Company Name: Telenet
Company Ticker: TNET BB
Date: 2020-07-30
Event Description: S1 2020 Earnings Call

Market Cap: 3829.63879116
Current PX: 33.64
YTD Change($): -6.42
YTD Change(%): -16.026

Bloomberg Estimates - EPS
Current Quarter: 0.98
Current Year: 3.321
Bloomberg Estimates - Sales
Current Quarter: 635
Current Year: 2580.071

S1 2020 Earnings Call

Company Participants

- Rob Goyens, Vice President, Treasury, Investor Relations
- John Porter, Chief Executive Officer
- Erik den Enden, Erik den Enden
- Paul Sidney Koenig, Managing partner
- Unidentified Speaker

Other Participants

- Emmanuel Carlier, Senior Analyst
- Polo Tang, Analyst
- Roshan Ranjit, Analyst
- Michael Bishop, Executive Director
- Christine McLaughlin, Manager
- Matthey's
- David Vagman, Analyst
- Simon Cowell
- James Ratzer, Team head

Presentation

Operator

Hello and welcome to the H1 2020 Telenet Group Holding NV Earnings Release Call. My name is Courtney and I'll be your coordinator for today's event. Please note that this conference is being recorded. And for the duration of the call your lines will be on listen-only. However, you will have the opportunity to ask questions. (Operator instructions) And I will now hand you over to your host, Rob Goyens to begin today's conference. Thank you.

Rob Goyens, Vice President, Treasury, Investor Relations

Thanks operator, and good afternoon everyone. My name is Rob Goyens, Head of Treasury Investor Relations at Telenet. I would like to welcome all of you to our Q2, 2020 earnings webcast and conference call. I trust you've all been able to have a look at this morning's earnings release. The release and the presentation for this call can be found in the Results section of our Investor Relations website. As usual, we'll start with our CEO, John Porter who will walk you through some of the main strategic and operational highlights of the second quarter and summarize the main impact COVID-19 is having on our business.

Next, our CFO, Erik Van den Enden will guide you through our quarterly and half-year financial results, and afterwards, we will open it up for Q&A. Given the number of participants to this call in order to allow for an equal treatment, we would like to ask you to limit yourself to two questions. And any follow-up questions can be directed afterwards to the Telenet Investor Relations team directly.

Before we start, I would like to remind you, next slide the certain statements in this earnings presentation are forward-looking statements.

These may include statements regarding the intent, belief or current expectations that 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. With that, let me now hand over to John.

John Porter, Chief Executive Officer

Thanks, Rob. First of all welcome, everyone. I hope you and your loved ones are all doing well in these challenging times. And perhaps you as well as I might get a break after a busy reporting season. So as you can imagine, keeping everyone connected during the pandemic has been our top priority. And in that context, we continued several initiatives, which we began at the end of the first quarter, such as free fixed and mobile data and free premium entertainment for all of our customers,. But all business over 90% of our employees have been working from home during a lock down. I am extremely pleased with how efficiently our employees are adapted to this new situation, underlying the superior quality of our HFC giga-network as we did not encounter any connectivity issues at all. Under the hashtagsamenerdoor, we continued, which means threw it together, for non-Dutch figures, we continued several initiatives to support some substantial social efforts, such as distributing 36,000 free vouchers for WiFi for school children to continue their studies through the end of the term. And social other, through social organizations and through the school system. We also offered free laptops for children supporting the digital for use and gave smartphones and free entertainment to over 1,000 hospitals and nursing homes.

Looking at the second quarter from a business perspective, it was reassuring to see that we were able to even accelerate the positive commercial momentum, we achieved in the first quarter of this year, despite the ongoing crisis. This led to a robust set of operational KPIs. We further increased our fixed mobile converged subscriber base to almost 600,000 customers. An increase of 28% year-on-year, resulting in a 29% convergence rate. An increase of 7 percentage points compared to the same period last year. And overall, our mobile digital attachment rate reached 40%. A solid increase of 3 percentage points year-on-year. We recorded the best quarterly broadband net ads, since Q4, 2015 of 9,500. Even including an allowance which we took at the end of the quarter for potential financial churn. I am happy to say that through July, it looks like we probably over approved for that and are in very, very comfortably getting many of these customers to stay on the network.

For the first half of 2020, we had 17,600 broadband customers in total. This excellent performance on broadband is also explained by the very low annualized churn of 6.4% for Q2 2020. The lowest level since Q2 2015, before the launch of Orange. In addition, we kept our digital TV subscriber base stable year-on-year.

The real strength of Telenet, is the excellence of its network. So, let's take a look at that now. Upstream data traffic on our HFC network increased 50% and downstream 20% percent on average in Q2 2020, as said, without any significant disruptions. The weighted average download speed per customer in Q2, further increased to 206 megabits per second, almost 50% faster compared to the same period last year. We distributed 645,000 Wi-Fi boosters by the end of Q2, meaning that almost 40% of our broadband customers now have such a device at home and enjoy the best and fastest in-home connectivity in the market in all corners of their home. It again underpins the importance and power of our gigabit infrastructure and it's our key goal to maintain network leadership in the future as well. That's why amongst others, we announced that we are talking -- starting talks with Fluvius about the realization of the data network of the future. Fluvius aims to realize an open data network across the whole of Flanders with Telenet already operating a highly performing giga-network across its entire footprint in Flanders and Brussels.

This ambitious FTTH project could be a next logical next step to building a NextGen network guaranteeing Flanders, the continual leading position for the future. These discussions are about keeping Flanders and Brussels in the vanguard for the next 20 years. I will say, we have full confidence in today's giga-network in the near term. And we remain committed staying ahead. If we look at the financial impact of COVID-19 pandemic, it's reassuring to see that our underlying business remains resilient with a stable trend year-on-year for both the first half 2020 and the second quarter. The biggest exposure was in our other revenue segment where our TV advertising and production revenues for the second quarter decreased 39% year-on-year. Interconnect revenues decreased 30% year-on-year because of the shift to OTT messaging applications. And we sold less handsets as our stores were close to mid-May.

Our Play Sports customer base of over 200,000 customers decline a bit since the national JPL league was stopped. So, we lost over 20,000 subs there. The last revenue bucket impacted has been roaming, where we saw a decrease in both visitors and our own traffic, subscriber roaming traffic. From a margin perspective, it's worthwhile noting that interconnect, handset sales and roaming are broadly margin neutral and do not impact to EBITDA. We continue to innovate, as we are preparing our first B2C and B2B 5G use case, since we acquired 40-megahertz of temporary spectrum. We are fully committed to 5G and we have several Parks in the pipeline, including the Park, 5G blueprint and EU initiative in which we are the only Belgium carrier participating is also an extremely exciting project. I'm also very pleased with the performance of TADAAM, our fixed wireless access proposition, which has an impressive NPS customer satisfaction scores of 23, driving the steady but continuous growth of its customer base.

The Park Telenet's VR experience locations is expanding offer to living room as customers can now rent VR glasses and play different games at home. The Park also acquired a stake in Triangle Factory, a game developer with a strong focus on VR content. On top of that our Telenet business division signed a strategic partnership with NVISO to jointly offer a fully integrated managed cybersecurity product.

And finally our SafeSpot, all in one homes cybersecurity solution is showing very promising uptake with a 50% increase of its installed base at the end of second quarter. The future looks bright. We're extremely optimistic and now I will give the floor over to Erik for the financial highlights.

Erik den Enden, Erik den Enden

Thanks, John, and good afternoon or good morning for the ones calling in from abroad to all of you and thanks for joining this call. Let me walk now through our second quarter and half-year results, starting first with our operational performance. As you can see on slide 13 (Technical Difficulty) building on the positive trends that started after the completion of these a SFR migration to middle of last year, we added another 9,500 net broadband customers within the quarter, which was our best result since the fourth quarter of 2015. The strong broadband results was driven by continued positive momentum in the residential segment with overall churn dropping to 6.4% in the second quarter, which compares to 8.3% a year ago. When comparing our quarterly performance to other operators in the Belgium market, it's important to remember that because of the COVID crisis, the Belgian telecoms regulator BIPT did not allow the operators to disconnect, non-paying customers before the end of the second quarter. And as such, we decided to fully remove these non-paying customers from our subscriber accounts as per our accounting policies.

But excluding this effect, we would have added even over 13,000 broadband customers within the quarter. And finally, I will also like to note that as we divested our former SFR business in Luxembourg, we also remove 9,500 unique customer relationships and 18,500 RGUs from our consolidated subscriber base and you can find all the detailed in our earnings release, if needed. So, but on top of the strong performance in broadband, we also enjoyed a very solid quarter on the Video front. We managed to reduce overall churn to 7200 Video subscribers, which again represents our best quarterly results since the second quarter of 2016. And also our digital TV customer base was stable and compared to the first quarter. On the mobile side, we recorded a lower rate of the additions in the quarter and this reflects the mandatory closure of all of our physical retail outlets until the middle of May and the impact of non-paying customers, which were not allowed to disconnect. Finally, our FMC customer base, which represents the sum of our "WIGO", "YUGO" and "KLIK" bundles, which nearly 600,000 customers at the end of the second quarter, which is up 28% year-on-year and equivalent to around 29% of our total customer relationships.

Let's now take a look at our ARPU performance, which is obviously one of our key operating statistics as we seek to obtain a larger share of our customers telecommunications and entertainment spend. The fixed ARPU per customer relationship grew a healthy 2% to EUR58.4 for both the second quarter and the first half-year.

Growth in the ARPU per customer relationship was driven by three main factors. Firstly, a higher proportion of multiple play subscribers in our overall custom mix. Secondly, a larger share of higher fuel broadband subscribers in the mix. And thirdly, the benefit of certain price adjustments as of August last year, which are now annualizing within the third quarter. The federal strength was partially offset by couple of headwinds, such as a higher proportion of bundle discounts lower other bundle usage related revenue. And lastly, the effect of the changed location of the bundle rated subscription revenue, which is explained in our earnings release. So let's now turn to our financial performance.

Despite the impact of the COVID-19 pandemic on certain parts of the business, notably, of course, during the second quarter, we have seen is strong financial performance over the first six months of the year. Starting with revenues on slide 15 for the first six months of the year, we generated revenue of just over EUR1.27 billion, which was up 1% year-on-year and included certain inorganic impacts such as the acquisition of the De Vijver media in June, 2019 and the divestiture of our former Luxembourg cable business in April 2020. Excluding both inorganic impacts, our topline decreased 2.7% year-on-year in the first in six months of the year. These mainly reflected the 15% decrease in our other revenues, which are a result of the COVID-19 pandemic and this category includes amongst others interconnect revenue, handset related revenue, and advertising and production revenue at the De Vijver Media. In the second quarter, we generated revenue of EUR619 million, which we presented the 3% decrease year-on-year on a reported basis and a 5% decrease on the rebased basis. Due to the sharp decline in our other revenue, which was directly linked to the crisis and the locked down in the second quarter.

However, excluding all the revenue in both periods, our top line was stable, both in the first six months and in the second quarter of 2020, which was in line with our revised guidance as presented at the end of April and this highlights the resilience of our underlying subscription revenues. Then turning on or moving on to costs. I think we once again demonstrated very tight cost control in the first half of 2020, resulting in an 8% decrease of our total operating expenses on the rebase basis. All of our cost buckets should improved trend versus the same period of last year. Our direct costs decreased 10% to rebased basis compared to last year due to significantly lower interconnect expenses and lower cost related to handset purchases during the crisis.

Our sales and marketing expenses decreased 16% on a rebased basis including timing variances in some of our campaign compared to last year and the lower spend in the second quarter due to the COVID crisis. Our other indirect expenses showed a 40% rebase decline again underpinning the continued start cost control that we have(inaudible). Turning to EBITDA, on slide 17, you can see that we achieved adjusted EBITDA of EUR698 million for the first six months of the year, which was a 5% year-on-year on a reported basis and on a rebased basis, we achieved a healthy 1.8% adjusted EBITDA growth year-to-date, which clearly represents a good start to the year in light of our full year outlook.

We succeeded in expanding already based adjusted EBITDA margin by 250 basis points versus the same period of last year to nearly 55%. In the second quarter, our adjusted EBITDA reached just over EUR352 million which is 2% up year-on-year on the reported basis and rebased our adjusted EBITDA in the quarter was stable compared to the same period of last year and this is against the backdrop of a 5% rebased revenue decline. Consequently, we achieved an exceptional adjusted EBITDA margin of nearly 57% within the quarter, which was our best quarterly margin performance in more than 6 years time. On the rebased basis we managed to grow adjusted EBITDA margin by (technical difficulty) With a full-year outlook for 2020, we do expect a modest decline in just EBITDA performance in the second part of the year, which includes a tougher comparison base for the third quarter relative to Q3 of last year and also an expected increase in certain cost drivers including our sales and marketing expenses. Now, that most of the lockdown restrictions that has been lifted. If we then move to the next slide and zoom in closer on CapEx, you will see that our accrued capital expenditure for the first six months, reached nearly EUR300 million which market 3% decrease versus the same period of last year and is equivalent to approximately 23% of revenues. Excluding the recognition of the UK Premier League Football broadcasting rights in the first half of last year, which as you know, provides under IFRS rules.Our accrued capital expenditure for the first six months increased 12% year-on-year.

In the second quarter of this year or accrued crude capital expenditure decreased 8% to EUR125 million, which is equivalent to approximately 20% of revenue. With the exception of CapEx for products and services, all of our investment buckets trended down compared to the period of last year, including lower network-related investments and lower customer related CapEx as a result of the COVID crisis. And as you can see on the pie chart, approximately 56% of our CapEx for the first six months of 2020 were scalable and subscriber growth related.

And as usual, we can continue to closely monitor our CapEx in order to make sure that they do drive incremental return. In terms of operational free cash flow, Operating free cash flow we reached 400 million for the first six months of this year, including 228 million in the second quarter. This represents a modest 1% increase year-on-year and 12% increase in the second quarter, which is excluding recognition in H1 of 2019 of the UK Premier League Football broadcasting rights. There was more than offset by the forth mentioned increase (inaudible) revenue. On the rebased basis and excluding the impact of IFRS 16 accounting rules with respect to leases, operating free cash flow growth is 5% year-to-date, which represents a solid start to the year relative to our full-year outlook of 1% to 2% growth. Our adjusted free cash flow reached 264 million in the first half year and included EURO181 million contribution in the second quarter. Our year-to-date, adjusted free cash flow was up 28% year-on-year due to timing variances in our cash back payments and health the Adjusted EBITDA grew. Adjusted Free Cash Flow for the first six months also included an EUR11 million benefit from our vendor financing program, which compares to a 44 million benefit in the first six months of last year. And if you exclude these from refinancing impacts adjusted free cash flow growth would have been even higher. As a reminder, we expect the 0 contribution from vendor financing for the full year 2020. But of course on a quarterly basis. There will be certain fluctuations. As we expect to settle our guest experience in the 3rd quarter of this year, this will negatively affect the year-on-year comparison in Q3 and in addition we also settle most of our cash, the cash interest expenses in July as we do in January. So as a result, we expect that adjusted free cash flow to be seasonally impacted by these large case outflows, specifically in the 3rd quarter.

If we just turn to the next slide, you can see that Telenet continues to enjoy a very robust liquidity and debt maturity profile. Our cash balance at the end of the quarter reached EUR71 million and we have full access to an undrawn revolving credit facility. So the total enterprise liquidity amounts to EUR626 million. Please also note that there are no debt amortizations until 2028. So our term to average, average term to maturity is 8 years. And also, this is excluding some short-term commitments Congress and refinancing programs. But clearly a very healthy debt maturity profile. As you then you can see on slide 22, our net total leverage at June 30 remained stable at 4.0 times, as it already has done a couple of quarters. It is exactly at the mid point of our leverage framework as presented during the Capital Markets Day in December, 2019. A stable performance reflected the payment of EUR142 million for the final dividend that we paid in May. As such, we continue to deliver against our remuneration policy, I remain fully committed to do so going forward. And then finally before we open the floor for Q&A and let's take a look at our guidance for 2020.

So looking back at the solid performance of the first six months, we are very happy to reaffirm our full-year guidance for 2020, which was revised at the end of April, and which is further explained in the outlook section of our earnings stream. As a reminder, our outlook excludes the impact of any additional look down measures towards the remainder of the year and assumes a gradual economic recovery of the most of the COVID-related jurisdictions got lifted in the middle of may. And as Joe mentioned earlier, apart from the 2020 guidance, we also be from on 3-year guidance over the period 2018 to 21, but we plan to deliver a 6.5% to 8% operational free cash flow. Okay. So we did. Let me now hand it back over to the operator to open up for the Q&A session.

Questions And Answers

Operator

Thank you. As a reminder, if you would like to ask a question on today's call (Operator Instructions). Okay. Our first question comes from the line of Emmanuel Carlier calling from Kempen. Please go ahead.

Emmanuel Carlier, Senior Analyst

Yes, hi, good afternoon. Two questions, one is on Fluvius, could you disclose more information on the rationale to initiate talks with Fluvius? So I want to know if it this an offensive or rather a defensive move, and why and if you consider to create an infra JP like some of your peers have done. Second question is on shareholder remuneration and how should we think about shareholder remuneration in relation with the potential acquisition of and the talks of Fluvius because today your policy is based on free cash flow and there might be some lumpiness in free cash flow based on these two elements? So yeah, do you consider to maybe add to your policy that you also want to have a progressive dividend.

John Porter, Chief Executive Officer

Yeah, sure happy to address the conversations with Fluvius. First and foremost, Fluvius ran a market sounding with some strict criteria as to who they would like to talk to on an exclusive basis. And you can imagine, who are participating in that process, and I believe it's important for us to have a seat at the table. We're all -- we talk to and work with Fluvius more actively than any other company. We pay them a lot of money every year. They own and operate 30% of our HFC network. So, and we are a logical person to talk to you about the data network of the future, which is essentially how they theme the conversations. It is extremely preliminary in that no one is being overly specific about what shape this evolution will take. As I said in my prepared remarks, we're talking about the network of the next 20 to 30 years. We're not talking about the next 1 to 5 years. but even without Fluvius, there is a continual evolution of our network architecture from HFC as we push fiber deeper and deeper into the network. Right now we're down, we've got fiber down to about 320 customers have fiber node that we continue to split nodes. We continue to add fiber. We've been doing that for a decade. It's a certain point it becomes economically efficient to leapfrog the electronics in your, in your network, which are more expensive to operate and would not as clear a roadmap to 10 gig and beyond and take that fiber directly to the home. So that's the nature of the types of things that we will be talking about.

We are -- it's way too early to talk about any potential structure. But clearly, we realize that there are various structures being deployed, deployed in these projects around Europe and internationally, which don't necessarily burden the balance sheet of the operator with the full weight of the investment. This is to say, we're looking at these various structures around the world and will investigate if any of them are relevant for talent in the future. This is a process that you know -- I'd rather be in the driver seat, then sitting on the sidelines and watching my competitors having these discussions, to be honest.

And we think we have an interesting alignment with Fluvius because of the fact that we have worked together quite constructively. We have different -- we bring different skill sets to the, to the discussion. And we think at the end of the day, we can do something that's, that's quite creative, not necessarily disruptive to the balance sheet, not necessarily disruptive to our shareholder. The way we intend to build shareholder value over the, over the ensuing period. So, we'll see where it goes is going to take a little while, but we have -- there's a lot of different ways it could go. We're not going to do something that's going to burden us with some sort of capital requirements that are slightly beyond our reach or build it and hope they will come, or you can trust us that we're not going to do stupid stuff. This is about, like I said, the long-term, staying ahead. This company has been built on having the premier network in the market. There is increasing differentiation between our network performance and copper networks performance and we want to keep that structural advantage and Eric would you like to talk about our commitment to the health shareholder remuneration policy.

Erik den Enden, Erik den Enden

Yeah. So, absolutely. So I would really like to start with saying that we are very committed to the share remuneration framework. I mean we just put it in the market at the end of 2018. So that's quite recent and I think we have been executing well against that. We did the first intermediate dividend last year. We did another big one in May and also going forward we have all intention in the world to continue to execute against it.

Of course, we. I mean, we just have the test or indeed one of the things we do test. It's, whether it's in the, range of the 4.0 times. So whether it's within the the agreed framework of 3 and 3.5 and 4.5 times. But again, we, as John says, I mean it is something that we're extremely committed to also going forward. And we really continue to plan to execute against it.

John Porter, Chief Executive Officer

If, I may follow-up on that may be, just imagine that you would go for that you get that deal done, but that it requires upfront CapEx and as a result, free cash flow grows temporarily lower. I just think it's important to give the market some indication about what that could mean with respect to your dividend on an absolute basis. Yeah, we -- first of all, we're going to the potential transaction is something that we will approach and in a very disciplined and rational manner. Secondly, and we believe that there is number of ways to get something like that done, I mean the previous transaction was only 51% of the company. And so the starting from the starting place of that we have more than enough capacity to get a transaction that looked like the Providence transaction done and maintain our commitment to shareholder remuneration policy, we have a couple of levers to pull. One is we have said we're willing to increase our leverage in the context of an accretive M&A transaction. Second of all, we have a lot of runway ahead of us in terms of in returning a greater percentage of the free cash flow that we're getting today. So there is more than enough levers to pull to maintain our commitment to the dividend policy, which is first and foremost, we acknowledge that is mission critical for us. I don't see either the Fluvius discussions or a potential deal which by the way is a long way from getting done and they would require probably a year's worth of regulatory approval which is usually the standard around here.

I don't see either of those strategic, strategic optionality which if it's not accretive we're not going to do it and if it's going to blow our balance sheet, we're not going to do it. So I don't know why that would be an overhang for us. It's really just about creating strategic optionality which we've done very successfully in the past and the other part of your question about would we grew we put more structure and more predictability into the shareholder remuneration policy in the absence of M&A and with a better understanding of Fluvius. Yeah, we probably would create more structure and we would crank that policy up in a very structured and material way over time.

Emmanuel Carlier, Senior Analyst

That's very clear. Thank you.

Operator

Thank you. The next question comes in from the line of Polo Tang calling from UBS. Please go ahead.

Polo Tang, Analyst

Yeah, hi. I have got two questions, the first one is really COVID-19 and how confident are you that the COVID-19 headwinds that you saw in Q2 at least into Q3. So any color in terms of, have you been developing in kind of June, July be great but specifically, can you talk about what you're seeing with roaming and maybe also give some color in terms of the production in advertising revenues?

And my second question is really just round ZTE in Huawei. So obviously we got new restrictions in Belgium that limit the exposure of Chinese vendors in the network to about 35% by 2025. So how should we think about the impact in terms of your CapEx and going forward? Thanks.

John Porter, Chief Executive Officer

On the Covid-19 front, we unlike our neighbors to the north (inaudible)where roaming is a big profit center for them. Well, we're probably our neighbors to the south, but on other numbers as well. Roaming is essentially a neutral proposition for us, so we could be in the summer, we might be familiar to positive the winter million to negative but on an annualized three basis, it's pretty breakeven and so far, that's been our experience through the COVID situation. I'm not optimistic that traveling is going to be, is going to pick up to a lot in the next quarter. And I would I would hesitate to get the crystal ball on the fourth quarter, but it's, it's not something that's going to impact our bottom line. On the ad revenue, I mean retail open, people are trading, we, in fact, I think, Eric mentioned that we're back in the market in the third quarter spending our advertising dollars euros whatever we have here. Sorry. And I think other companies are in that same situation. So we, up until about three weeks ago we were optimistic that, that the advertising and production markets would we start to ramp up in the third quarter.

Now that being said, you know, we had -- we have lost the production rights for the, for the football for local football, which will hit real hit us and revenue, not so much at OCF because it wasn't a particularly profitable thing. But the current plan which is subject to not having another super lock down is to see us getting back to more normalized run rates in media at the, in the fourth quarter. 40% of SBS budget is made in the fourth quarter anyway. So it would be quite good if we could get things back to normal by then. And the other question?

Polo Tang, Analyst

Chinese vendors.

John Porter, Chief Executive Officer

Oh, yeah Chinese vendors. So there are discussions ongoing with the, with the National Security Council about what constitutes a high risk vendor. We fully expect that the European toolkit will be adopted. We have been, as you pointed out with ZTE, they've been a great partner, they very aggressive on our pricing.

They spend a lot on R&D. They are ahead on 5G, which to some extent is why the US wants to shoot them in the knee cap. But we are running in RFP process and we have European vendors on the shortlist obviously and we will comply with the government's final decisions on that. Now there is a slight possibility that ZTE won't be a high risk vendor. It's not a high-risk vendor in the US. Valley is --I don't think Valley got any chance in hell of not being a high risk vendor. But that being said, if we are running a competitive process, which includes ZTE and we're seeing some sharper pricing come out of the European vendors as well. They're not just fully taking advantage of the fact that the behind this GIFT globally. So your inference, that the bottom line will be affected is true. We probably see that in our case as around 200 million but over 5 to 7 years. So we have 5 years to transition 65% of the RF platform. We don't have any issues in the core and between that and probably sort of inflated pricing on European radio equipment, we think the potential negative impact is around $200 million over over 5 years.

Polo Tang, Analyst

Thanks.

Operator

The next question comes from the line of Roshan Ranjit calling from Deutsche Bank. Please go ahead.

Roshan Ranjit, Analyst

Great. Afternoon. Thank you for the questions. Three for me please, firstly on the operational side, we saw another quarter of good cost savings after being maybe a bit apprehensive prior to the quarter. What you are stating that the comps do get tougher in the second half of the year? Are you seeing in scope for incremental savings given the period of lock down and a lot of your employees working from home? You've got quite a strong digital platform. So do you think that off on incremental wins as part of your efficiency plans to you announced last year.

Secondly, can you to get your views on the Belgium broadcast rights please and where we stand, I think your two peers have signed up with Lemonsports also to get an update on where we stand with the potential refund for the season just gone. And lastly, just on towers. I know you have some views on these John, but I think turning that has been working on separate in the into a carve out or separate that you know, let's say, so I wanted to get your thoughts on what could be happening right here. And anything on timing. Thank you.

Erik den Enden, Erik den Enden

I'll take the first question on the cost savings, Roshan. So, I mean first of all, I think if you go back into earnings releases, I think we have a longstanding track record of bringing down costs and that is very much embedded into the culture and also going forward, we will continue to work on that, I would want to split the the potential thinking two ways. I think there is first of all stuff that we have been working already on structurally before the crisis and there will continue to do some of it may actually accelerate, but that's one category and then there is a second one that is really, when the crisis is really been a catalyst. So trends in the markets in your operations that we are trying to capitalize upon and again, that has been accelerated by the crisis.

So I would say the first one, the more structural ones. I think as you know, we are doing a big Rehaut big modernization of our IP backhaul systems and so that again the program is well advanced. It's something that we have invested quite a bit team and that is starting to bear fruits very practically, it means that we can reduce license cost, if we can reduce vendors. Again, that is just about to start, because we still have quite a bit of months to run the definitely if you think a little bit longer term, that is an important source of efficiency gains.

Second one is also in our call centers, again there we are, we have been and we will continue to really make a shift towards more digitalization and also just sheer efficiencies in running the operations. And again, there is something that we already see the benefits now that is actually driving some of the, of the savings already in 2020 but also going forward it's something that we, that we continue to see benefits from. The other parts is really COVID related to where we see that you know customer behavior and also our behaviors are changing.The first we have seen strong shift into the use of more digital sales sales channels, so before the crisis physical shops both our own retail, but also with partners has always been a very important parts of our business and also going forward, we will continue to continue to be still. But at the same time in the crisis, we have really seen a shift towards digital, which not only for customers bring convenience and rise up MPS, but obviously also drives down cost. So that is a trend that we try to capitalize on as I mentioned in the first part, we are already working on it, but we will try to to accelerate that to drive further savings.

And the second one is a bit more on the indirect side. We're, as Joe mentioned throughout the industry of most of the employees over 90% have been working from home. Also, of course, the ones that did come to the office are experiencing a very different experience. Landscapes are probably a little bit thing of the past with the 1.5 meters, but this is also a good opportunity and a good catalyst really think through our facilities footprint and also drive some organizations from that angle.

So if you combine I think that the structural thing that we're doing on the IT side on the efficiency in the cost contact center split the things that are accelerating throughout the crisis as, I think we still have room to grow on the cost side.

Roshan Ranjit, Analyst

What about towers assets, then (inaudible).

John Porter, Chief Executive Officer

Okay. (inaudible) about towers. The --- so your 3rd question regarding the tower assets. I mean I think our position hasn't changed. We have done a lot of work, we now have a very comprehensive tower asset register. We know how many freestanding towers there are, we know how many rooftop there are. It was about 3,000, a little bit over 3,000 tower sites for us. 75% of our rooftops, the majority of which are shared. So there are ways to monetize rooftops. But it is a little complex. And then there -- because we had tower sharing for a while there -- it's not quite a straightforward as we'd like it to be on the freestanding towers. That all being said, yes, we are in a position where we could move forward on something but whether, it would be more interesting to do that, as part of the bigger package or to do it at a time when, for example, we wanted to fund one of these transactions that we, this optionality that we've created for ourselves. It's better to do it. I think we need a catalyst to do it. And as we've discussed, we've created some optionality which may mean. Yeah. We want to pull the trigger. But we are now in a position to pull the trigger, there really isn't a lot we need to do to do to move forward at the right time. And on the football, I can't say that first of all, the football season is still kind of up in the air. We don't know where that's going, but theoretically, they're going to start playing on August 8. We have been negotiating in good faith, all along. We haven't seen or read and acknowledgments of reality so much on the other side of the table. The value of the rights to us has been diminished by selling them OTT and to our competitors and et cetera, et cetera. So we are think being practical, and committed to trying to get a deal done to underpin the continued evolution of our sports product. That being said, I think 20,000 net loss over the last 4 months with over 200,000 customers considering there was almost no sport is not a terrible thing. It went out more than that, and then when the international Sport, which will of course continue you to have access to Premier League, Bundesliga, La Liga (inaudible), you name it, we will, we'll be able to hold our own. And if we end up not having it, I'm not going to do the math right now but trust me, and we're going to save a lot of cash. So it's not something we want to do necessarily in the long run, but we were not going to do a deal where we're essentially subsidizing the rest of the market and 11, who have probably paid too much for the rights.

So that's kind of the summary on football, but we are negotiating intensively.

Roshan Ranjit, Analyst

And that's very helpful. Thank you. And can I just follow up on that point where we are with the Football League in regards to the potential refund for parts of the season just got. Thanks.

John Porter, Chief Executive Officer

Yeah, we're probably going to move to arbitration, mediation on that one. I mean there are some good benchmarks of leagues who actually have reimbursed, the broadcast rights. I mean, look, up till now and given the financial state of the JPL, possession is nine-tenths of the law. So they have the money, if it's going the right thing, they're going to give some of the back to us, but they may not be in position to do that.

So, it's not in any of our forecast, it's not in our P&L, it's not in our budget, and so that sort of gives you an indication of how optimistic we are, but that's not to say that we're not going to run through the whole process.

Roshan Ranjit, Analyst

That's very clear. Thank you.

Operator

The next question comes from the line of Paul Sidney Koenig from Credit Suisse. Please go ahead.

Paul Sidney Koenig, Managing partner

Great, thank you and Good Afternoon. And two questions from me as well please. And firstly you quote in the, in the release that the sharp reduction in cable wholesale rates which will from 1st July, which seems, yeah, in the chemical impact, but my question is over time, do you expect the wholesale revenue per line to grow, given the capacity speed indexation drivers of the rates into 2021 and beyond? And my second question is on the regulatory regime bigger picture. The final table wholesale decision seems to suggest that there's been a shift in mentality of the Belgium politicians towards more per investments. I was just wondering, John. Did you agree with that? And then secondly, do you think that will be reflected in the FTTH decision they will guide me in the coming months on the approximation net worth? Thank you.

John Porter, Chief Executive Officer

Do you want to answer the first one?

Erik den Enden, Erik den Enden

Yeah. So, Paul, the answer to the first question is, yes. We do expect wholesale prices to go up over time. And I guess starting from 2021, given that these the STERIS serve directly linked to a couple of operational parameters amongst others. The traffic and to load on the network that is created by the wholesale seekers during peak time. Unless we know, I mean the volume and the speed that the consumers, consume only goes up over time, and that goes quite strongly. So as a result of that, we do expect rates to go up over the next couple of years.

John Porter, Chief Executive Officer

Yeah, on the cable wholesale decision. Overall, I think you know, look, it was gratifying that we moved away from this RAB methodology which was ill-suited to a cost plus mechanism for HFC networks. It just didn't work. And when they went back to legitimate cost-allocation methodology, we came up with the regime that we did. I think, but is it important that there is a scale up on speed and volume, because in some cases cable companies would choose to just sit on the networks, they have. I mean, you don't need a gig to stream Netflix, you need a gig to power the economy and industrial development in the country. So I think there's a lot of good rationale and there's a lot of good benchmarks for why -- there need to be an industrial element to the policy, so that we can encourage companies to continue to invest. I think the BIPD is certainly sophisticated enough to understand that. I think the politics of the whole thing, we're moving in that direction. And I think there is a healthy balance sheet, I mean I think it's kind of disingenuous of of the access secret to continue to scream bloody murder, no matter what comes out of the BIPD and I think maybe after a while, it just gets a little boring. So I think it's a good -- it's obviously a move in the right direction, but you know the regulator will bring you a smile one day and break your heart next day. So I hesitate to say that there is and now and embedded commitment to industrial, a more industrial policy. But I think we're in a good place right now and I know and I also expect it to change anytime soon. I think there is real regulation fatigue and if there is any one message that we're emphasizing its this that guys, we've been reviewing this regulation for years now. Yeah, it's been a substantial overhang on our equity value. It's resolved. Now let's just let it be for a while and are expected to to not re-emerge until after after three or more years so

Paul Sidney Koenig, Managing partner

And then just a quick follow-up, do you have any sense of timing on the final decision in vis-a-vis HFC to be sort of complete the regulatory picture.

John Porter, Chief Executive Officer

Yes, we do, when is it? and end of this year. Yeah. And there is some you know rumors about what the premium will be vis-a-vis, HFC, but I probably shouldn't share and because of Ibero.

Paul Sidney Koenig, Managing partner

That's very helpful, thank you very much.

Operator

The next question comes in from the line of Michael Bishop calling from Goldman Sachs. Michael, Please go ahead.

Michael Bishop, Executive Director

Thanks so much and good afternoon everyone. I just had two questions please. Firstly, coming back to some of your comments on FTTH as the platform for the network in the long run. Could you just give us a sense of like the equations firstly in terms of the cost upfront of rolling out FTTH per home in fund is relative to the cost of upgrading the HFC? And then basically trying to get a sense of if the cost of FTTH is so to say, 2 or 3 times more than upgrading HFC, how many years do you pay back from that higher upfront investment through the materially lower running costs that you clearly flagged because you obviously not powering the network, to the same extent?

And then the second question is on, again the sort of rationale behind the conversations with previous and really focusing in on whether there's an interesting cost to capital arbitrage angle here. Both in terms of potentially getting access to the sort of cheap infra capital that is investing in a lot of markets and a lot of open FTTH platforms and then sort of second to thirdly, the fact that you're partnering potentially with utility, does that drive cost of capital benefits? And then thirdly, back to the PowerPoint. Do you actually get any sort of Green Financing angle here as well? And just sort of throw that one out there. Thanks.

John Porter, Chief Executive Officer

Well, let me take the first one and then I'll give it over to Erik for the cost of capital discussion in the -- I think so, first of all, you've seen numbers coming out approximately for example for of the cost of fiber build of EUR852,000. That's I guess in average or median. There are certainly parts of the network that will never probably C5. I think we see in terms of fiber versus HFC. We see a pretty solid roadmap in sort of EUR300 per home range of getting our network to 2.5 gigs. Over that. Yeah, you're going to have to probably spend more money, because there are certain parts of the network that we've been able to just like for example, we do the active equipment and not have to touch the drops and not have to touch the passes and things like that.

So as you get beyond 2.5 gig, it becomes more complex and more expensive and I don't think we fully understand what the cost implications of Euro DOCSIS 4 and beyond are. But there is, there is no question I think anyone's mind that 2.5 gig over year next generation Euro DOCSIS is possible. It's happening right now. It's happening labs, it's happening in beta deployments and things like that.

So I think the beauty of doing this with somebody who is already our partner in HFC potentially is that, we can be really nuanced about where and how we build the fiber and how much money we spend and what point we, as I say we leapfrog the (inaudible) electronics and you also have the fact that running GPON network is on an operating basis is a lot cheaper than running HFCs as you don't pay for power, you are not paying for active electronics, it's less maintenance, et cetera, et cetera.

So we can be very new ones about, like I said, how do we manage that delta between the cost of getting a very, very high speed home with much more capacity upstream and things like that, less latency, etcetera, and how we even just right out the HFC roadmap even more. That's why I think -- that's why I wouldn't -- I would challenge the -- you guys to think about this in a very evolutionary way and not in a disruptive way, where all of a sudden, hey when it come to you one day and say, hey, our CapEx, which was $0.5 billion, well now, it's going to be a $1 billion. That's not what we're talking about here. We're talking about evolution over time. There's probably a third of our network that's going to be HFC forever, there is third of our network that's probably will be some combination and is going to be a third of our network that's going to be, that's going to be ultimately maybe not in 2023 or 2026 whatever but ultimately fiber to the premise. That's the way I see things evolving. And yes, so that's the industrial side of it. In terms of the capital side of it and the valuation and the arbitrage, infra, Erik is going to answer that question.

Erik den Enden, Erik den Enden

Yeah. So Michael, John said at the beginning, but I think it is important to emphasize that we are really in a very early stage of this conversations which means that there is a very wide variety of solutions on the table. And from our perspective, we are very aware of how capital-intensive industries, we are also very aware of the fact that if we do investments they have make sense on the long run, I mean it is -- I mean what we're looking at here is indeed a very long time horizon for the next five at least years. I mean the HFC network is perfectly capable of delivering everything and keeping ii's ahead.

But we are really making a very long business case, but with the very strong focus on what it means in terms of capital intensity. But it means in terms of ROIC et cetera. And I would also add just to answer your question on the cost of capital that of course we are, I mean, looking at this project fluvius would not be the first region where fiber is deployed are of course many other European countries, that also means that various structures have already been used in other countries and we obviously looking at that. And for sure capital -- cost of capital arbitrage in many of these structures has played an important role. So it's something that we also look at and we will consider that into our decision making. But again there is many, many good examples abroad where you know this type of FTTH projects can be financed really cheaply. And also question about how to fund it in detail are various possibilities available to us. Green Financing may begin some other, I mean, definitely diversified financing sources. So I think all of the projects have definitely demonstrated that we can be done very efficiently. I think it was also a question that you asked about the cost and what it means working together with fluvius. Fluvius is an extremely strong operational partner. They own many utilities under the payment in Flanders. So they are of course managing water and gas (inaudible). So operationally, very experienced in managing these assets, also very very knowledgeable and very experienced in planning. So we do see significant operational synergies if we were to come to an agreement and work with fluvius in terms of network planning, digging costs, all of these things would definitely bring real tangible benefits to the table.

Michael Bishop, Executive Director

Thanks for (inaudible) really interesting.

Erik den Enden, Erik den Enden

Pleasure.

Operator

The next question comes in from the line of Christine McLaughlin from HSBC. Please go ahead.

Christine McLaughlin, Manager

Yeah, good afternoon. Yeah. Couple of questions have been already answered. One of the two that I still have is how do you see scope for price increases in the remainder of the year in the current environment or is there actually a no-go from the stage? Have you decided already on that? And secondly, on CapEx, I mean, you had a pretty high first half CapEx, I would say, are you still committed to the around 21% accrued CapEx level that you mentioned at Q1, was it a scope for being a bit lower than that?

Erik den Enden, Erik den Enden

I'll take the question maybe on the CapEx side. So especially, Q1 was a little bit higher than Q2 as you've probably seen, we were basically on the 20% rate with 20.3, Q1 was more seasonably impacted because mostly on the IT front, there were some timing of the IT projects that started a little bit earlier in the year than we anticipated. But all in all, for the full year, we still expect to land on the guidance, which means around 20% and so that is unchanged. We plan to, to lend around 20% revenue to CapEx to revenue ratio, of course. Then why would we, it would be a bit strange.

John Porter, Chief Executive Officer

On prices, we are continually considering an indexation, which is what we have done historically, over the last couple of years. And in the Second Half of the year, the index is headed towards who around 1%. So it's not overly material but I mean we're not nervous about it if that's the question. We think we're will likely take the index in the second half of the year.

Operator

Your next question comes from the line of Matthey's one lane host, Kim from Kepler Cheuvreux. Please go ahead.

Matthey's

Yeah, good afternoon. It's on the accelerated momentum in the broadband intake, could you give some color whether, but could you give a display per region, so do you actually see improved momentum in Brussels?

John Porter, Chief Executive Officer

The short answer to that is, no. That's probably the least performance of our regions. Brussels is stabilized and Brussels is also a market that is heavily dependent on retail and retail is closed. We also, you know we have because we are still establishing our brand in Brussels and we are just doing a lot of advertising in Q2 and everything there is some, there some good one operators, but why Brussels was not our best performing region over the last 4 months, or 5 months.

But the Flemish regions more than made up more it with some sort of customers voting with their feet towards quality and the extra speed and capacity and reliability were extremely welcome. I think I pointed out in my remarks that there was an independent survey of customers who are asking that they experienced any disruption in their broadband service over the last 3 or 4 months.

And Telenet was 10 percentage points above the median response and the ones who has experienced a disruption a half as many likely to think about changing compared to the median as well. So it's pretty clear that that our network performance and the capabilities of our network, our willingness to to give everyone power boosters or swap our models or do whatever it takes. And we, by the way we did installs and we did service calls and we did home visits, all the way through the lock down period. Some of our competitors shut down more than we did so. So I think that's helped us as well.

Erik den Enden, Erik den Enden

Maybe just to add a little bit. So, as John mentioned Brussels and select a little bit Flanders that is on the residential side, because on the business side, especially with the small businesses, so not necessarily really into the very large ones, but small like E-business in Brussels is actually working very well. So it's really on the residential side that we still have work to do. But also we've seen differently in the in the broader consumer marketing in Flanders, very strong appetite for our products. We should think that. I mean around 60% of the total and net adds of 9,500, they are coming from the residential side of the business. So clearly from Flanders and it is also almost double the number we had in Q1. So when we say that the momentum is accelerating. That is really what we see also, not only in the business market, but also in the Flemish residential market.

Matthey's

As the follow-on, could you share with us the market share in broadband you have in Brussels?

John Porter, Chief Executive Officer

No, we don't share segment market shares.

Matthey's

Okay. Thank you.

Operator

The next question comes in from the line of David Vagman calling from ING. Please go ahead.

David Vagman, Analyst

Yes, thank you. We've afternoon everyone that taking my question. Coming back the on the fluvius deal. Could you tell us what you think are intention in terms of speed and also of opening of network in the sense I'm correlated to that I'm a bit surprised to see that you use the related to the FTTH project, you say, it could be the logical next step to build the next-gen network, it may be a bit cementing if you can, you can explain the condition. And then second question on the. Also on fiber and co-investments, but here related to Wallonia, do you intend to repeat it. The deal was previously as well, the Walloniai (technical difficulty) and basically investing in fiber in the south of the country. Thank you.

John Porter, Chief Executive Officer

Not sure I understood first question, in terms of we are seeing sort of why we would, moving to fiber.

Matthey's

Yeah. No, sorry, let me a bit. It's about the alignment between new and use about the speed potentially of the fiber network and about the. Yeah, the, to make it open. And I was also a bit surprised to you. I mean, telling the conditional and saying in an ambitious FTTH project could be, could be a logical next step, I felt it was both fiber.

John Porter, Chief Executive Officer

Yeah, well, so look fibers, as I said before is always been part of our roadmap. And in fact we're we're building fiber to the in-greenfield projects, of which this year we were budget to do about 30,000 homes in greenfield. So most of those would be fiber to the premise. So it's not a business that wasn't part of our roadmap. I think it's logical that we will be having conversations with the company that actually owns a third of our network. And in fact by 2022, I think mean I'm not so top of my head, 46. They can just take the network back they want or terminated it or declared not relevant anymore so. So we do have to at some point have to figure out with them what our usual roadmap and way forward is. I think we've said before, it's early days. I don't think, I don't want to speak for them, but I think we're comfortable that our ambition around the level of fiber and the timetable for deployment and the amount of capital we want to deploy is is pretty well aligned in -- we wouldn't have gotten this far if we didn't have some agreement on some of those threshold issues.

So, and the fact that it's their desire of course and to be an open-network. I mean our networks open right now. I mean we back ourselves through our brand, through our product innovation, through our track record of providing the best customer experience in the market to be able to compete with customers who are writing on our own network. And as you can see, after 4 years of Orange, they have nice low to mid single-digit market share and so we back ourselves to be excellent in that area and to keep our customers even though there people are riding on it. And also to build a nice wholesale business. That business can be -- will be a very good business. And what the capital structure of it is, we're a long way from determining but suffice it to say, we're going to be a very important part of it. So yeah, I think on a macro level, which is the only level we've been operating it so far, we have good alignment partner we know well, technology we know well and a lot of confidence that the network performance ultimately over time will become increasingly commoditized. And somebody is going to build fiber in this country and hopefully, we -- you need to decide whether you want to have owner economics or rental economics or some combination thereof and those are the big questions that are going to unfold over time.

Matthey's

And then a quick follow-up on the speed, let's say, are you fully aligned, or do you feel like there is more on the issues on the speed of the rollout of the fiber network that you would be or they completely (inaudible) to have a compromise, let's say iBridge, let's say between HFC and fiber.

John Porter, Chief Executive Officer

Yeah, like, I mean, I think they appreciate the optionality to -- I mean just building, the Field of Dreams business plan, build it and they will come, that is not a business plan. So nobody likes that business plan and it doesn't work too by the way, because we've seen fiber builds where they just go out and whack it up and people are like, hey well I've got my HFC with the company that I like and fast and much data that could ever possibly want. So why would I -- why would I switch? So I think -- like I said before, if we weren't aligned on the macro issues of timing, speed of rollout and these kind of things, we wouldn't be have announced that we're going into exclusive negotiations. You can assume that we kicked off the big -- some of the big items already.

Matthey's

And that's clear. And on the south of the country and the equivalent of fluvius and co-investing with them.

John Porter, Chief Executive Officer

Well, don't we have enough problems without thinking about that? I really think about that. No, I think, I mean we are at the very early stages of you know at this project in plan. So I think we would first either we get with fluvius to ever even consider -- so I don't think it's something that you will be considering right now. I think we're focusing on understanding whether this collaboration with the fluvius would make sense and that's what we are focused on.

Matthey's

Okay, thanks. That's clear. Thank you.

Operator

The next question comes from the line of Simon Cowell's from Barclays. Simon, please go ahead.

Simon Cowell

Hi guys, thanks for taking the question. Trying to follow up on one of the answers just now, you talked about a question of whether you wouldn't venture or economics, could you talk a bit more as to what your thought process is behind, which one you would want to guide for with regards to the fluvius? And then, sorry, just one more question on the fluvius topic. Is there much of a network expansion opportunity because fluvius, obviously talked about covering the whole of Flanders. Does that mean that has potential areas that you currently don't have access to with your cable network, but you will then be able to target and win market share?Thank you.

John Porter, Chief Executive Officer

We have 98% of Flanders covered, the only places we don't have our rural properties with that aren't close to the utilities and some NDUs, although we're sort of knocking those out little by little. So there is not a foot print expansion opportunity there. In terms of rented versus owner, I mean, we are and I mean fluvius wants to build network, that's plan on their ambition. And you can make rented economics or owner economics work. We've been much more successful making owner economics work and is certain for critical mass and scale and utilization owner economics become a much more attractive than rented economics. The fact that we are defending or building either way you want to look at it, sort of incumbent like market shares in Flanders, is that probably, the balance convenience tips us into being better for us to have owner economics in Flanders, at the very least. Of course, you have the complications and we're not the only ones who want to improve their network and expand the speed and capacity over time to service the market's need. And we don't want to over overcapitalized these kind of projects in Belgium. If we can avoid it and that's why I say we need to, we need to be prudent about about where and how and when they will be part of the country where they probably would be to fiber network and there will be parts where people access other network and there will be parts where people will rely on 5-G. I mean, it's not like we know exactly what how that's all going to go, but what we can and we should be doing is is good stewards of the capital is to create optionality for our sales and the put ourselves in a position to win and to stay ahead of or at least pursue with what other operators are doing.

Matthey's

Thanks for the color. Much appreciated.

Operator

The next question comes in from the line of James Ratzer from New Street Research. James, please go ahead

James Ratzer, Team head

Yes, thanks very much indeed. Good afternoon. Two questions please. The first one was just regarding your levels of churn, which obviously came down very healthily in the second quarter. I mean presumably a lot of that was really driven by the effects of lock down, so just be interested to hear how you're seeing churn trend now as we go into Q3? How sustainable you think this lower level of churn is or do we essentially snapped back to the 9% level or so that we saw pre-locked down? And then the second question I had was just on your EBITDA guidance. And in particular what you are including in that for a recovery in device media. You talked about 40% I think of the budget coming in in the Fourth quarter. If we do see that recovery come through and we have this price rise that you talked about, I mean it would seem even if there is an impact from cable wholesale that potentially the full-year EBITDA guidance could be a bit conservative what you've delivered in the first half. So it's been, if you can get your thoughts on how you're considering that impact in the Fourth quarter in particular. Thank you.

John Porter, Chief Executive Officer

I'll the churn question and I'll hand it over to Erik. Yes, I think the short answer is yes, we do expect, as there is more flux in the market, more fluidity, more mobility etcetera,. that we will see a tick up in churn though. Although I do think that we are -- we will see a material drop in the sustained churn rate. And I think it's a function of really the psychology and in the experience of people during the lock down period. Like i said, we have research that shows that telenet customers are much more loyal and committed and appreciative of the experience that they had during that period than the overall average telcos in Flanders. And I think quality, not just in telecom, but in other category as well is becoming more important in several segments. Of course, there are segments

Where price is going to become even more important than and you know we need to meet that challenge. And we're not going to stand still, when it comes to our product portfolio either. We want to give people a lot of options if they're feeling economic stress or they just want to have a bullet proof, they need to have a bullet proof broadband experience because they got two kids in University and two kids in a high school and they working remotely and they -- little joys streaming Netflix 24/7 or whatever the case may be.But people need there understanding the relationship between their experience and speed and capacity and i think that will keep us in a more sustained lower churn trend, I believe that we'll see. And then on, Erik?

Erik den Enden, Erik den Enden

Yeah, on the full-year guidance. So the way we built the full-year guidance in light of the corporate saying listen, we see very strong look down in Q2 and then parts of the business, we expect to recover over summer and going into Q4, and that is the case for, so we are, we are still of course predicting some impact in Q3 and Q4. But we do at the same time expected to recover, just as we are also projecting some recoveries in the other elements that were affected like for instance Interconnect or handset sales. So, I mean if, of course, we have a very, very strong Q4 and as John already explained the bulk of the revenue and the profit is being made in Q4, there could be some upside. We have already taken partial recovery into account.

James Ratzer, Team head

Okay. Thank you, sir, please. So I mean it sounds. But if you do get the recovery, I suppose. I'm trying to understand what's causing then the EBITDA to be weaker specifically in H2. I mean it sounds like you'd have to be really quite a step up then in your marketing costs.

John Porter, Chief Executive Officer

What's keeping it minus one. I mean, look, we just think the next 5 months are unpredictable. We're really confident that we can get to the guidance that we've already given. If we take, we're in a position to outperform will make you aware that in the next next results but there's too much water to go under the bridge between now and the end of the year to really mess with the guidance right now.

Erik den Enden, Erik den Enden

And James, I mean we are going to be making some quite substantial investments in the second part of the year. So there is first of all the marketing that we're going to be catching up, but also at DVM, Q3 is an important period. So, also in terms of programming costs that is typically the season where the broadcasters is invest into the programming and we're also going to be doing that. So I think what we're trying to say, we would look at it is that we came very strongly out to look down in the. And the COVID crisis in very good position and we want to invest. Also in the second part of the year to basically sustain that and position ourselves well for them for 2021 and beyond. So it's going to be a combination of, you know, we've been making some investments as well in the second quarter of the year.

James Ratzer, Team head

Got it. Clear, thanks guys.

Operator

Okay. Our final question comes from the line of from (inaudible) Degroof Petercam. Please go ahead.

Unidentified Speaker

Yes, hello. Thank you for taking my questions. Sorry to come back once more on fluvius. Is this -- these stocks are really exclusive for reorders part a possibility that this other operator coming in and helping with the build-up and then the investment. And then secondly, we talked a lot about the negative COVID-19 influence, but might have also been have been some positive in the second quarter. Thinking about higher video on demand, because people needed to stay home, we also talked about how you're higher tier broadband part grew and I could think that a lot of people needed that for home working or even small business needed that for do, at revenues and would that be sustainable?

John Porter, Chief Executive Officer

Okay. I can. I can confirm that the discussions are exclusive. Now, I mean, obviously, but it won't be exclusive forever, but they are exclusive for the foreseeable future. On the covid-19 positives, I think we can pick that up on that, Eric. But you know that the growth in in the premium entertainment was nice, but not overly material. The, you know we're moving to this joint venture, we're going OTT with our premium general entertainment with the joint venture with PPGs. So stay tuned for that where we hope to launch that in the fall. I think that's going to provide some some upside, but it's also going to change the whole economics of of our premium entertainment business. So I'm going to have to explain all that.

On terms of people taking additional higher tiers and stuff, that we do see some of that, we're pretty generous with the specs on our fixed line business because we see that as a real USP for us. So it's once again, I think a lot of the lift wasn't overly material. I think the biggest positive coming out of it is what I already talked about, which is that Telenet we're really performance over the last 3 or 4 months and in situations where people needed better coverage and kids' bedrooms and basements, and you know the back garden or whatever we shipped out ton of power boosters, like I said, we did service calls. All the way through the lock down period and I think we've just increased loyalty and brand equity and and people's willingness to pay us and that's going to be where the where the real benefit, where the real positives would go with COVID-19 for us.

Erik den Enden, Erik den Enden

Yeah, I mean I think the best way to answer that question is going back to some of June slightly you saw that the NPS. The net promoter scores on the way that customers like and recommend our products for broadband improved three times. So I think during the crisis everybody has become aware of the product really being a lifeline. So if included in the past some perhaps some people treated over a little bit and we also looked at the economics, I think that both the NPAs, but also just the sheer net debt that we have are very clear proof points that broadband is an essential part of for basically anybody to stay connected and people really want make sure that it works well, that it is reliable and that they can count on it. And I think that is really a trend that you know (inaudible) has really been the broadband continuing planners. It's something that indeed can only provide upside for us.

Unidentified Speaker

Okay, thank you very much.

Operator

Okay. That does conclude today's question and answer session. So, Rob, I shall turn the call back across to yourself for any concluding remarks.

Rob Goyens, Vice President, Treasury, Investor Relations

Thanks. Courtney, thanks everyone for having joined today's call. Although it seems to be particularly busy reporting day. As i mentioned in the beginning of the call. Part of IoT reached at standby in case of any further follow-up questions you may still have. And also we look forward to reconnecting with you in service as part of our overall virtual roadshows. The calendar is available on our Investor Relations website. In the meantime, enjoy the summer and stay safe. Bye-bye.

Operator

Thank you for joining today's call. You may now disconnect your handsets. Just please stay connected and await further instructions.