving the way for future growth in the years ahead. With that, let me hand it over to Birgit for a review of our financial performance.

Birgit Conix^ Thanks, John. As John mentioned, 2016 has been quite an exciting year for Telenet. Also since we bought BASE, a nationwide MNO in Belgium. Having moved from a renter to owner economics in mobile, we have secured long term affordable access to mobile infrastructure and as such we will be able to continue to play a leading role in the FMC area. In the short term however, the acquisition of BASE has had a dampening effect on our topline growth rate. But as John already mentioned before, our customer migration schedule is on track, allowing us to reap the full EUR220 million of synergies targeted by 2020.

Let's just kick off with our revenue performance. On a reported basis, our revenue growth for the full year was up 33% to just over EUR2.4 billion and reflected the BASE acquisition since mid-February, 2016. On a rebased basis, meaning assuming that BASE was also fully consolidated in our numbers for 10.5 months in 2015, we achieved a 3% growth rate. This was ahead of our outlook for up to 2%.

Our cable business continues to grow at the mid-single digit rate which was partially offset by continued pressures on our acquired mobile business. In Q4 our revenue was up 2% on a rebased basis to EUR29 million.

Let's now zoom in on the drivers behind our topline performance. As you can see on slide 21, all of our product lines have been contributing to our revenue growth. Apart from the BASE acquisition effect, our topline growth was driven by a 4% increase in cable subscription revenue, higher B2B revenue, and higher other revenue of which about half of the increase was due a revenue shift from our mobile telephony revenue to other revenue linked to our handset financing campaign.

On slide 22 you can see that our operating expenses were up 3% year on year on a rebased basis. The main increase was in our network operating expenses impacted by higher network equipment maintenance and higher electricity costs.

Our staff-related expenses were only up EUR4 million year on year and reflected a modest increase in our combined employee base and the effect of the mandatory wage indexation. Our other indirect expenses may seem to have gone up pretty steeply by nearly EUR11 million, but almost EUR8 million related to a one-off benefit in Q4, 2015 linked to the universal service obligation in Belgium.

Finally, our direct costs were stable year on year yet included a EUR6 million benefit in Q2 2016 linked to the full MVNO settlement with Orange Belgium. Excluding this impact, we would have seen higher direct costs mainly on programming in line with our converged connected entertainment strategy.

This brings me to adjusted EBITDA, up 18% for the full year to just over EUR1.1 billion. On a rebased basis, our adjusted EBITDA was up 3% versus our initial outlook for stable growth, meaning a range between minus 1% and plus 1%. The solid growth in our adjusted EBITDA is the combined effect of solid revenue growth, tight cost control as I just alluded to, lower interconnection and handset subsidy related expenses, and a favorable outcome of certain integration assumptions.

In Q4 we achieved 4% adjusted EBITDA growth on a rebased basis, also driven by EUR4 million lower integration and transformation expenses and lower MVNO related costs.

As for our accrued capital expenditures, they represented around 22% of revenue when you exclude the recognition of the Belgian and the UK football rights which have been capitalized under EU IFRS and will be amortized as the seasons progress. Looking at the pie chart, you get a sense of where we're investing in since about half is going to network investments which John talked about in the beginning of this call.

Let's have a look now at our adjusted free cash flow. Our adjusted free cash flow reached almost EUR266 million in 2016 compared to EUR279 million in 2015. Hence, we were almost fully able to absorb the negative impact from higher cash interest expenses and higher cash taxes paid on our adjusted free cash flow.

Adjusted free cash flow growth was particularly strong in Q4 2016 driven by a robust performance in our operational cash flow and a benefit of our vendor financing program through which we were able to extend the payment term for certain strategic suppliers to 360 days.

To conclude my financial review, I would like to spend a few moments on our net leverage ratio. Compared to Q3, our net leverage remained fairly stable at 3.5 times. Post the acquisition of SFR BeLux, we will be at 3.7 times. This ratio still resides within the Board's long term capital structure and provides for ample financing flexibility in case of value accretive M&A and potentially other growth projects.

On the debt maturity side of things, we did a major refinancing in November last year of about EUR3 billion. As such, we have been able to extend the average tenor of our debt from seven to eight years and have been able to reduce our total cost of debt from 4.3% to 4%. As you can see, we face no debt amortizations prior to 2022 which is obviously a comfortable spot to be in.

Let me now hand back to John for the 2017 outlook and some concluding remarks.

John Porter^ Thanks, Birgit. As you can see from the next slide, I think we continue to make substantial progress on our 2020 vision to be a leading converged connected entertainment and business solutions provider here in Belgium. But let's reflect for a moment on the competitive environment that we're operating in. There's no question that we have increased our business model substantially with the acquisition of BASE. We've also taken on some additional challenges in the form of regulatory headwinds associated with the mobile industry. Fortunately, I think we will be working through the vast majority of those headwinds in 2017 and maybe a little bit in early 2018. Most specifically, the roam like at home and prepaid registration components. And we will certainly be returning to solid growth in our mobile business in the outer years through our FMC strategy.

Consumer needs are expanding exponentially with increased data usage and a plethora of new connected devices putting demands on both our mobile and fixed networks. And our competitors have accelerated their challenge with substantial above the line activity and have followed us aggressively into the FMC, fixed mobile conversion market.

Our reaction to these things is to stay the course. We have maintained and will maintain our network leadership in speed and capacity. We believe we will be one of the few networks by the end of 2018 with end-to-end 1 gig capability in its fixed network. That means it's not just a percentage of the network that's getting fiber or whatever, but it's 100% of our homes passed will have access to 1 gig and beyond.

We will continue to innovate around the customer product proposition as demonstrated by WIGO. We are continually evolving the customer value proposition for both our connectivity proposition, but also for our media and entertainment proposition which is getting stronger and will be enhanced once again with the introduction of our new network based set top box by the end of 2017.

Another strong growth pillar for us is B2B. Our enterprise business is growing at a double digit rate and will continue to do so. We are ticking a lot of boxes through the acquisition of BASE of being able to offer the small to medium enterprise fixed mobile solutions. But we are also adding value in the value added vast services area with significant successes in security and hosting and other value added services.

2017 will really set the platform for realizing the BASE synergies. We will make some progress against the G&A synergies this year and also the MVNO synergies. Both of those will come online though in 2018 where we expect real acceleration in our margin. And the SFR footprint expansion is a great opportunity for us, as I said, both in the consumer and in the enterprise business given its predominance in central Brussels. So very excited about that and expecting hopefully to get through the regulatory process this summer.

So, getting to our outlook, underpinning our outlook for 2017, as I mentioned, the mobile headwinds in structurally in prepaid but from a regulatory standpoint in prepaid registration as well as roam like at home, will net out our revenue growth at about stable for 2017. Adjusted

EBITDA growth is solid though at mid-single digit and there will be strong margin expansion and operating leverage that will deliver that result. Accrued capital expenditures of around 24% of revenue. We are really hitting the peak of our network investment cycle in 2017 and therefore we are higher than our targeted capital expenditure of 20% of revenue that we've had over the last few years.

Adjusted free cash flow, very good solid growth there mainly due to some very good work by our finance and purchasing organizations. Given the volume of investment that we're making in the network, we have some favorable vendor financing deals and some other things that are contributing to strong results, strong forecast for adjusted free cash flow.

All that being said, we are well and truly on target for the numbers that we gave you in the Capital Markets Day about a year ago which is 5% to 7% EBITDA growth over the 2015 to 2018 period. As you can see, we outperformed expectations in 2016 and we're off to a fast start in 2017, and very confident of our multiyear projections.

Finally, before we get to Q&A, as is our tradition we're announcing a share repurchase program, 60 million -- or 1.1 million shares, EUR60 million and we are continually reviewing and committed to maximizing return on shareholder equity through active management of our balance sheet.

So with that, I will be happy to turn it over to Q&A, Operator.

+++ q-and-a

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

Vikram Karnany^ Thank you, guys. I have three questions please. Firstly in terms of M&A, in the recent weeks there seems to be more noise in the local press regarding opening up of VOO to the private sector. I will be interested in your thoughts, John, if you see any signal over here for potential consolidation in 2017. And if no M&A, with leverage close to your target of 3.5 times, at what point this year should we anticipate any potential cash returns to the shareholders?

Secondly, in terms of your medium term growth outlook, with the Lycamobile deal and synergies as you say ramping up from BASE, I was wondering, why haven't you upgraded the medium term outlook of 5% to 7%?

And finally, in terms of 2017 free cash flow outlook of EUR350 million to EUR375 million, please can you help us with free cash flow potential changes year on year on absolute CapEx, cash interest, vendor financing and any cash tax paid? Reason I am asking is because I see a big delta in the EBITDA, but in the release you mentioned these other factors, so I'm curious to know in terms of what the contribution is. Thank you.

John Porter^ Okay, Birgit, you've got a breakdown of the cash. Look, on the M&A front, if you're following the story of Nethys and VOO closely, you'll realize that yeah, there are some, a lot of scrutiny in the southern part of the country. It is historically very aligned with a political and industrial complex there. It's a situation that we're not involved with ourselves. We're not driving it, we are not particularly engaged at this point. I think we are a logical potential owner of that business, but I think it's a question of really letting some of the dust settle or the fog lift or however you want to say it, before we engage in any meaningful conversation. So I think our intentions have been well expressed and now we'll just wait and see how they want to move forward in the southern part of the country. In the meantime, of course we're still pursuing the SFR transaction in the competition authority, with the competition authority, so it's probably okay that we're not particularly active on the VOO front right now. There isn't any other really, in my mind, any logical other buyers than ourselves, so we'll see how that goes.

On the has that impact cash returns, I mean all I can say is that the Board has elected to pass in its latest meeting on any type of capital return or dividend, but that is something that we will -- you rightly point out that what our leverage is at this stage and the direction that it's heading, that's something that will be I believe reviewed on a fairly regular basis this year to ensure that as we have proven historically, that we don't have a particularly lazy balance sheet.

In terms of upgrading sort of the three-year growth outlook, you know, we get, I think to date we would agree with you. We have outperformed that outlook, but as I mentioned in my wrap up, there are a lot of things happening in this market from a competitive standpoint, from a regulatory standpoint, from a potential M&A standpoint. So I think the -- well I think traditionally Telenet has been prudent. We don't have a history of upgrading. We don't have a history of downgrading. So I think for now we're happy to stick with our guidance and you can make your own assumptions whether we're going to be at the high end of that or somewhere in the middle. But we will continue to look at it and obviously if it becomes materially misleading, we will upgrade it as required.

So on the cash front?

Birgit Conix^ So on the free cash flow, so some components, so interest for instance will come down by EUR40 million in 2017. Taxes go up, that is around let's say in the range of EUR20 million to EUR30 million. And then we also will, as we do every year, we'll have further improvements in working capital due to the expansion of payment terms. We did that in 2016 as well with BASE, the BASE acquisition. So there we equally improved. As you will have seen in 2016, because we were able to absorb the additional cash CapEx. And then we have high cash CapEx, but that is offset by vendor financing and here I can disclose what the range is of vendor financing because indeed that has a significant impact on 2017. And that will be between EUR130 million and EUR150 million. And there are approximately 12 suppliers on that platform. And we will continue to give full transparency on the underlying free cash flow as that remains very healthy.

So yeah, maybe you want to add, Rob?

Rob Goyens^ Yeah, maybe if I can add as well, Vikram, to what Birgit has said before, I think important as well is that the vendor financing platform we have been building, setting up since the second half of last year, is a gradual program. We are ramping up with certain strategic suppliers. As Birgit mentioned, currently we have around 12 suppliers on board. The big benefit of vendor financing coming in in 2017 is of course driven by the annualization of spend because in 2016 we only had like half a year in effect, 2017 will have like a full year impact. And the plan will be growing as we add more suppliers to the platform over time. So that's why the positive delta that you see in 2017 will not be fully reversed. Of course we need to pay whatever is uploaded in 2017 and 2018, but we also make sure that there is enough spend additional to make sure that our free cash flow continues to grow. Whether the delta in terms of vendor financing contribution year over year will of course be the highest this year because then you have the full benefit of the annualization of the spend.

Vikram Karnany^ That's very helpful. Thank you, guys.

Operator^ Nawar Cristini, JPMorgan.

Nawar Cristini^ Thank you very much. I have two questions please. So firstly, I wanted to get a sense of the level of prudence that is baked into the revenue guidance. In particular, it would be useful if you could tell us a bit more about assumptions that you've taken on the impact from the prepaid registration rule. And secondly, I want to come back to B2B which is one of your growth avenues. With Proximus' defensive move into fiber for businesses, how should we think now about your opportunity in this market? In particular, does it alter in any way the ambitions that you have laid out during your Capital Market Day last year? Thank you very much.

Birgit Conix^ I'll talk about the assumptions on the regulation. So to your question, that will be in the range of EUR15 million to EUR20 million that we calculated as an impact on prepaid purely due to the prepaid regulation.

John Porter^ Yeah, I think so you have a combination of the prepaid registration churn that we are expecting. Then you have of course roam like at home, then you have the wholesale termination agreement as well associated with that. Which combined has a headwind of EUR45 million of which we'll be substantially through it this year. So we have many positive offsets in our mobile business, but net net, it's a bit negative this year.

On the Proximus fiber and I guess our ambitions around DTV, the Proximus fiber proposal is a multiyear proposal and as you allude to, it is most likely focused on metropolitan areas and in fact underpinning the quality of their enterprise business where they compete very aggressively and successfully I might add. We have taken an approach that we are, given our historical position as a consumer business and the fact that we do pass about 96% of the homes in what we call our service area, that we will approach the market universally. In other words, we'll have one offer for every single Telenet customer. This is going to be a combination of our 1 gig network project underpinned by EuroDOCSIS 3.1 which will, as you may be aware, deliver speeds of up to one gigabyte. And the launch of our network RDK IP centric box which will deliver what we think is a transformative video experience for our customers, fully integrating OTT as well as network originated programming.

So I would say this is a good example of information based competition, working for the benefit of all concerned, requiring Proximus and Telenet to invest heavily in their infrastructure and their architecture and to compete aggressively with each other with network access seekers also benefiting from that network based competition. So that's the way we see it. We certainly aren't planning for our digital video business to decline. We are planning for it to grow and increase and we see entertainment or the premium video business as one of our growth pillars over the next few years.

Nawar Cristini^ Okay, thank you. Just a quick follow-up on the prepaid churn. So I wanted to better understand what is meant there. Does that mean basically you are expecting some prepaid customers to deactivate their second cards? Or they will be leaving to competition? And also, how do you think about the opportunity also to upgrade some of those prepaid subscribers to postpaid which could improve the subscriber mix at BASE?

John Porter^ Well it remains to be seen. We obviously have a prepaid to postpaid strategy and offers in the market and we will get more aggressive on those as we get closer to the time when we're obligated to switch cards off that are not registered. That's the big question mark. So it's a question of what's going to happen if X percent of prepaid clients have not registered? And then there's a date in the summer, I can't remember what it is, but --

Birgit Conix^ The 7th of June.

John Porter^ The 7th of June where we actually have to switch them off. So we may get all of them back after we switch them off. So who knows, they may wake up and decide they're going to register. Or they may go to postpaid. We just don't know. I mean as long as all of the operators comply with the regulation, then it could be a very interesting period. We'll all be working I'm sure very aggressively to win customers over each other. We just have more prepaid customers as a percentage of our network than our competitors do, so we're probably impacted the most.

Birgit Conix^ Many of them, so they are low ARPU, so it's a limited impact actually on EBITDA that we'd see.

Operator^ Michael Bishop, Goldman Sachs.

Michael Bishop^ Good afternoon. Just a couple of questions for me. Firstly, there's quite a bit of commentary around slightly higher churn in telephony and broadband due to Orange Belgium being slightly more aggressive. But I just wanted to ask a question around the net impact of that on Telenet because Orange Belgium seemed to suggest they're also winning share from your competitors. So has your guidance in terms of the net impact from Orange Belgium materially changed into 2017? And then secondly, just around the phasing of synergies, I appreciate the bulk of those synergies are in 2018, but it does feel like you're tracking ahead on an underlying basis. So could you give us an idea of where you are versus the EUR220 million guidance, perhaps excluding the MVNO given the bulk of those synergies are still to come?

And then just thirdly on tax, if the 2016 tax payment is now in 2018, will there also be the 2017 tax payment in 2018, or should we expect a two-year lag like we've seen historically? Thanks very much.

John Porter^ So I think probably a good, reasonably good guide on impact of the wholesale business as you look on, I don't know if you have the numbers on your slides, but slide 13 which is the broadband internet, we have a reasonably steady churn profile in broadband, and I don't think broadband internet even before Q4 2015 has ever been lower than 7%. So you can see the level of variability. I mean I'm not saying they're not winning some customers from us, but they are on a monthly basis and they are competing aggressively. But in that context, we're still able to grow our broadband business. We grew our broadband customer base 2% last year, so 31,000 broadband customers.

Fixed line telephony also, I don't know, a lot of the businesses that I see in other markets, fixed line telephony is negative, or fixed line telephony is still positive, although it came off in the third and fourth quarter a bit with a slightly increased churn.

And then on the video side, the fact that we are still growing our enhanced video business and our analog video business has been getting, is going backwards for 5 or 6 years now. But I think without disclosing any numbers, I really can't talk about any specific numbers or my feeling about any particular numbers going forward. Let's just say that they are aggressively -- they are competing aggressively. I'm sure they feel like they're having some success. But we're also able to grow our business in that context. So maybe the market is growing overall at the same time. We'd have to add up everybody's results I guess to figure that out. But we are confident that under the current regulation, we will continue to invest and we will continue to try to improve our services. So I mean that's about all I can say about net impact of wholesale access.

Yes, we are ahead of the synergies. I hesitate also on this one to give you any forward looking guidance on 2017 because it's all a question of how fast we move customers and that has some competitive implications, etc., so I'm not going to do it. All I would say is that on the G&A front that we are on track if not ahead and all of these things will help us achieve or even more than achieve our midterm guidance in 2018.

And then on the tax?

Birgit Conix^ Yes, so our assumption is that the tax return on the 2016 profits will be paid in 2018, so it is not included in our 2017 free cash flow guidance. So we assume no change in the payment terms.

John Porter^ Is that okay, Michael?

Michael Bishop^ Yeah, that's great. So just to clarify that, it's still you said just over EUR110 million for the tax payment that will now be in 2018?

Birgit Conix^ Yes, it will be --

Rob Goyens^ So basically there is -- so Michael, I think the figure that you were referring to is basically what happens to our 2017 free cash flow outlook. The 2017 free cash flow outlook captures the fact that the profit that was generated in 2015 will be paid in 2017 which is the case, because we can say that because we did pay it in January this year. And we don't expect on top of that any additional tax payment to be incurred for the remainder of the year. So the profit that was generated in 2016 will then become tax, will become taxed from a cash perspective in 2018. So there will not be a double cash tax payment this fiscal year.

Michael Bishop^ Okay, yeah, that's clear. Thanks very much.

Operator^ Daniel Morris, Barclays.

Daniel Morris^ Yes, good afternoon. Thank you for taking the question. I've just got two brief ones please. The first was, John, you mentioned earlier that you have this 20% CapEx for sales in mind as a mid-term run rate. You're obviously guiding to 24% this year, so there's kind of EUR100 million of extra spend. Can you just give us some color on the split of the extra spend between the mobile upgrade and the fixed upgrade and your kind of confidence in that dropping back down really towards that lower run rate?

The second question was just really around the cash out in time for football payments. Can you just remind how that plays through in 2017 in which I think the Premier League was a three-year agreement, was it if I remember correctly? Thanks.

John Porter^ The way the football agreement works on cash is it's pay as you go. So season by season. And this way it works for the Premier League and --

Rob Goyens^ Yeah, typically, Daniel, they are being paid on a biannual basis. So typically you get payment, especially for Belgium soccer, you get a payment ahead of the start of the season which is typically in the July period. Then there is a remaining payment to be done in January. For UK Premier League it happens to be one single payment towards the end of the year. And that covers the season. So that difference from the accrued CapEx is how we recognize the rights and as John mentioned, there's actually on a year by year basis. So we will not be paying upfront for three years. We will just do that gradually as the inputs are due.

John Porter^ Sorry, remind me what the first question was again, Daniel?

Daniel Morris^ Yes, so I was just thinking about the delta between what you see as a kind of run rate CapEx of 20% and the 24% that you're guiding for this year. It's kind of EUR100 million and I'm just thinking about how that allocates and how that unwinds.

John Porter^ Well very simply, as we complete the wireless upgrade and the door to networks, the big network project, it drops. That's in excess of EUR100 million. So that will drop off substantially by the end of 2018. Then also, there will be some -- the next generation of set top boxes that we are working on do not have a hard drive in them, so they are less expensive. So we will have some benefits there. And net net, the other positive influence on CapEx as a percentage of revenue is that mobile wireless networks typically run in mid-teens as a percentage of revenue for sort of standard maintenance and all those kinds of things, against cable which tends to run more in the 20% range. So the fact that we now own two networks, I think you'll see that things will average out at 20% or below in the medium term. 2018 is not the year, not the inflection point though. It's really 2019 where things will drop off.

Daniel Morris^ Very helpful, thank you.

Operator^ Matthias van Lizenhorst, Kepler.

Matthias van Lizenhorst^ Yes, good afternoon. Two quick questions. First, on regulation, are there any developments regarding the current refuel the Belgium regulator is doing? And the second one is just to clarify the outlook for 2017 positively impacted by the vendor financing program. What kind of figure should we think about for this vendor financing for 2018? Is that around EUR50 million or so, or less?

John Porter^ Okay, on the regularity front, as you allude to, the BFPG is doing what they're required to by statute which is to do a market review every three years I think. And they are well into that process right now and have highlighted that they'll be coming out with some sort of results the end of March or in April. Fundamentally, our position and our belief is that we're still in very early days of the last regulatory changes which created access to the, for the bundle over our network. It's very much in the vanguard of European Regulatory Policy already. Nothing has changed in terms of Telenet's market share on a national basis for broadband. We're still sitting at relative parody to Proximus on a national basis. So we don't really see any basis for rationing out the, for rationing up the regulatory regime. We think we're investing into this cycle on the basis of the one we have today. And as you can imagine, we're very, very opposed to any changes. That's not to say that certain companies who live and die by regulatory relief aren't lobbying hard to try to generate changes, but we think that we have a very successful infrastructure based, competitive marketplace and it doesn't require any further changes.

Birgit Conix^ So then on the vendor financing, so as I said earlier, so we have included in 2017 between EUR130 million and EUR150 million. And in 2018 you have two effects. The repayments of the 2016 vendor financing and also new spend. So yeah, probably between EUR20 million and EUR30 million. I'm just looking at Rob here, if you can confirm?

Rob Goyens^ Yes, so Matthias, yeah, this vendor financing platform is actually a discretionary platform. So basically the intention is to grow that platform gradually and to do that in a sustainable way. In order to avoid that if there is a positive free cash flow contribution in one year there that is going to be a shock in the year after, that's something we want to avoid at all cost. So the benefit of the vendor financing program is all about additional sources of liquidity at cheap financing conditions. That's what it's all about. We have to measure everything from mobile that is relative to the financing and what it allows us to do is that it actually tends to be beneficial on our cash flow. Because otherwise the entire network spend would have been paid in just one year and now you can actually spread it over a longer time period. Of course the spend will be repaid in the year thereafter, so that means that you need to look for us to gain the suppliers that grow, as your business grows as well. Or you add new suppliers as the program actually grows. So we are going to do that in a sustainable way. As a result, there will not be a meaningful reversal from one fiscal year to the other.

Operator^ Nicholas Coles-Coalson, HSBC.

Nicholas Coles-Coalson^ Hi, thank you. Just a question on the net interest expense that has increased significantly in Q4 quarter on quarter. So I just wonder why this big increase? And am I correct to -- I'm not sure I understood correctly the guidance for 2017 for interest. Did you say that it would fall by about EUR40 million, meaning that we should be just short of the EUR300 million for the total year? And I've got a second question, much broader one, on the way you assess the value of investing in content. If you could take us through the benefits you said you can derive from that configuration that would be great. Thank you.

Rob Goyens^ So Nicholas, on your question on interest, are you referring to the P&L interest or the cash interest expense?

Nicholas Coles-Coalson^ Why don't we start with the P&L, because there was a big increase in Q4 and I couldn't really get an explanation on that.

Rob Goyens^ Okay, because in Q4 actually quite a lot of things actually happened with regards to our overall financing. So basically because we did this large refinancing transaction back in November where we did refinance EUR3 billion in (inaudible), which had an impact over there. Don't forget that also we have a huge dollar debt which is going to be outstanding which also causes for some more volatility in our P&L. If you look at the cash flow interest, I think that's the most important area to look at, because it also derives as free cash flow growth, there we can confirm that interest will be about EUR40 million lower in 2017 compared to 2016. That has two big drivers. The first one is the fact that the ticking fees that we paid for the BASE acquisition, meaning the financing fee on the instruments that were issued in 2015 yet only took on in 2016, will not be repeated because that was a one-timer. And secondly, the refinancing that we did back in November also creates like EUR20 million or EUR25 million of annual interest savings. And the result of that actually has led to the lower cash interest expense.

John Porter^ In terms of the overarching philosophy on the value of our content investment, I think that we feel very strongly that our sustainable point of difference is our capabilities in the content space. Both as a curator of the content, but also as a Company that is committed to the local content ecosystem. On the curation front, we have very successful SVOD packages, Play More and Play Sports. Now there's a lot of fixed costs in the premium and the more customers we gain, the more profitable it becomes. So if we can continue to see net gains in these categories, the incremental profitably will be quite good. I think more importantly, having a USP of having the best content if you will, is something that underpins the very low churn profile of our triple play and quad play bundles. We're certainly finding that in what I said was a very competitive environment, that one of our best retention tools is the fact that our content offering is superior to that of particularly Orange in the case of competitive movements and share shifting.

I mean an 8%-is churn rate, annual churn rate is extremely low in our business and we think content really underpins that. We also think that in the context of competing with OTT, that OTT is essentially a commodity in the marketplace. Anybody can offer it and so you lose your point of difference if you rely on OTT service as your premium content solution. We think that because we need to invest in content anyway for our DTV project, that to incrementally create these premium options is working for us. Not just in terms of its net contribution, but also in terms of underpinning the stability of our overall customer base.

Operator^ David Wright, Bank of America.

David Wright^ Hey, guys, a couple of questions. Two kind of ends of the spectrum. Just from the bottom up perspective, we must have had 50%, 60% of the questions so far on the various cash flow items given that there's a lot of movement with the tax change, the vendor financing, etc. You've given us the guidance for 2017. Can you just give us some kind of a ballpark for 2018 please? Just so that we can keep moving on it? And then my second question is very much top down. There was a question before quite rightly pointing out that the leverage is coming down now quite significantly and that is the outlook for the business because it is very cash generative. And there are talks about the likes of VOO potentially being more, I don't know how to describe this, salable let's say, as an asset moving forward. Is that just how we should think about the balance sheet, that you guys are just keeping the powder dry a little just in case anything comes up there? But then on a one to two-year view, then it's time to just go back and say, okay, this is a little less efficient now, we'll return some cash? Thanks.

John Porter^ Okay, I'll take these. Essentially as I said of course, it's a matter for the Board how they want to manage the balance sheet. There are a few moving bits and pieces and I think one thing that we can say is that although the board elected not to do anything now, I think contrary to maybe last year or whatever, it is a situation which I think they'll be reviewing more often in 2017. Because some of the moving bits and pieces may not be moving anymore. So it'll be continually under review. It's something that our Board will consider. I mean we can all do the math and see that theoretically one turn is worth more than EUR1 billion, so we all understand what it looks like. But you're just going to have to take our word for the fact that we're not in position to announce anything today, but we will continually I think review it as the year goes on.

In terms of giving you some ballpark on 2018, I mean we can't really do that and that's not the way we provide guidance. But I will reiterate the fact that through the transaction with BASE, that we have unlocked some gross losses which should come to bear and have a very positive effect on our cash tax profile. And as the year gets closer, we will provide you with more specific guidance on that. But for right now we're still -- 2017 is still a reflection of 2015's tax liability and that's really all we can say at this point in time.

David Wright^ That's very useful and understood, thank you.

Operator^ Emmanuel Carlier, ING Bank.

Emmanuel Carlier^ Yes, hi. Good afternoon. Three questions. Once again on the balance sheet, VOO is actually -- it's not a small target, but it's also not very big. A way to ask the question different, what is actually the kind of headroom you think you need to be prepared for that deal? I think if you take one times EBITDA, that should be more than enough, no? And then secondly, on the synergies, so so far you guide for EUR220 million. You can give guidance on 2017, how much of the synergies you will have by end of 2017. Could you give them by the end of 2018 because you have an explicit target on 2018? And then thirdly, I just would like to understand how confident you are that you can return to sales growth as of 2018. Thank you.

John Porter^ Okay. Look, basically I'm not going to give any indication of what we think the value of VOO is because we haven't really dug into it. I have no idea what their operating cash flow is. I think first things first. I think Nethys and the folks in Wallonia need to decide how they want to handle that basic structure of that company going forward. And if they want to run a process, then we'll be in it, we'll learn more about it. But they don't even publish how many subscribers they have, so obviously we can make some assumptions on that, but historically you know from a population standpoint that it's sort of 60/40, 60% of the population of Belgium in the north and 40% in the south. So I don't know, you can do the math anyway you want.

In terms of the synergies, are you asking about SFR, or?

Emmanuel Carlier^ No, this is about BASE. So I think the OpEx says you will probably repeat in 2017. But then I think you guided at EUR150 million as MVNO related. I just want to understand how much you believe you will book by the end of 2018 and how much will come after that.

John Porter^ We're going to have all the customers migrated by the first quarter of 2018. So there will be, that will be it, we won't be making anymore MVNO payments after that.

Emmanuel Carlier^ Yeah, but you guide that the EUR220 million synergies will only be realized by the end of 2020. So what is the gap between end of 2018 and 2020 more or less?

John Porter^ Well it essentially is the fact that data consumption over 2019 and 2020 would have theoretically increased. And our MVNO costs would have increased during that period. And since they're not increasing, there are no MVNO costs, that's where the additional synergies come from.

You can say that we're sitting at around 1.2 gigs per customer per SIM per month. US is already like at 5. So we know that data consumption is going to explode over the next few years. And that's really where, that was really the conundrum for us being an MVNO. We couldn't have borne that rapid expansion in data consumption. That's why we had to own our own network.

Emmanuel Carlier^ Okay, thanks. And then on the sales?

Birgit Conix^ So maybe talking about 2017 as we alluded to earlier, so EUR45 million is, around EUR45 million is really more about mobile regulation and not even taking into account like regulated wholesale in our fixed network, just in mobile. So then you can say that around 2% is related to regulation and that will fade away in 2018 as we will have had the majority of the mobile headwinds by then. So then naturally you will come back to (inaudible).

John Porter^ And we have other strategies which we're not going to go through right now, but other strategies relating to connectivity, relating to the introduction of our new set top box, our entertainment product suite, etc., our B2B business, our wholesale business. We just picked up a million SIMs in the Lyca transaction. So there are a number of drivers we're not going to iterate on this call, but there are a number of drivers and the headwinds are reducing as Birgit pointed out. So we are very confident that topline growth will return in 2018, 2019, 2020.

Operator^ Sander van Orch, Kempen.

Sander van Orch^ Yes, thank you for taking my questions. A few technical questions. First of all on the implementation of the price increases earlier this year. In the past of course it had a bit of volatility caused also in the media. Maybe you can elaborate a bit on how the price increase were received this year as well as has it impacted your business in January, February? And secondly, also in the press release, the competitive pressure in mobile, is it mostly on the headline pricing or is it just larger bundles for the same price? So is the value of the market unchanged or is also the market value overall under pressure?

And final question is, Orange Belgium reported an ARPU which increased slightly to EUR28 for a subscriber versus Telenet at EUR24.70. So do you think that you should at least get to the EUR28 or are there any structural differences in subscriber base which will prevent you from getting to this level? Thank you.

John Porter^ So on the price increase I would say, look, price increases are never easy. But I think any -- certainly we had a problem in 2015 with a social network kind of backlash. But we haven't had that problem in 2016 and we haven't had that problem this year either. So I think it's been relatively smooth. I mean we certainly point to the fact that although our triple play bundles did increase 1.99%, there was no increase in WIGO and in fact WIGO customers saved a significant amount of money in late 2015. We lowered the price of our play offer from EUR15 to EUR10. We still have one of the cheapest 30 MiG broadband standalone offers anywhere at EUR27.50. So pricing is complex. I think we did a good job of promoting where we were offering much, much better value in our fixed line and in our entertainment businesses.

On the mobile front, there was little bit of a scattershot of reaction to WIGO. Orange lowered its premium service from EUR39 to EUR33. But since that time, there's been no real change in significant segment pricing. There's been a bit of a rush of blood to the head on specs, so we'll see where that all goes. But yeah, mostly it's specs, so you shouldn't see any real degradation of ARPU.

In our case, the WIGO offer where we, you can have for example in WIGO 120, you can have up to five SIMs. So the average is between two and three SIMs that people are taking, but you can have up to five SIMs. So that probably puts a little bit of downward pressure on ARPU. Additionally, with our King and Kong, which is still 50% of our total mobile sales, the sales skew very heavily to King or supersize King which is the EUR20 product. And as specs increase, you get less out of bundle revenue, so probably one of the big things is the fact that out of bundle and SMS revenues are essentially drying up in the current environment.

And then -- hold on a second, while I remember if I answered all your questions yet.

Sander van Orch^ I think these are the questions.

John Porter^ Okay. Yeah, I got you. Okay. Well thanks, everybody. I appreciate you hanging on for the call and I know some of you are in North America, it's very early, but we're just making room for the next cab off the rank, Liberty Global. So we will see you down the road. Do you want to say anything, Rob?

Rob Goyens^ No, that was a very good compete remark, I have nothing to add.

John Porter^ Okay.