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PRESENTATION

Operator

Good afternoon, ladies and gentlemen, and welcome to the Telnet Q2 Investor and Analyst Conference Call. At this time, all participants are in listen-only mode until we conduct the question-and-answer session, and instructions will be given at that time. (Operator Instructions). Just to remind you, this conference call is being recorded.

I would now like to hand over to the Chairperson, Director of Investor Relations, Vincent Bruyneel. Please begin your meeting, and I'll be standing by.

Vincent Bruyneel - *Telenet - Director of IR*

Gentlemen, a very good morning or afternoon to you and welcome to our investor and analyst call for the second quarter of 2011. My name is Vincent Bruyneel, and I'm Head of Investor Relations at Telenet. I trust you all received our earnings release last night and were able to access our website to obtain our PowerPoint presentation that will be used for this conference call and to join the webcast.

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

For more details on these factors, please refer to the Safe Harbor Disclaimer at the beginning of our presentation. Let me now hand you over to Duco Sickinghe, our CEO, who will provide an overview of the second quarter highlights. Renaat Berckmoes, our CFO, will provide you more details on the financials and the upgraded outlook for the year. Afterwards, we will all be pleased to receive questions.

Duco Sickinghe - *Telenet - CEO*

Thank you, Vincent. Good afternoon, ladies and gentlemen. We're very pleased to take you through our operational and financial result this afternoon. If you look at sheet 4, you get a snapshot of all the activities that we basically went through these last two quarters. Obviously, we were very busy launching our Fibernet products that you will later see -- getting great traction. We have been very involved in refinancing our outstanding debt facilities, I think with great result.

We have launched a lot of products like our Apple iPhone 4, been involved in the soccer rights, the acquisition of the mobile frequencies, and last but certainly not least, our ongoing saga with regard to the potential regulation of the cable in Belgium, about which we will talk later in more detail.

On page 5, you see that across all our product lines, we've been able to record good growth. Broadband and fixed telephony, respectively, 8% and even 9%, as we'll later show you that the total market for fixed telephony has increased in Flanders on the basis of our competitive numbers we've been able to observe to date.

Digital TV, also very good growth, 20%, and mobile, 31%. And as we'll later point out, also reflecting good market share without actually our ability to convert prepaid customers to postpaid. But again, I'll revisit that later on.

On sheet 6, we see a solid improvement of the multiple-play economics, now 61% of customers taking two or more services. You see that the growth of only the triple-play customers have been very nice at 9%. And as result of those developments, you see that services per customer relationships are now at almost 2 and we will definitely cross that number very soon.

And the ARPU per unique customer is up by EUR2.7. I would like to draw your attention to that point because that's very important statistic, as we've pointed out in the past. What's more important is that the growth of the ARPU per unique customer has accelerated. Where it was only a growth of EUR3.8 last year, we now recorded EUR2.7 already in the first half of this year.

On the next sheet, 7, you see a snapshot of our overall financial performance, which I believe is very solid and in line -- no, better than our guidance. And I'd like to leave that to Renaat, who will offer you more detailed insight.

So we now skip to sheet 9, where again for those investors who are less familiar with Telenet, I like to point out that the core stability of Telenet is to actually convert our analog base to a customer base taking multiple-play services.

And if you look at the progression we have made there over the last few years, you see an important progression of the yellow and red surface and that basically reflects the progression that we have made towards multiple-play.

On the right hand side, we've pointed out the growth potential that we still see there in converting more of remaining 39% analog customers into multiple-play customers. And of course, as you see in the lower right-hand side, depicted in a more graphical way, that should offer major upside potential for our overall revenue growth, as exemplified in the ARPU per unique customer growth potential.

On the next sheet, we see that we have a very strong triple-play accelerating. I think that is important. The triple-play is at 5%, also very good. And the lower half of that sheet holds an important statistic that shows you that between Q1 and Q2 in this year, we had very stable addition of new triple-play customers.

And that again as we'll later point out -- the good news of the story today is that Telenet is increasingly, I'd say, gaining more valuable customers. And that, of course, should translate into strong revenue growth.

We then take a look, page 11, on the Broadband Internet numbers, up 8% year-on-year. The subscriber base, net additions, 16%. When we look at all the competitive data that has become available in last few days, we see that the Internet market grew less and it normally grows about 1.5 percentage points per quarter. We have now seen that this quarter we only grew in Belgium 0.9%.

So against the backdrop, I think that our Company has done very well. Based on our own statistics and extensive analysis we've been to do, market trackers, et cetera, we believe that we have maintained if not slightly increased our Internet market share.

So I know there is some other statements made in the markets, but I think that we have a very solid foundation to make this statement today. And on the right hand side, you see that our annualized churn is nicely in check.

One page 12, the backdrop of the Internet result, and I think our staying power in that market. We have simplified our product line-up and we have really, of course, focused the attention to our Fibernet Shakes, the regular one and then the XL Shake, still keeping the Basic Shake firmly in place, which also attracts a lot of good traffic.

But I think that our offer really starts where DSL ends. And although I know that competitors try to diffuse that picture in many ways in pointing to all kind of different statistics, we believe that our product line-up is really reflecting the cable technology, and it's the best way.

On the next sheet, you see that the gross sales, which we thought would be an interesting picture for you to see, of our new gross sales is very, very solid. And I'm very pleased with those results. And Fibernet depicted in yellow. You can clearly see that in Q2 that became a very important part of our gross sales.

If you look then down on that same sheet you see that installed base of Fibernet is still building. That is normal. But we expect to convert those customers at a very rapid pace. Of course, our net additions that you see do not show you the number of migrations that we've also handled for the past quarter, and which, of course, help us grow our Internet ARPU over time. So we believe that's a very important development too.

Fixed telephony, I think one of the surprise of this quarter, that our fixed telephony net additions grew faster than the previous quarter, faster than Internet. And if we compare it to the net losses of the Belgium government, we clearly converted more customers than we believe Belgacom lost in their Flanders. So as a result, our analysis shows that the number of fixed telephony customers at Flanders have grown in the last reporting period.

For mobile telephony, page 15, we see that we're now at 31% year-on-year growth, net additions of 11,000, and again, the revenue impact mobile still very significant. You know where fixed grew 1%. We now see that in total our voice revenue grew by 8%.

I'd like to point out something very important, which is written in the second bullet, and that is that really Telenet captured 14% of the nationwide postpaid market in Q2. If you were to sort of un-convert to Flanders, where we essentially only operate, that translates into a guestimate of, I'd say, 25%, which I think is even a conservative estimate of postpaid market growth, which I think is very important.

As I said previously, we do not have the ability to convert existing prepaid customers, which is largely the strategy explored by our competitors. They convert all their prepaid to postpaid, and that, of course, is with them offering ARPU enhancement. We do not have that installed base of prepaid customers, and therefore we have to rely on our first-time sales of postpaid customers.

But I believe that 14% nationwide market share is very solid. And if we compare that to a probable Flanders of market share of 25%, I would say for cable companies, not a bad result at all. We see that the iPhone 4 sales they've taken off very nicely. We do see that they tend to replace some of the lower-end sales. And I think that again it's very promising for the ARPU on our mobile product line going forward.

Our next sheet, sheet 16. I'd like to summarize for you again, our rationale for acquiring mobile spectrum. We have dwelled on that in the past analyst call, but I'd like to take this opportunity to summarize once again why have we decided to acquire the mobile spectrum.

And the first reason, of course, is a fundamental belief by this market. As we are to a large very much an Internet Company, we do see also a great opportunity in mobile Internet. That market is largely nescient in Belgium. Not very big today. But it will become bigger as we are convinced this really adding a lot of value to the customer.

The second reason is that we clearly see that many of our competitors are adopting a strategy of converging fixed and mobile services. So as our competitors approach that market in this fashion more and more, Telenet ought to be ready to enter that challenge and provide similar services to its customer base.

In the B2B space, we see increasingly that in order to obtain large orders, we not only need to offer premier fixed services for the business market, but also in particular have a component that covers the mobile services as well. And therefore, we believe that going forward, particular mobile Internet, we really need to focus on our product line here as well, with regard to mixing mobile and fixed.

On the right-hand side, we have summarized some of the order. I would say, more higher-level arguments to buy the frequencies. We believe that buying frequencies, we will have more control over business development and related pricing. And we want more control over execution, and therefore, the quality of the services we offer. And again, also think we'll in the end have a good impact on margin, despite the initial investment that the frequencies will bring along.

Sheet 17, the foundation that we believe have been put in place to move from here into the future. We have leading fixed products, and we believe that we'll remain leading in this market space really some time to come.

On the right-hand side, we have complemented our fixed product with our WiFi product called Sports Initiative, an initiative that we already started 10 years ago. And that we recently converted them to Wi-Free, and Wi-Free is essentially meaning that all the fixed Internet customers of Telenet can take advantage of (inaudible).

Lower left-hand side, we see that we have continued to progress in not only subsidized smartphones, but also offering an even wider range of smartphones, now including the Apple iPhone 4. And we not only invested in the handset positioning of our product line, but we have also innovated our retail stores.

And the first one it's called SmartSpot, was opened in the center of Antwerp as a test case, and the results are very, very promising. And again, we do this with a view to ultimately convert all of our dedicated stores in a similar fashion. But in order -- before we do that, we want to do a test store, which is this one. And again, very pleased with the result.

One the right-hand side, we do have in place today a full MVNO, that means that we have invested ourselves in the switch that allows us to have our own core mobile network services in the Company, at Telenet, and we predominantly use the radio. Actually, that one from our partner, Mobistar.

Of the acquisition of the frequencies, we have decided to review our whole mobile strategy, and of course therefore also the partnership we have with Mobistar. Although I should have highlighted that our partnership with Mobistar (inaudible), at least in the current setting. And we are talking to multiple partners who really want to understand, how can we best take advantage of a mobile relationship going forward, as far as the MVNO part is concerned, but also to see how we can conclude a partnership and deploy the spectrum that we have recently acquired.

We will not expect to report on this for sometime. That is partly due to summer holiday season we're now in the middle of. But also we believe it will take some time for us to work with number of discussion related to this mobile partnership, and therefore, we do not expect to report on this before somewhere in the early or mid fall.

Next sheet, page 18, basic TV cable, I think the key message here is that in the first half of this year, we lost about the same number of customers as last year. And the first half last year was 39,000 net loss. This year 40,000, which I believe is broadly is the same, giving the increasing intensity of the competition by Mobistar and Belgacom, I do believe that that is a very honorable result.

And again, on the lower side of the page, you see some of the implications of our loss in cable combined with the wins in Digital TV, which again I think will offer much more upside than the downside of the loss in CATV.

On page 19, you see a snapshot of the performance of Digital TV. Again, we have now approached the 60% of digital penetration in our analog base, 20% across this year. In the last Q2 quarter, we did 33,000 net ads, which again, because some of our competitors more report on boxes, represents 43,000 boxes.

And again -- and our business all very much aligned with our strategy of converting 20% of our analog customers on annual basis. This target we have outlined at the beginning of this year, and we still believe we will attain later this year.

On the next page, 20, a snapshot of a key interactive service, video on demand. And again, as you can see, is that the total absolute volume increase. But more important than that, the uptake rate, the average VOD use per iDTV per month has clearly increased.

And as you can look at the timing, we launched new graphical user interface to access our video on demand services. And that has not missed its impact and has clearly had a very beneficial impact and drove much more use of the video on demand library that we had made available to our customers. And that, of course, has translated into good financial loans.

Page 21, you know the big theme at Telnet today, tonight, is our first match that we will broadcast live from the stadium in Leuven. It is Leuven which is a new entrant to the first class league here, playing against Anderlecht.

And that is all going to be reported through Sporting Telnet. Some of you may have seen, we used to have Prime Sports. But we believe that Prime Sports did not have enough connotation with Telenet itself to be the brand to carry our soccer right, and we therefore decided to rebrand it into Sporting Telnet.

And the last six weeks, our own team has been incredibly busy by doing a number of things. First of all, we had to come grips with all the operational complexities. All the stages had to be equipped with our fiber connections, as our competitor did not want to offer their infrastructure in this complex. And we had to build even some tricks, because all the cameras placed in the stadium produced so much output that we had to compress that at the stadium before we can transmit it on to the broadcast and have it aired. But we are very proud of the achievement of all the technical work that has been done. We have kind of a premier quality editorial league, I would say. We have been able to really contact some of the top journalist, analysts, online reporters and whoever comes along to cover the season. And I can tell you the excitement at the Company is incredible.

We can clearly see that this week is the first weekend, and our sales of Sporting Telenet have accelerated over the last few days. Excitement all across. Really, Sporting Telenet and the related sports rights have brought Telenet what we though was a great influence to what we do.

It allows us to cross sell many of our current order products, and it has I think greatly enhanced the brand image of Telenet all across Flanders, as people really appreciate us introducing these right to them. And I'd like to point out that we have sold many, many supporting Telenet packages also to our current customers who have been loyal customers for a long time but now have the ability to also watch Belgium soccer.

Business services, page 22, again very, very strong and nice results. If you look at Q2, 30% growth in our first half. It's better 15%. As you can see in the first bullet, it does include some non-autonomous growth that we had through the acquisition of C-CURE. And if you deduct 5% growth, then it's non-autonomous growth, then we still get the respective result of the 8% and 10% in our end Q2 and first half year. So overall we believe very exciting first half year for Telenet Television.

Now if you turn to page 24, which is one of our bigger challenges at Telenet today and has the whole regulatory review and it's belated decision. I think that the recurring question that we asked regulator and when we talk to politicians, they say, what is the problem at hand that we're trying to address here?

And if you look at our market characteristics, we see really a very competitive market. If I compared that to some other neighboring markets, the quality of the competitors I believe on average is higher than the neighboring countries, and we have already five providers offering TV. The core issue for consumers I think is, what are the prices, if the market is to be regulated? And nobody can deny that and our footprint. We have the lowest prices from both analog and digital TV. We have really worked hard the last few years to develop a great offering for our customer base.

Recently also based OECD data it shows that Telenet has the lowest entry level broadband across Europe. I mean, that is no small feat to achieve. Our analog TV is declining. Only less than 30% only watch this analog TV. That's a key metrics for regulators to look at. One that will be a stumbling block for new entrants. And all the numbers show it's not.

And if you look at Telenet, why regulate Telenet? We're only 15% of the total telecom revenues that you can get in this market, and again, we have been investing loyally every year up to EUR300 million and that's continuing at a rapid pace. So our commitment is unparallel.

So the key question we ask the regulator, what is that will make the customer better off after you have regulated the market? In fact, we think that we'll have a negative affect.

On page 25, under the heading of level playing field and the picture that you see below -- hey, I'd like to really send a strong message, that there is not a level playing field in Belgium. And the lower graphic what you see is that the Belgium mobile market is about [EUR4 million], on the left hand side. And in the middle you see the fixed data and voice market, which is about [EUR4.4 million], where we have a lot of presence I guess.

On the right hand side, the TV market, which is about EUR800 million, and of course we have a much more historical presence. But if you add all three up, you get about the [EUR9.5 million] telecom market in Belgium. And of that market, we have about 15%. And I think it's very hard to include that Telenet would dominant that.

On the contrary, you can see from this picture that Belgacom is clearly dominating in the fixed and voice not because of residential, but largely because their really dominant the B2B markets and in the mobile market they own about half that market. And we see that Belgacom increasingly is using strategies of converged vertical play, which is their full right. But it also tells you that the market definition of only looking at the fixed space is the wrong one, and we have argued with the regulator they should at least make study market analysis that would cover both the fixed and mobile markets.

But again, we're stymied by the fact that we believe we've done a great job offering super duper products with great quality customer care at very low price. A lot of international companies and even countries come and visit us to look at what we have done. That great customer composition we have developed and I think it's grossly unfair that we be regulated.

On a more formal point of the conversation on, page 26, you see that we have symbolized the concerns expressed by the European Commission. And one of the feed backs we've received is that the European Commission has been reluctant to really express a (inaudible), as stated in the letter, largely because of the internal political situation in Belgium. But the content of their letter is no less meaningful. They said the regulator have not undertaken a valid market analysis. They have made a too narrow market definition and not all platform are taken into account.

And if he believes there is sufficient competition then it's improving, and that regulation may as well obstruct innovation and future investment, and that certainly Belgacom should be denied access to our analog service. And EC clearly asks the Belgium regulators -- and most concern concerns expressed in a long letter by the European Commission in their letter.

Much to our surprise, as you know, the regulators did not spend too much time on redoing their homework. Actually, I'd say no time. They just had the time to draft their own new proposal in which they made only a few editing changes but nothing fundamental. And they write off basically, ignoring what Europe has asked them to take into account.

So we believe first of all that the customer -- the consumer is not going to be winning here, but technically Telenet also look at the validity of the decision now formulated, and we believe there's ample ground to appeal it. We will appeal it to the Courts of Appeal.

And I'd say that also morally why do we appeal this because the BIPT, which is the regulator for broadband in Belgium, decided about a year ago that there was no significant market power of Telenet. So we believe that there's a lot of reason to question their own policy now compared to a few months ago. As you know the OPTA does not regulate cable in Netherlands. And if you then do a comparison between the characteristics that OPTA looks at with its market, we can see that by all those statistics the Belgium market is more dynamic and offers more choice and then has better pricing than the Dutch market.

So I think that it is a market where there would be reason to withdraw this very complex regulation that's here.

Next step, Telenet will be taking this to appeal, to the Courts of Appeal here in Belgium. And we'll first ask the court to look at the decision that should be suspended, and of course the court will do that and they will look at irreparable harm. And if there is so, then that's for them -- one of the reasons to suspend the measure.

We expect that proceeding to take between six and eight months. Then we will have the case, the merit case, which will be prolonged now over six months. So we have the depicted on the lower half of the graph sort of the sequence of the event and as you can see, we now expect that wholesale could be launched in the sort of later half of next year and probably towards the end of it. It's hard to say. We now get six months to work on the reference offered. The regulator will then have to review that, three months, and then we have another six months for implementation, and then contract negotiations and other things.

With that, I'd like to complete our operational data and turn over to Renaat. Thank you.

Renaat Berckmoes - *Telenet - CFO*

Thank you Duco. Our revenue mix in the second quarter was again well balanced, with cable TV and broadband remaining important contributors to our overall revenue and cash flow. On a reported basis, we achieved 5% revenue growth in the first half to EUR670 million. On a quarterly basis, our year-on-year revenue growth has slightly accelerated from 4.5% in Q1 to 5%.

Looking more closely at various revenue drivers, on the next slide, you will see that the migration from analog to digital TV remains the main driver given the more than double ARPU generated by a digital TV customer.

At the same time, our mobile activities increasingly contribute to our over all top line as a result of our successful efforts to penetrate into the higher value segment through our subsidized smartphone strategy, even emphasized by the launch of the iPhone 4.

As Duco mentioned earlier, our B2B businesses also had a very strong second quarter with revenue up 13% year-on-year, driven by sound demand for business and corporate Fibernet solutions and the contribution from C-CURE. Our broadband's revenue in the quarter picked up again to 3% year-on-year, despite the impact of various promotions to support the very successful Fibernet migration. We expect a strong uptake of Fibernet to have a positive impact in the second half of the year.

Finally, the erosion of our distributors and other revenue has almost come to a standstill, reflecting the successful launch of the iPhone 4 at our BelCompany stores at the end of May, despite a less vibrant mobile handset market in the second quarter.

On the next slide, slide 31, we turn over to expenses. And you will see that our total operating expenses have kept pace with our top line growth in the first half. No major changes compared to the previous quarter to report here.

Higher personnel expenses as results of wage indexation, business growth and further in-sourcing of call centers, as well as higher costs associated with the ongoing regulatory review was absorbed by sound control of our network operating and service costs and a decline in our advertising, sales and marketing expenses, driven by lower sales compared to last year, an improved sales channel mix and a lower level of subsidies.

Flipping over now to EBITDA, on the next slide, in first half EBITDA was up 7% year-on-year to EUR354 million, which reflects our overall cost discipline, further efficiencies in our sales care and installed operations and less spending on our mobile activity.

On a quarterly basis, our year-on-year EBITDA growth has even accelerated from 7% in the first quarter to 8% in the second quarter. The reduction in customer care expenses is a key contributor to the improved underlying margin of our business.

It reflects our continuous investments in personalized customer service and improved first time right responses to incoming calls, a more adequate use of social media and improvement to our sales and care port services. We still have a long way to go.

As a result of underlying adjusted EBITDA margin, improved by 1.3 percentage points, from 51% in the first half of last year to 52.9% in 2011. Our operating profit was up 6% in the first half and even by 9% in the second quarter compared to the same respective of last year, further underlying the improved return on capital employed.

Working our way further down to the P&L now, you will see that our overall net finance expense showed a substantial improvement compared to last year. But this was entirely due to a non-cash gain of EUR20 million on our interest rates derivatives following a further increase in the EURIBOR rate, whereas we still suffered a EUR60 million loss the last year.

Our net interest expenses, net of the effect from our hedging portfolio, was 32% higher in the first half of this year, which reflects our higher indebtedness, an increase in the overall interest margin on our floating rate, higher EURIBOR rate, which sets the basis for our floating rate interest rate charges, and most importantly, the stop of EUR900 million from floating to fixed-rated debts following the issues of our bonds in November and February, respectively.

Which brings me directly to net income, on slide 34. Our EURIBOR net profit was up by nearly EUR37 million year-on-year, but as mentioned earlier, primarily driven by the gain on derivatives compared to a loss last year. One a like-for-like basis, so excluding the impact from the mark-to-market evaluation of our interest rate derivatives and the loss of the early redemption of debts, our net profits almost halved to EUR243 million in the first half of 2011.

This reflects higher net interest expenses, as I just explained, as well as higher P&L tax charges, reflecting the increased profitability of the main operating entity of our Group Telenet NV. In addition, we also booked last year in the first quarter a tax effect, being it a small one.

On slide 35, we concentrate on CapEx. And our capital expenditures have been rising by 18% year-on-year to EUR127 million, representing 19% of revenue and reflecting mainly the Pulsar investments now getting at full speed.

In terms of underlying competition of our CapEx, no major change compared to the Q1 trends. In the second quarter, we spent much less on set-top box rental related CapEx, as a result of an increased usage of (inaudible) set-top boxes compared to last year.

Our customer installed CapEx increased compared to last year and amounted to 30% of the total CapEx in the first half. This reflects the migration to our next-gen Fibernet broadband product, for which a new home gateway is required. As mentioned earlier, these migrations will have a positive impact on our ARPU at a later stage.

For the remainder of the year, we expect a moderate increase in our quarterly CapEx run rate, reflecting typical seasonality in our investment phasing, yet all within the boundaries of our full year outlook.

And as you can see on the next slide, which are the free cash flow. Our free cash flow grew by 6% year-on-year to EUR140 million. This equals about 21% of free cash flow conversion. Our free cash flow in the first half is a better proxy for the cash flow generation of the Company than the quarterly, since the effect of semiannual interest payments under the issued high yield bond is neutralized.

In Q3, again, a one off effects will substantially impact the Company's free cash flow. Telnet will pay EUR22 million to the League for soccer rights and EUR11 million to the BIPT, reflecting 70% of the annual acquisition cost of the Belgium soccer and 100% of the annual installments under the (inaudible) mobile license agreement respectively.

In view of an expected out performance on free cash flow, the aforementioned payment will have only limited impact on our free cash flow guidance on which I'll come back within a minute.

To conclude my financial review, I would like to provide a quick overview of our latest activity in improving our capital structure. On slide 37, you can see that today we have completed the last phase in a series of debt capital market transactions, the extension of our EUR158 million credit facility, revolving credit facility, by 2.5 years to December 2016, which was signed and closed today.

As you may remember, we optimized our debt maturity profile in Q4 last year and the first quarter of this year by issuing EUR900 million of fixed-rated debt and by using approximately EUR600 million of these proceeds to redeem shorter-term maturity.

And during 2011, Telnet has successfully issued the first 10-year cable floating-rate note. Banking on the floating-rate note issuance, we will also today complete our amend and extend offer to the (inaudible) lender.

As a result, we manage to extend the average tenure of our debts to 8.5 year, the longest tenure we've ever had, while at the same time reducing both the cost of our EUR1.6 billion floated-rated debt by 125 bps and the size of the annual reimbursement. Therefore, we do not face any debt amortizations before 2016, with the first major reimbursement only being scheduled for 2017.

Slide 38 provides you with an overview of the evolution of the absolute debt levels and demonstrate how a stable leverage ratio hand in hand with strong EBITDA growth and controlled capital expenditures has translated in a 30% increased debt capacity, underlining the room of further annual cash returns of the size we've just completed today as well.

Furthermore, our debt restructuring process has gone hand in hand with the move from all floating-rated debts to a combination of fixed and floating-rated debts. As the ECB has started to gradually tighten the euro monetary policy, we thought that a partial switch offers us extra protection against upwards trending in this movement. For the shorter maturities, we continue to use our existing hedging instrument portfolio to cover the debt extension.

On slide 39, you find an overview of the new and de-risked amortization profile as of today. At the end of June, our senior leverage reduced to 2.5 times EBITDA, well below our target leverage ranging between 3.5 to 4.5 times EBITDA. Today, we will also affect the cash distribution of the EUR4.5 per share that we have announced earlier this year.

Performing this payout, our senior debt leverage will be back to 3.3 times EBITDA. As a result, we continue to believe that the combination of our sound growing free cash flow and the prudent use of additional leverage on our growing EBITDA will allow us further sustainable attractive shareholder payout in the future, in absence of a value creative M&A, as you will see in a minute.

And now we move to the outlook for 2011, which you'll find back on page 41. The next slide provides you with an overview of our outlook. And as you have seen from yesterday's release, we have adjusted our full year revenue outlook modestly upwards to reflect the positive effect from the acquisition of the Belgian soccer rights, which will only have a major effect in Q4.

We are maintaining our EBITDA margin guidance as we see a better than expected performance of our existing business being offset by higher stock related OpEx and marketing expense. Our guidance also includes all expenses related to both the execution and the appeal of the recent regulatory decision already referred to by Duco.

We maintain our CapEx guidance to around 21% of revenue. The impact of higher subscriber CapEx, the soccer effect is offset by a more efficient capital deployment in the rest of our business.

I would like to hint you once more that this guidance excludes the expected EUR90 million one-off CapEx related to the 3 year contract value of the Belgium soccer rights, as well as the EUR700 million one-off impact of the acquisitions of the fourth mobile license. Both will be booked as an asset in the third quarter.

Finally, we have adjusted our free cash flow target to reflect the effect of the Belgium soccer league rights. As already pointed out earlier, we have reduced our free cash flow target from over EUR250 million to about EUR240 million only. More than EUR10 million out performance of our existing business is more than offset by EUR20 million negative impact resulting of the soccer league rights payments.

And on slide 42, I would like to remind you of our leverage base paid out model, which will set the basis for attractive and sustainable shareholder payout in the future. Our healthy growing recurring free cash flow supplemented by additional leverage from growing EBITDA in order to meet our designated levels target, ranging from 3.5 to 4.5 times, will continue to provide for effective and sustainable shareholder returns on top of the further business growth.

This model implies that Telenet will have the ability to return another billion euros to its shareholders in the coming two years, as we already said out several times in the past. In the outer years we believe to be able to maintain shareholder disbursement on the basis of the recurring free cash flow and leverage capacity, corrected for cash back payout.

To conclude today's presentation and before opening the floor to Q-and-A, on the final slide we once more lined out the four main sources of future shareholder value this Company provides. We will continue leveraging on our existing customer base by up and cross-selling iDTV and Fibernet products, and by doing so, increasing the ARPU per unique subscriber.

We will continue to focus on the exploration of new growth drivers, extending our robust fixed data position into the mobile stage, selling services like Yelo and cloud computing on top of the connectivity and leveraging coax into the B2B sale.

Our profitability will further improve by focusing on the customer and indeed translating into lower service costs and higher loyalty. Finally, the combination of a smart leveraging of the balance sheet and solvency cash flows, generated by our businesses, create the potential for continuous cash returns to our shareholders.

With that, let me hand over back to the operator.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Mark Walker, Goldman Sachs.

Mark Walker - *Goldman Sachs - Analyst*

I have a couple of questions, please. The first is on TV. Belgacom reported pretty decent pay TV subscribers this morning, and I appreciated it's early days, but do you think that the changing dynamics in football rights ownership is likely to stimulate the pay TV market overall in Belgium? And do you think the football rights can slow your decline in the overall cable bit and you start to win customers back from Belgacom?

And then, secondly, on broadband, you mentioned that there is a significant proportion of gross broadband sales attributable to Fibernet since its launch. I was wondering if you can quantify that please and maybe give us an idea of the ARPU increase that you experienced from a customer switching to a Fibernet product? Thank you.

Duco Sickinghe - *Telenet - CEO*

The first question. The TV side, of course, as we said, Belgacom is reporting in boxes. So if you look at the households that we are adding was not 46,000 on a national base in Q2. So if we look at the market share and our footprint, we expect that we've reached a market share analyzations between 60 -- around 65%. So I think that's still very good and in line. It also at the same time indicates that there is some competition on the TV side, as well seeing the regulator. We do see, however, that the uptake of soccer is, of course, showing very nice progress.

We're not going to disclose any specific numbers, but we can tell you that the uptake of the package of Prime Sports which is now a new brand in the Sporting Telenet is 10 times what it sold in the past on a recurring base. Definitely it's a good indication.

Of course, Belgacom was also indicating that they only lost 2,500 customers, but that was of course before we did any commercial announcements. That was of course in the early days that only the date of tender has been decided. But more to come -- but as we said, we are very pleased with the results so far.

In terms of the uptake of Fibernet, of course for commercial reasons we don't give exact numbers there. But as you can see from the chart, it's just over 50% of gross sales. And that is meaning without even the upwards migration. So people really coming from competition or people starting to get hooked on the Internet is more than 50%. That's indeed a very nice uptake.

On the installed base, the impact is still limited. But we start seeing indeed that the rate of decline of the individual broadband ARPU is of course getting more towards a status quo, and of course we expect in next year that this will have a slight (inaudible) impact on the ARPU.

Mark Walker - *Goldman Sachs - Analyst*

That's great. Thank you very much.

Operator

Emmanuel Carlier, ING in Brussels.

Emmanuel Carlier - *ING Brussels - Analyst*

One question from my side. The EBITDA margins improved quite decently in the second quarter. Could you give an update on the potential cost savings that you could still make and also on the kind of long-term EBITDA margin that you are targeting and that you believe is -- yes, is possible as well of course. Thank you.

Duco Sickinghe - *Telenet - CEO*

And of course all statements I'm going to make will be subject to the outcome of regulation that you will understand --

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Emmanuel Carlier - *ING Brussels - Analyst*

Yes, sure.

Duco Sickinghe - *Telenet - CEO*

-- for the longer-term. In any case in the short-term we think we are actually on the high end of the margins that -- on the margin [target] that we set for ourselves. Can the business do better? It proved in the past that it can do better. So we will have quarters with similar or maybe even higher EBITDA margins that we've shown in Q2.

On the other hand, of course, now we get into a more active phase in preparing for the regulatory offer, because we will now start working on the reference offer and at the same time start the appeal process. And at the same time, we will have the effect of Belgium soccer kicking in; meaning that we will also spent more marketing.

And as you know, if you look on the graph, Q4 is always a quarter where there's somewhat lower EBITDA margin, because then we have the bulk of the marketing effort which is typically in our business -- not only for Telnet, but also for other telco companies.

You might have a slightly negative evolution of EBITDA margin in Q4. But all in all, we believe that the underlying business provides for sufficient economies of scale. And looking at the performance to date of our investments of last year and in the first quarter to improve the customer satisfaction of our customers, actually reducing the number of calls, and by doing that, avoiding costs by just being more efficient in answering calls.

We see that there is still room for improvement there. Definitely, we can still improve the way we serve our customers. So I think it's not only creating more loyalty and more satisfaction with our customers, but at the same time, cutting cost in a smart way by avoiding inefficiency. So a long answer just to tell you that there is potential to keep these margins ongoing.

Emmanuel Carlier - *ING Brussels - Analyst*

Okay. Thank you.

Operator

Dimitri Kallianiotis, Citi, Monaco.

Dimitri Kallianiotis - *Citi, Monaco - Analyst*

I have two questions, please. The first one I just wanted to ask you -- a bit more color on the mobile license. I know you are currently in negotiation, but I just wanted to know first how much cost will you have, extra costs in terms of deploying a bit of piece of equipment next year? Because I guess you will have -- if you do a partnership with Mobistar or Base, basically install some antenna and things like that. So I just was wondering what sort of amount we are talking about?

And also, just in terms of accounting, if you link that again in terms of just financing cost rather than putting it into your CapEx? And at the same time, what sort of benefit do you think you will get from having this spectrum in terms of how much more aggressive can you be on pricing?

And my last question was on the football rights. Belgacom mentioned this morning that they actually have quite a small base of football customers, only 70,000. So I was just wondering if you could share with us exactly in terms of your business plan, how many subscribers do you expect to really put on to these new offers? Because -- I mean, if you get only half of this 70,000, it will mean that you will need a very ARPU of 60 hours to break even. So what sort of positive contribution do you expect from football? Thank you very much.

Duco Sickinghe - *Telenet - CEO*

Let me answer your first, third and fourth question, and I will leave Renaat the second. Actually, we have started conversations with potential partners in our mobile stage. Those conversations take place together with (inaudible), our partner in the acquisitions of spectrum. And we are reflecting on what we really want.

And to give you some flavor of that, of course, we want to continue a very strong MVNO. We should be increasingly covering also good tariff plans for the B2B market, which we do not have today. We also look for some other detailed improvement. And then next to that, we look for a hosting agreement with another partner.

And as it turns out, the spectrum that we acquired is actually very nicely adjacent to current spectrum of [BASE] and Mobistar, that is there for technological advantages if you want to now get to a hosting agreement, but that doesn't mean that the MNO hosting partner would not have to invest or maybe on behalf of investing some equipment. But, as I said, it was too early to give you any indication of that. But, I think the fact that we have said that we do not look for building our own network. I like the fact that we want to be most efficient in limiting our capital outlays to realize it to network. We have to also imagine, we're not going to look for rolling out a network to cover a 100% of Belgium, we'll do that in a way that we'll meet the regulatory requirements of rolling out spectrum.

But secondly, we're limited to those areas where it makes economical sense, for the areas where it doesn't make economical sense. We will really rely on the MVNO agreement going forward.

So that I would say with regard to the spectrum, you said, how much would it help in terms of price, the question is I'd like to volunteer that it's too early days to say anything about tariff but at presently to get a view how long it is going to take to use that spectrum it's going to be largely geared through a mobile data, I mean, that's going to be the core application of the spectrum. There will be some voice in there.

Obviously, as I said in the presentation, we expect more control of the business development that business development also includes pricing. So, I think the pricing power of it in mobile will increase, also our operating capabilities and certainly for a quality of services we then think we can offer.

I have noted too that Belgacom published all of a sudden now, their number of soccer subscribers and I understand that number is around 70,000 and they said that they only lost 2,500. I can only tell you how many customers we've seen join us for soccer. And there are two parts to it. There is the part of new customers whom we hope will take much double and triple play as you highlighted yourself.

And if you do the math you can see that a couple of tens of thousands of customers would give this [attrition] customer base to cover our costs. And again, the members of Belgacom I understand are up to the end of June. But I can guarantee you that the whole shift in people coming to the soccer channels has only started for the last two or three weeks and I expect that to continue for some time.

So, I'd say that we're very happy with results we see. I'd also like to underline that what we did to our own supplies, we see very strong uptake in our own store base. So, people who have been with us for years and never had the capability or the ability to enjoy soccer, come in droves to us now and take -- support Telenet. And that in our business case was present. But, it clearly is much more present.

So, I'd say that our business case built on clearly attracting nice customers from the competition which may not have anything to do because it is early days obviously, they're (inaudible) and now our advertising campaign hasn't started yet. Actually it's only a few days that in earnest our campaigns have started.

Belgacom had the advantage in the beginning about the confusion that all the rights were with one provider. As of next season, they are clearly with Telenet altogether. And I haven't ruled out the possibility of having those rights even in the course of this season altogether with Telenet as well. I mean, that's still early days, but we're working on that and we think we can get there. And with that again, simplify the offering for the customers.

But overall the whole branding part of supporting Telenet has really done well for the Company. It has really also shown our commitment to local support, I mean, undeniably that we have offered to soccer clubs more money than in the past that allows them to improve soccer in Belgium. And we'll develop more economic activity around this stadium as well. So, I think there is a very positive burst and I recall (inaudible) first mentioned I'm told that broadcasting wide that we're offering is really also innovative and at very high quality (inaudible).

I don't know, what else, anything else that you wanted us to cover as part of your question?

Dimitri Kallianiotis - *Citi, Monaco - Analyst*

No, no, that's (inaudible) thank you very much.

Operator

[Henry Hall], Credit Suisse.

Henry Hall - *Credit Suisse - Analyst*

I had two questions. First one is, you have said that you're seeing a bit of economic pressure in the low end segments of your customer base. I was just wondering if you could maybe elaborate a bit on exactly what is going on, if broadband subscribers are migrating to lower cost operators or actually what's happening there? And the second question is, if you need to comply with any (inaudible) conditions for a mobile license? Thank you very much.

Duco Sickinghe - *Telenet - CEO*

I think Renaat referred to this, but what he really intended to say, I guess, is that we have done really well on the mid range and high end. So, it's not that the low end is suffering in any shape or form its more that our [500] product base (inaudible) really have offered to Company to grow the, I'd say, you know, higher market product, which is reflected in the increasing ARPU per unique customer. I think that's an important point.

On your second question, that the bill of requirements that are currently in schedule is that we need to launch some commercial offer after eight months basically by the end of next year. And then it's gradually the coverage that is acquired the 30% population after 3 years, 40% after 4 years and then 50% after 5 years, that's basically the conditions that are in the compact. Of course the question will that (inaudible) hard because we have both seen from other operators who also had certain condition that didn't (inaudible) but are still doing that. But, that's basically what's currently in the contract.

Henry Hall - *Credit Suisse - Analyst*

Okay, that's very clear. Thank you very much.

Operator

[Von Anasetti, Bancegroup].

Von Anasetti - *Bancegroup - Analyst*

Could you give us a ball park figure of the additional marketing and operating costs related to the soccer offering as well as to the wholesale offering. And with respect to the wholesale offering, could you indicate whether these are only organizational costs or whether this already also includes technical costs you need to make to ready your network for such a wholesale offering, that is the first question.

And then, the second question is basically, if you look at the balance sheet, the consolidated balance sheet i.e., the equity value is now in negative territories and I'm getting more and more questions on that. Could you perhaps explain the route again of that negative consolidated equity value and as well as explain i.e., that that isn't a problem in the future to get the additional debt financing? Thank you.

Renaat Berckmoes - *Telenet - CFO*

I'll start with the first question, of course, I have no intention to disclose how much marketing we will spend on promoting the soccer and what offers we will give to customers to attract them from our competitors or to convince our existing customers to (inaudible) them to supporting Telenet as we usually didn't do it in the past either, but you can be assured that we have a nice [bolster] ready for that.

In respect to the cost and related to the wholesale offer, the expenses we expect to incur this year are two fold, it's mainly indeed the preparation for the reference offer which means steady work, how to open up the network, what are the consequences, what equipment is needed, what IT development is needed and the like. But, this is all to prepare a reference offer, and then start maybe the first implementation in the later half of the year.

But the bulk of the cost will actually relate to the preparation of the reference offer itself and of course with the loans of the appeal case and the preparation of the legal work here to support our cases.

With respect to the balance sheet, the net equity position which is negative that is something, which we also have drawn everybody's attention to, is mainly the result of IFRS accounting. So, if you look at the balance sheet positions and the equity positions of all companies in the Belgian GAAP, all companies in the Telenet Group are well capitalized, none of them is even close to getting into the [10 cap] rules potential issues, so there is no issue with the profitability or with the equity base of the Company, but it's just of course the result of reducing the capital that's on a consolidated basis and IFRS that we had huge write off of goodwill on impairments of goodwill which we didn't have in Belgian GAAP and our net equity position is showing much less favorable than it is under Belgian GAAP, it's actually matters for regulatory purposes. And I can assure you that in terms of convincing investors to take on Telenet that the free cash flow generated by the Company as well as the operational free cash, the EBITDA are much more important characteristics on metrics to base their judgment on than the equity position of a company definitely if it is influenced by past debt.

Von Anasetti - *Bancegroup - Analyst*

Yes, thank you. If I may, one additional question in the past with respect to your mobile ventures, Telenet did provide a kind of peak CapEx, I guess it was around EUR200 million, could you still confirm that figure?

Renaat Berckmoes - *Telenet - CFO*

All right, if you refer to the CapEx we're going spend to built out the mobile spectrum, I can assure you it's going to be substantially lower than that.

Von Anasetti - *Bancegroup - Analyst*

Okay, thank you.

Renaat Berckmoes - *Telenet - CFO*

And I feel, we still aren't getting the question on how we are going to build the network. I can reconfirm that it is absolutely not our intention to build antenna, but to reuse antennas that are existing and that are used by the existing MNOs with whom we want to sign the deal.

Von Anasetti - *Bancegroup - Analyst*

I've understood in respect to that that -- you would need to install carriers on the foot of the antenna set of your potential partners. What would be the potential cost of such carriers?

Renaat Berckmoes - *Telenet - CFO*

We will tell you that as soon as we are starting the rollout.

THOMSON REUTERS

Von Anasetti - *Bancegroup - Analyst*

Okay. Thank you.

Operator

Nico Melsens, KBC (inaudible).

Nico Melsens - *KBC - Analyst*

Hi, good afternoon Nico Melsens, KBC Securities. Just coming back on all the regulatory developments, could you try to give us some sort of an idea of the costs that you expect to incur related to the opening up of your cable networks in 2012, at the end of 2012, it should be possible for your competitors to use it. What will be the cost that you will incur to really just comply with the whole regulation next year? Thank you.

Then secondly, just housekeeping question, could you guide us a bit on the expected tax charges that you will report in the P&L [brochure] this year and if possible next year as well? Thank you.

Duco Sickinghe - *Telenet - CEO*

Nico, Duco here. The next six months, we will be working on defining and developing the reference offer as requested by the (inaudible) regulator, so we cannot tell you yet, you know how much will the cost be set, too early days and as you know, while we have to prepare for that reference offer in next six months, we do believe that we are very strongly okay, but again we have not made, I would say long --- made the long term estimates, but we are not ready to share those with the market as they are still subject to a number of variations.

Nico Melsens - *KBC - Analyst*

Okay.

Duco Sickinghe - *Telenet - CEO*

We expect that the tax expenses for 2011 and 2012 they will be in the order of magnitude of EUR90 million to EUR100 million, which is consistent with the first half tax expense that we have booked. They will of course, gradually go up over time and our profitability keeps on increasing.

Nico Melsens - *KBC - Analyst*

Great, thank you.

Operator

Marc Hesselink, RBS in Amsterdam.

Marc Hesselink - *RBS, Amsterdam - Analyst*

Yes, I have three questions from my side. On the football rights for next year you asked for the full package in the year for the coming season, you are missing one of the lots. I thought that you were looking for maybe a backdoor there as you can still broadcast them also this year. Could you give an update on that one, additionally on broadband net adds. Okay, there is still some potential if you are looking like both on penetration than on (inaudible) Belgium but how are you going to increase it because it's clearly (inaudible) it's slowing down a bit (inaudible) so how are you going to target the last group there? And thirdly could you give an update on Yelo, any new things there?

Renaat Berckmoes - *Telenet - CFO*

On the first question, for the soccer rights, we are indeed pursuing that with a couple of [investors] now to indeed, make sure that we will also be able to broadcast this (inaudible) and as we said, we are still within final negotiations there, we need to clear a couple of other things on some technical side.

So, we do have to say a view that it is possible to still have them on our platform before the end of this year, but we focus of course to have them next year that's for sure, as of next season and then still debating a little bit with the authorities to get them for this year.

I think the third question was on the development of Yelo, there we are conducting some additional tests there, we are of course also gathering some feedback from consumers. We are going to launch a new platform pretty soon and we're also looking into a couple of elements that need to monetize the platform, but more to come there in the future.

Marc Hesselink - *RBS, Amsterdam - Analyst*

Okay. And the broadband?

Duco Sickinghe - *Telenet - CEO*

Of course, the offers we will prepare and we will launch to attract part of the market will speak for itself, but you will understand that we reserve this for our marketing guys to have this group not for our investors.

Marc Hesselink - *RBS, Amsterdam - Analyst*

Okay. And then finally, one thing to check, within -- extra cash cost for the super rights and the license, this going to impact anything on your dividend policy?

Duco Sickinghe - *Telenet - CEO*

No certainly not, as I told --- I already said during the presentation, so soccer rights nor the mobile license have any impact on our distribution goal.

Marc Hesselink - *RBS, Amsterdam - Analyst*

Okay, thanks.

Operator

Stephane Beyazian, Raymond James.

Bjorn Jorn - - *Analyst*

Instead of Stephane, [Bjorn Jorn]. Just one question regarding your partnership with Brooks, what I would like to understand is what are the sort of level of commitments of each partner, I mean, now we are talking about the real 50-50 joint venture in this before for the license and what are the agreement for sharing the burden of the cost in the first phase. And to put up on that, how far can go your relationship with running beyond mobile, I mean, are there any talks about potentially sharing some (inaudible) platforms in the future?

Duco Sickinghe - *Telenet - CEO*

In the presentation we added a sheet that highlights that the mobile partnership today is based on a 75% Telenet, 25% VOO distribution of the share in the joint venture. And that basically also applies to the cost of the frequency. VOO has an option to increase it's stake if it choose to, but that would also imply that they would have to take a biggest stake in paying for the frequency. How we are going to account for the rollout cost is subject to some conversation that as you can probably imagine will be very much pro rata, everybody's cost in his or her area of operations. In other words, you know, we will take basically the cost for Flanders and they will take the cost for Wallonia. And we will figure out a way to share with Brussels. Now, that basically is the idea. Now, where we do (inaudible) with VOO we are doing almost there with VOO, we are doing the sport (inaudible) together and I don't think we have ever said we have limited our scope, but we haven't been very specific about future plans.

Bjorn Jorn - - *Analyst*

Okay.

Operator

[Issa Testa, One Investments].

Issa Testa - *One Investments - Analyst*

I guess, I'm trying to understand how the net benefits for 2011 will come from the Fibernet and from the football, because to a certain extent you have the cost of bringing the customers on the Fibernet, does the cost revenue for example even the quarter just passed and then on the other hand, you have some expenses and the same way applies to football, if you look at that as a net basis to the EBITDA, do you think there will much net effect in this year from these two projects?

Renaat Berckmoes - *Telenet - CFO*

Definitely (inaudible) all on the Fibernet product, a customer migrating from an existing product to a Fibernet product on average generates 1 through 3 and in some cases even more ARPUs per month extra, you will see that coming into the numbers as we will add more Fibernet customers, however the upfront CapEx is what you see also this year reflected in the CapEx so from next year, you will only see the additional revenues and of course no longer the upfront CapEx related to the migration and the upgrade of the customer to DOCSIS 3.0 home gateway. In terms of revenue growth, I just want you to be patient, you saw already the up tick because we grow by 2% in the first quarter, 3% in the net revenue growth in the third quarter -- in the second quarter that single product ARPU is however much more difficult to interpret going forward as at the same time most customers that are not taking a triple-play migrate with triple-play. That's also one of the reasons why we are so successful in accelerating our triple-play translation as it we've also seen in the slide presentation. But however that triple-play also comes with the bundle discount and the biggest chunk of that bundle discount is actually allocated to broadband and that is to some extent showing you a less favorable picture on the standalone broadband ARPU than what you would expect, if you would exclude the bundled impact, which is still a way of proportionally sharing that bundled discount over the product, but the price of the Fibernet product is playing a much more significant role compared to the old products in the shape of the bundle. And therefore, they get a relatively higher portion of the bundle discount.

So it's just the way we calculate or we divide the bundle discount over the different products that at first time, show you a slower growth broadband Internet ARPU, while if you do it on a like-for-like basis, it's much higher. But it also explains to you that by selling more and more dual and triple-play that actually the ARPU per product has almost become meaningless and that's the real target to focus on is the ARPU per unique subscriber. And as you can see, in the past 2 quarters we clearly have shown you an acceleration of that ARPU, which is really what matters. And with of course this explanation I forgot your second question.

Issa Testa - *One Investments - Analyst*

So the similar explanation of football and I can only say as a preamble and I understood there are conflicting issues, and I also understood the point to look at ARPU overall, I was thinking that on your points that there are some pluses and minuses and that, there is a benefit we clearly thought next year, but I was wondering what essentially is there a much impact on an EBITDA basis this year, on a net basis, because you have the startup, because you have the expenses, but on the other hand, you have the high revenue after the initial switchover.

Renaat Berckmoes - *Telenet - CFO*

There is definitely some impact, but it will be more clearly visible in the second half of this year, because when you have a bigger recurring base of Fibernet customers. And with respect to soccer, you will only have a full quarter of soccer revenues as we're still building up the customer base today in Q4. That's also what I specifically mentioned, that's why the impact on the guidance, on the revenue side might look maybe a bit cautious, but it's simply because only in Q4 you will have the full effect of a substantially larger customer base being on our footprint or being on our service. And of course, you will have the full effect in 2012.

Issa Testa - *One Investments - Analyst*

But you also have the costs and I was wondering if it's why it's focusing on EBITDA effect, what are your thoughts, with the one quarter revenue, but also the whole, say launch costs of launching football, whether there was much impact on EBITDA level on to that.

Renaat Berckmoes - *Telenet - CFO*

There's still a substantial positive impact.

Issa Testa - *One Investments - Analyst*

Okay. And last question was just on football again. My understanding is that the Belgacom subscribers have a period, in which they can switch without penalty that finishes in August, would you expect this to be reflected in a lot of customers switching at this point in a very short period of time?

Renaat Berckmoes - *Telenet - CFO*

I think the Belgacom customers with a longstanding service don't have the one-year obligation anymore, I don't think they will get lot of penalties when they switchover even beyond August to Telenet.

Issa Testa - *One Investments - Analyst*

Okay. Thanks very much.

Operator

Usman Ghazi, Berenberg Bank.

Usman Ghazi - *Berenberg Bank - Analyst*

Good afternoon, guys. Thanks for taking the question. I've got four questions, if you don't mind. The first one, I just wanted to find out where the underlying free cash flow upgrade of around $10 million is coming from, because you -- obviously EBITDA guidance is fairly stable on where it was before today. And so is your CapEx guidance. So I just wanted to understand whether there is any one-off in working capital et cetera that we should be expecting in the second half of the year?

The second question was again on the football rights, I wanted to understand, Duco you said that you need only tens of thousands of customers to break even is that on the EBITDA or free cash flow? Because on my calculations, you need a significant tens of thousands to actually breakeven on a free cash flow basis and just regarding that if you could reveal to us what the breakeven number is that you're targeting on a free cash flow basis for the football rights?

The third question, again on the individual product, broadband product ARPU, I believe that a significant portion of the installed broadband subscriber base are still taking -- or not taking Internet as part of a bundled offer yet. Just so that I can understand when the headwind from the bundling discount actually washes through the numbers. According to my calculations around 56% of the installed subscriber base is currently taking a bundled offer. So that's leaves -- that still leaves a significant chunk. So I just wanted to confirm that number.

And then, in your press release you also mentioned that the revenues related to the data blocks is coming under pressure, because you're increasing the usage on your new tariffs so that people are spending or going outside of their limits less. So, I was just wondering if you can tell me what the proportion of revenue is in broadband from those data blocks?

And then, sorry -- I've been going on a bit, but the fourth question is just on the mobile side of things. I just wanted to clarify, again you've said that you might look to rollout a network in strategic areas in Belgium where there might be revenue opportunities, what does that mean that you would rollout antenna sites on a selective basis and rely on an MVNO agreement in other areas?

Duco Sickinghe - *Telenet - CEO*

The answer to your question five is, yes. So, it will be a combination of wholesale and rollouts. The first question on EBITDA, and where is that 10 million coming from? Well, this revised efforts or revenue per prognosis, at the same time we kept our margin targets. That means by definition that our EBITDA goes up. So that is explanation to your question and we might do a bit better also on CapEx. So there is no one-off kind of working capital effect there.

Renaat Berckmoes - *Telenet - CFO*

I'll back around the -- on the question on the rollout of the networks I guess you were pointing out also the additional antenna sites. As we said it's our intention to use of course the existing antenna sites. So we're not going to end this built any specific (inaudible).

Duco Sickinghe - *Telenet - CEO*

Okay. On the data blocks that question.

Usman Ghazi - *Berenberg Bank - Analyst*

Yes.

Duco Sickinghe - *Telenet - CEO*

Basically there we point to the increase in ARPU per unique customer. So we are not disclosing anymore ARPUs per product and obviously yes, we'll have a negative impact on the Internet ARPU, but I believe the multi-play strategy of the Company highlights that despite that we offer growth potential.

Renaat Berckmoes - *Telenet - CFO*

The volume blocks that are disappearing is not a new thing. That's something that is already started last year when we were starting to introduce fair use policies and increasing also the volumes by that largely. So there is still the impact from among revenue is going to be very minimal.

Usman Ghazi - *Berenberg Bank - Analyst*

Okay.

Duco Sickinghe - *Telenet - CEO*

Around soccer, no, we are not going to share with you exactly the breakeven point of our soccer. And that is not because we don't want to, but we can't, and I'll tell why. And this depends, you know, in our business case we make assumptions about, I'd say double-play, triple-play or single-play, customers will come over to soccer whatever.

And depending on whether you have more triple-play or double-play, obviously you need few more customers to make it okay. So, that becomes a very intricate discussion because they also have existing triple-play customers who only take sports and Telenet. But the price they pay depends on what they have, if they have to pay only (inaudible) to be with Telenet they will pay EUR25, if that triple-play with Telenet they will only pay EUR50.

So, there's about six to eight variation from the pricing theme and therefore to explain like out of x number of customers, you need to have to breakeven it is not going to be a simple as that but I'd say also in addition to that for commercial reasons we're not very much inclined to share that now.

Usman Ghazi - *Berenberg Bank - Analyst*

Okay. Can you just confirm though that because I mean that the argument is that Belgacom was never able to make return on this investment and again they had -- they were potentially capturing all of Belgium. I mean, you've paid more than Belgacom have -- assuming what gives you the confidence? And added to that is the fact that -- when digital TV was launched in Belgium Canal Plus was -- according to my understanding was rumored to have around 70,000 to 80,000 football enthusiast in the subscriber base. Belgacom has said that their existing subscriber base football is 70,000 which suggested there has no appetite to watch football over the last 4 years in Belgium. So just -- and my numbers might be wrong, but I'm just -- the point is that if Belgacom couldn't make a cash return on disinvestment, you've paid more than Belgacom. What gives you the confidence that you can do so?

Duco Sickinghe - *Telenet - CEO*

Can you take some of this discussions offline because they go into real details.

Usman Ghazi - *Berenberg Bank - Analyst*

Okay. Sure.

Duco Sickinghe - *Telenet - CEO*

Thanks. But let me make one important point, tell this nationwide that we are not paying nationwide, we are paying our pro rata share of the total right. So the total Telenet consortium would have 52 million. Our share in that is substantially lower, so we are not paying for all of Belgium and only exploited Flanders. That's point one.

Point two is, we look at our business case in the way I don't know how Belgacom looked at it. And I do believe by the way that potential for stock reviewing on PayTV has increased substantially over the last year number of years. So I would have to go back to double check Canal Plus numbers, but I do really think that they evolved in a very positive trend while being with Belgacom.

And the reason is that at the time, you need to have a fairly sort of unique kind of (inaudible) Canal Plus which had no other use than watching premium TV, and whereas to-date 60% of Belgium has a decoder which they can also use for this kind of channel.

So the barrier to access the viewers has become incredibly, but slower than 6 years to 7 years ago. So I think that the situation has much improved, whether we do a better job, remains to be seen, but there are reasons why we think that, yes, we'll be successful.

Usman Ghazi - *Berenberg Bank - Analyst*

Okay. Thank you very much.

Operator

At this time we have no more questions at this time. I hand the conference back to you.

Duco Sickinghe - *Telenet - CEO*

Gentlemen, thank you again for your participation on this conference call. We hope to welcome you on our investor call around the end of October, when we will be presenting our third quarter results. In the meantime I thank you and say goodbye.

Operator

Ladies and gentlemen, thank you for your participation. This concludes today's conference. You may now disconnect your line. Thank you.
