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PRESENTATION

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

Good morning, ladies and gentlemen. Good morning to you, and welcome to our investor and analyst call for the third quarter of 2014. My name is Rob Goyens, and I'm head of investor relations and treasury at Telenet. I trust you all received our earnings release this morning and are able to download our PowerPoint presentation that will be used for this conference call and to join the online webcast.

Before I start -- before we start, however, I am obliged to advise you that certain statements in this conference call are forward-looking statements. These may include statements regarding the intent, belief, or current expectations associated with the evolution of the number of variables that may influence the future growth of our business. For more details on these factors, we refer you to the Safe Harbor disclaimers at the beginning of our presentation.

Let me now hand over to John Porter, our CEO, who will provide an executive overview of our main achievements during the third quarter. Then I will provide you with some further details on our operational performance. And finally, Birgit Conix, our CFO, will guide you through our financial results and discuss the outlook for the remainder of the year. Afterwards, we will open it up for Q&A.

John Porter - *Telenet Group Holding NV - CEO*

Thanks, Rob. And good afternoon, everyone. Or morning.

Let me first start by giving you a flavor of the promising initiatives we recently announced. First up is the De Grote Netwerf as we call it here at Telenet. This is our five-year, next-gen network investment program of EUR0.5 billion. The goal of this project is to upgrade our existing cable infrastructure -- HFC infrastructure by increasing the available bandwidth from 600 megahertz to one gig. Over time, this will allow us to offer our broadband Internet customers downstream speeds of up to one gig or more. As a result, we will be able to maintain our technological advantage over competing networks while ensuring Flemish consumers, businesses, and government have access to one of the most advanced cable networks in Europe. The demand for such speeds and capacity will undoubtedly be there given the explosion of new digital applications and the proliferation of Internet-connected devices.

Moving on to slide six, the second leg of the De Grote Netwerf is EAP, or E A P, which you can see on the next slide and which stands for Extensible Authentication Protocol. What this technology allows is automatic and seamless single authentication moving between Wi-Fi access points in our entire footprint. At present, we have more than 1 million Wi-Fi homespots and 2,000 Wi-Fi public hotspots across Belgium. Our ultimate goal is to equip all of our homespots with this new and exciting technology by the beginning of 2015.

You can see our deployment road map on the right-hand side of the slide. Thanks to EAP, our customers will enjoy a seamless and super-fast mobile data experience while providing increased opportunities for us to offload the growing proportion of the mobile data traffic over our Wi-Fi network.

Next slide. Let me now provide you with a quick update on our third-quarter operational performance. I'm pleased to see that our sustained focus on providing great customer experience and continued product enhancements drove annualized churn for all our fixed services to their lowest level for the third quarter in five years. The EUR0.5 billion investment plan into our core network infrastructure over the next five years will further compound the head start we have versus the competition, and I am sure will lay the foundations for future sustainable growth.

During the third quarter, we continued to enjoy robust net subscriber growth for our leading Whop and Whoppa triple-play bundles; and as such, attracted nearly 28,000 net triple-play customers. As a consequence, the total number of triple-play customers was up 11% year on year and exceeded 1 million at the end of the third quarter. As a result, around 49% of our customer base now subscribes to our triple-play services compared to 44% 12 months ago.

The ARPU per cable household, which excludes our mobile telephony revenue, is at EUR50, up a healthy 5% year on year, or EUR2.5 in absolute terms.

In our mobile franchise, you continue to see the effect of the improved mobile lineup since March when we introduced our attractive King supersize option and started offering 4G services. Combined with a successful back-to-school campaign, we attracted almost 48,000 net mobile postpaid subscribers this quarter. This was our best achievement since Q2 last year despite today's much more competitive environment. As only 19% of our cable customers are taking mobile services from us today, we continue to see a healthy growth opportunity ahead.

Moving to the financial highlights on slide 8, you can see that our revenue for the first nine months of 2014 was up 4% year on year. Excluding year-on-year comparisons from significantly lower stand-alone handset sales and lower analog carriage fees, our underlying revenue growth was around 5%, which I think is a better reflection of our underlying growth rate.

Our adjusted EBITDA grew by 8% over the first nine months, including a non-recurring EUR12.5 million benefit related to the settlement of certain operational contingencies. Excluding this element, our adjusted EBITDA growth was still 6%. Growth in our adjusted EBITDA reflected amongst other things relatively lower costs related to handset subsidies compared to the prior-year period and our continued focus on cost efficiencies and process improvements across our entire operation.

This robust growth in our adjusted EBITDA, together with slightly lower cash capital expenditures, is a result of phasing in timing variances, and an improvement in our working capital led to free cash flow of roughly EUR209 million for the first nine months of 2014. This was more than double the amount generated in the prior-year period.

As Birgit will later tell you during this presentation, we have confirmed our outlook for 2014, having achieved revenue and EBITDA growth of 4% and 8% for the first nine months. This strong business growth we see ahead of us, together with the cash flow flexibility resulting from the successful April refinancing and the robust growth in our just EBITDA, should translate into attractive future shareholder value.

With that, let me hand it back to Rob, who will walk you through the operational highlights, after which Birgit will provide you some more color on the numbers.

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

Thanks, John. As John mentioned earlier, Telenet can look back at the robust quarter in terms of operational performance, as we added nearly 28,000 triple-play subscribers to our leading Whop and Whoppa bundles. As a result, we now have more than 1 million triple-play subscribers, representing around 49% of our customer base.

The solid progress we have made in terms of multiple-play penetration is also directly visible in the ARPU per unique customer. This metric excludes, as you know, the revenue which is generated by our mobile postpaid subscribers. The ARPU per household reached EUR50 for the first time and was up 5% year on year, as you can see on the bottom end of the chart.

Let's now zoom in on the various products, starting with broadband Internet on slide 11. The main takeaway on this slide is the fact that we have broken the landmark of 1.5 million subscribers in the course of the third quarter, with the total number of RGUs up 5% year on year. In terms of net adds, we attracted nearly 20,000 broadband Internet subscribers in the quarter, which was up strongly 66% versus Q2 and also up 14% versus the third quarter of last year. And this tells you that our sustained focus on providing a great customer experience and the various products enhancements, such as the speed upgrade we did earlier this year for our high-end Whoppa customers, is indeed paying off.

At present, you see that our broadband Internet customers are on average browsing the Internet at 82 megabits per second. This is much higher than the download speeds which are currently offered by our direct competitors in the footprint. As you can see also on the right-hand side, annualized churn remained well under control, and it improved 40 basis points year on year to 7.3%, and this was our best third-quarter achievement since 2009.

John already alluded to our next-generation network upgrade program, De Grote Netwerf, and the recent launch of EAP. Here on slide 12, you can see the progress we have made over the last 10 years with regards to Wi-Fi. Today we have over 1 million active Wi-Fi homespots, and this represents around 2/3 of our current broadband Internet subscriber base. In addition, we also have around 2,000 public hotspots available in Belgium. Thanks to EAP, or E A P, which will be rolled out over all of our homespots in the coming months, our customers can enjoy a great and super-fast mobile data experience. At the same time, we as a Company see increased opportunities to offload a growing share of mobile data traffic over our Wi-Fi network, which has a potential cost benefit from our perspective.

Up next on slide 13 is fixed telephony. Did you know that nearly 39% of the homespots by our network take fixed telephony from us. This resulted in a total RGU base of just over EUR1.1 million. As you can see in the middle of the page, our attractive bundle propositions, including the availability of the free off-peak calls and the VoIP app Triiing, have all resulted in strong growth in the number of customers over the last couple of quarters. And this, again, happened in the third quarter as we added just over 26,000 net fixed telephony subscribers to our base.

As you can see, annualized churn was stable quarter on quarter at 6.6% and also improved slightly compared to the year earlier. As was the case for broadband here again, when you look just at the third-quarter churn rate, it came in the lowest for the last five years.

On the next slide, which is slide number 14, you can see a snapshot of our Triiing offering, which had around 257,000 active users at the end of September. This represented around 22% of our fixed telephony subscriber base. Triiing is a major benefit to our customers and has been, as I said earlier, one of the driving factors behind our fixed telephony growth. Given the fact that this application enables our customers to call all networks, whether it's domestic or foreign, whether a landline or mobile, over Wi-Fi at very attractive and cheap flat-fee rates.

Staying in telephony but moving over to the mobile side of things on slide 15, we actually already laid the building blocks in the second quarter for the higher mobile postpaid net adds, because then we introduced our attractive King supersize option. We provided free 4G access for both new and existing subscribers, and we also did a very successful targeted handset subsidy campaign.

These factors also explain to the further acceleration we had in the third quarter in terms of mobile postpaid net adds, which came in at nearly 48,000. This is actually the best result we had since the second quarter of 2013, and we believe this is an outstanding result, taking the current competitive market into account. I remind also the fact that we are only active in the postpaid market and predominantly so within our existing cable customer base.

As John told you earlier, we remain upbeat about the future growth opportunities in mobile, as today only 19% of our cable customers take mobile from us. In addition, when you look at the competitive landscape, our King supersize offering at EUR20 remains best value for money in this market segment.

On the next slide, as a reminder, we are retailing the new iPhone 6 as of the end of September. For this, we are using a very well-received marketing campaign called Apple with Pears, as you can see here on this slide. Offering a EUR100 discount when combined with the King supersize or Kong subscription, we again have one of the most appealing offers in the marketplace, and this bodes well for the second -- for the fourth quarter of the year.

Zapping over to digital TV now on slide number 17, you can see that around 83% of our basic cable TV subscriber base has in the meantime upgraded to digital TV since the launch in 2005. Actually, we had a very robust third quarter in terms of net new subscriber growth, and this was on the back of the phasing out of our legacy SD digital TV platform. As you can see on the middle chart, we attracted just over 37,000 net digital TV subscribers, which was a noticeable improvement compared to the previous quarters.

On slide 18, you can see a couple of recent initiatives we took and/or announced to further strengthen our leading position in the TV market, as aggregated over the best available content. First and foremost, we renewed our exclusive output deal with HBO until 2018, being the exclusive partner in Flanders until that time. As part of this agreement, we will have access to their newest blockbuster series such as "Game of Thrones" and "Boardwalk Empire" nearly within one day after their US debut. In addition, we will also have exclusive access to their vast library of historical content.

But secondly, we also continue to support local content through our STAP investment program. As such, we have commissioned a local production house to create a -- what is hopefully going to be a blockbuster series called Chaussee d'Amour. From the picture on the bottom right, I guess our Anglo-Saxon native speakers in the call can more or less guesstimate what this series is all about. So if you allow me, I won't reveal the plot at this point in time.

Next up is basic-cable TV, which as you know includes both our analog and digital TV subscriber base. As you know, this is the only product line which is shrinking rather than growing in terms of RGUs, and this is due to the fact that historically we have enjoyed a very high cable penetration rate in Flanders, and have been living the last couple of years with the strongest competition in the TV market. This is true from other digital platforms, but also new OTT platforms which have recently arrived in the marketplace.

Still, if you look at the line loss from a quarter-to-quarter perspective, you will see that the trend has been improving, which is the result from our daily focus on providing a great experience to the customers. But also the availability of an appealing basic-cable TV offering, where we offer about 21 channels including the main local channels for a relatively low price when you compare it to neighboring countries.

Let me now spend a few moments on the performance of our business services division, which is better known as Telenet for Business. As many of you know, the way we report our business services revenue externally does not completely stack up to the way we look at it internally. As for example, the revenue generated by business customers over coax, is allocated to our residential business and is not captured within the revenue you see on the left-hand chart of the page. As such, not only the size of the business is materially different, but also the underlying growth drivers can be different, as you see on the right-hand side of the page.

For the first nine months of the year, Telenet for Business has generated revenue of nearly $71 million, which was up 4% year on year and which reflected a negative impact from the way we recognize certain upfront fees, as mentioned before during previous occasions. In the nine-month period, we had lower revenue from leased data lines and hosting services, but this was more than offset by higher security-related revenue. Also, we reported higher revenue from mobile wholesale. But more predominantly, we also enjoyed a very strong growth rate in fixed voice, which may sound a bit counterintuitive at first sight. Nevertheless in our case, this is a result from very successful introduction in the second quarter from a new fixed telephony ISDN offer for both SoHO and SME customers. And this introduction has actually allowed us to more than offset the continued pricing pressure in this market segment especially with larger corporates.

On the next slide, you get a feeling of our bundled offering for the business market and more specifically for both the SoHO and SME segment. Just as in the residential segment, we have simplified our project offering while adding to that a sliver of dedicated and personalized service including a dedicated care team and same-day repair.

To finish off this operational review, I would like to spend a few moments on the cable wholesale regulation, which is on slide 22. Basically the only update there is versus the Q2 call is the timeline on the appeal case, which is now expected around the end of this month; so, essentially any day now. Of course we will keep you updated on any intermediary developments and also on the next potential steps.

With that, let me now introduce Birgit Conix, our CFO, who will walk you through our financial numbers.

Birgit Conix - *Telenet Group Holding NV - CFO*

Thank you, Rob. As John mentioned in the beginning of this call, Telenet can look back at another solid operational quarter which led to an improvement in our revenue growth trend in the third quarter compared to recent quarters, as I will explain in a minute.

For the first nine months of the year, we generated revenue of EUR1.27 billion, up 4% year on year. Our revenue growth rate was impacted by nearly EUR11 million lower revenue from the sale of stand-alone handsets with lower margins, as you know. And secondly, about EUR4 million lower analog carriage fees and, lastly, lower usage-related revenues. Excluding these items, our underlying revenue growth over the first nine months would have been around 5%, as you can see on the right-hand chart, and this is probably a better reflection of our underlying growth rate.

As expected, our year-on-year revenue growth rate accelerated in the third quarter versus both the first and second quarter of this year. This was driven by solid RGU growth for our leading advanced fixed services, as Rob explained earlier. Secondly, a further improvement in the rate of net mobile subscriber additions. And thirdly, higher revenue from the sale of set-top boxes in the third quarter which are reported under "Distributors/Other" revenue. As such, our revenue in the third quarter was up a healthy 5% year on year to EUR432 million.

Let's have a look at our adjusted EBITDA performance on slide 25. For the first nine months of the year, we produced EUR687 million of adjusted EBITDA, up 8% year on year. As mentioned earlier, our adjusted EBITDA for the first nine months reflected the non-recurring benefit from the settlement of certain operational contingencies without which our adjusted EBITDA would have grown 6%. Furthermore, the robust growth in our adjusted EBITDA was driven by, firstly, solid multiple-play growth; secondly, relatively lower costs associated with handset subsidies versus the prior-year period; and thirdly, an overall control of our overhead expenses.

For the third quarter alone, we achieved EUR227 million of adjusted EBITDA, up 4% year on year. Lower advertising, sales, and marketing costs in the quarter were more than offset by higher handset subsidies from our recent mobile campaigns, higher interconnection expenses as a result of continued RGU growth, and, thirdly, higher costs related to the sale of set-top boxes. At roughly 53%, our adjusted EBITDA margin was broadly flat on a sequential basis.

Slide 26 pictures our accrued capital expenditures. And for the first nine months of 2014, accrued capital expenditures totaled EUR260 million, down 1% year on year and representing around 20% of our revenue. Excluding the EUR28 million impact from the extension of the Belgian football broadcasting rights in the second quarter, accrued capital expenditures would have represented around 18% of our revenue for the first nine months of 2014.

As you can see on the left-hand chart, the slight decrease in our accrued capital expenditures was primarily driven by a 27% lower set-top box related capital expenditure. The reason behind this is that the 12% in net digital TV subscriber additions versus the first nine months of 2013 was more than offset by a reduction in our inventory levels.

Furthermore, we also reported lower customer installed capital expenditures as a result of lower net broadband Internet subscriber additions compared to a year earlier and efficiencies in our installed process.

Finally, you can see the strong increase in our maintenance and capital expenditures, but these reflected, as I mentioned earlier, the EUR28 million impact from the renewal of the Belgian football broadcasting rights.

On the right-hand side, you can see a breakdown of our accrued capital expenditures excluding the impact from the renewal of the Belgian football broadcasting rights. As you can see, around 59% of our accrued capital expenditures for our first nine months were scalable and directly related to the underlying growth of our activities and investments in our network and our customers.

Let's have a closer look now at our free cash flow performance on slide 27. For the first nine months, we generated around EUR209 million of free cash flow, more than double the amount we generated in the prior-year period. The robust growth in our free cash flow over the first nine months of 2014 was directly driven by a solid 8% increase in our adjusted EBITDA, a strong EUR62 million improvement in our working capital as a result of our new working capital policy, and slightly lower cash capital expenditures as a result of phasing and timing variances.

Moving over to the next slide, slide 28, you can see the evolution of our net leverage ratio on the left-hand side and our debt maturity profile on the right-hand side, which remains unchanged compared to the previous quarter. At the end of the third quarter, our net leverage ratio reached 3.6 times, representing a stable evolution relative to the prior quarter and which is significantly below the covenant at 6 times and the availability test at 5 times.

In terms of debt maturity profile, the current picture reflects the status post the April refinancing when we refinanced certain of our Term Loans and the Senior Secured Notes due 2016. As you can see, we have no debt amortizations prior to November 2020, with the average tenor of our debt reaching 7.8 years now. Also note that you still have EUR323 million available under our revolving facility which, together with the healthy free cash flow, provides for ample cash flow flexibility.

To end this formal part of my presentation, I would like to spend a few minutes on the outlook for the remainder of the year. Having achieved 4% revenue growth for the first nine months, including an improved 5% top-line growth rate in the third quarter as I mentioned a few minutes ago, and taking the current operational trends into account, we reconfirm our revenue growth outlook of between 4% and 5% for the full year, including a meaningfully lower contribution from both stand-alone handset sales and analog carriage fees.

Next to that, we remain confident to achieve healthy mid-single-digit adjusted EBITDA growth of between 5% and 6% for the full year. This implies a margin improvement of around 100 basis points compared to the full-year 2013 despite a higher share of lower-margin mobile and entertainment revenue in our mix. We believe this represents a strong proof of our operating leverage and our ability to control our overhead expenses.

Let me also remind you that the fourth quarter is typically the lightest quarter in terms of adjusted EBITDA contribution due to seasonal patterns in our business including, amongst others, higher advertising, sales and marketing expenses, and generally higher handset subsidies in mobile. Accrued capital expenditures as a percentage of revenue for the full year are expected to remain within the 20% to 21% range, excluding the impact from the renewal of the Belgian football broadcasting rights, as the year-end quarter is generally characterized by a much higher accrued capital expenditure.

Finally, our free cash flow outlook remains unchanged as we continue to target free cash flow between EUR230 million and EUR240 million. This reflects a lower free cash flow contribution in the year-end quarter as a result of lower adjusted EBITDA growth and higher cash capital expenditures.

With that, let me handed back to the operator for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Emmanuel Carlier, ING.

Emmanuel Carlier - *ING - Analyst*

Three questions from my side. The first one is on mobile. What kind of impact do you expect from seamless Wi-Fi and applications like Triiing mainly for mobile-only operators. And do you believe that seamless Wi-Fi could improve profitability of your mobile business?

Secondly on digital TV, we see there that the subscriber numbers of Rex and Rio are in the range of 120,000, but there were still a lot of discounts applied on the subscriber base. So could you maybe provide the Rex and Rio sales in the third quarter?

And then thirdly on M&A, two questions. First, I see that Altice is targeting to buy Portugal Telecom. So from that perspective, they might maybe divest Numericable Belgium. So would you have interest in that asset, and do you expect that there are still a lot of synergies that could be generated from that asset? Because the EBITDA margin is already very high, close to 65%.

Secondly, on Tecteo, I hear in the market that some people at Tecteo are not willing any change. Other people are willing to change the Company. So I want to hear your opinion. Do you believe that this asset could be for sale in the near term? Thank you.

John Porter - *Telenet Group Holding NV - CEO*

You cover a lot of ground there, Emmanuel. Leave some for your friends, now. No, happy to answer those questions. First of all, the impact of Wi-Fi -- seamless Wi-Fi or seamless authentication, the vision that we have as a Company is 24-by-7 connectivity for our customers no matter what network they choose to engage. As an MVNO, of course, we have certain constraints relative to our cost base which we are seeking to mitigate by a new, aggressive Wi-Fi strategy.

We already have a reasonable amount of offloading going on of data. It's around 40% of the data now we see being from smart phones being offloaded onto the Wi-Fi network. Because we purchase data on a per-unit basis, and we sell it on a flat-fee basis. We get a margin squeeze in the context of the growth of data consumption over -- through the smart phones. So it's in our interest to try to offload as much of that as possible.

Now, there are also recent developments in Wi-Fi-first technology, which will -- as you probably know, the iPhone 6 has a native -- a Wi-Fi native dialer option on it which is a really powerful tool for things like Triiing. So we are really sort of hedging our bets, I guess, in pursuing a path both ways.

What we would like to do is use the strategy in terms of profitability to maintain the margins that we enjoy today. And I think, given the growth of data over the mobile network, we will need to continue to innovate around Wi-Fi to maintain those margins.

So Rob, do you want to answer the digital TV?

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

Yes, on digital TV, Emmanuel, so we had indeed for Rex and Rio 127,000 subscribers. Those were up 13% quarter on quarter, which was also in the presentation that we had earlier. It's true that in the beginning when we launched Rex and Rio, we had some temporary promotions, especially during the holiday seasons, to attract more customers to our Rex and Rio platform.

In the meantime, we have been rebuffing Rex and Rio in terms of overall content. And I think the biggest thing we are facing is that Rex and Rio is typically a new-content proposition in the market because people are not very used to paying for additional content. And we are actually pretty well convinced that there should be additional room for growth for these types of projects, especially the fact that people are moving away from the linear viewing and moving more and more into an on-demand type of environment.

Also the fact that Netflix is entering the market and has entered the market very recently could help us in order to stimulate the whole SVOD environment. But also, of course, Rex and Rio will further evolve as products themselves. At this stage, we cannot be more specific about it, but keep your eyes open on entertainment. You know that on entertainment both internationally and also local content, we have some great ambitions. So in that space, we are actually at this moment in time very well positioned.

John Porter - *Telenet Group Holding NV - CEO*

Yes. And on Altice and Tecteo, from a macro standpoint, of course, the best transaction a cable company can do is buy the cable company next door, and I think that's certainly the case for here in Belgium. We have historically said that we remain opportunistic, and we believe that we are natural consolidators in the market. And who knows what the ambitions of Altice are in this market?

But Numericable, yes, it's a cable company that runs at an extremely high margin. So would the synergies be nominal? I would guess that they would be less than some other places, but still no one would be able to achieve what synergies there were any better than we could.

In regards to Tecteo, right now we have a very constructive relationship with Tecteo and with VOO and BeTV, and we collaborate on many, many fronts including MLE, B2B, Wi-Fi where we have this EAP strategy we'll to their network as well. And we will reciprocate on that front. But also, as you know, we are the -- we provide the MVNO services to them as well for their Mobistar relationship.

So first and foremost, I would like to say with -- in regards to VOO and Tecteo, that we are a friend. And should they have any other ambition for the Company of course, we would remain open to having a conversation.

Emmanuel Carlier - *ING - Analyst*

But you don't have the impression that they are open for that in the near term?

John Porter - *Telenet Group Holding NV - CEO*

Well, I think -- no, I don't have that impression. That's on their to-do list. I think they have a lot of other things. They are very operationally focused. They are very execution focused and growth focused. And to some extent, we are working with them week in and week out on that front. But should they have a shift, I think the first person -- the people they would run into would be Telenet.

Emmanuel Carlier - *ING - Analyst*

Okay. Thanks a lot.

Operator

Nicolas Cote-Colisson, HSBC.

Nicolas Cote-Colisson - *HSBC - Analyst*

First question is actually back to your earlier comment of creating attractive shareholder value. How should we read your recent decision of not paying dividend for 2013? As you can guess, maybe the underlying question is: are you interested in, after talking cable, about consolidating the mobile market.

And I've got a second question on the network regarding your upgrade to the 1 gigahertz spectrum. First, does it imply to switch off the analog service? And secondly, how does it fit with the cable regulation? Would Mobistar be able to resell it when you made it available in the retail market? Thank you.

John Porter - *Telenet Group Holding NV - CEO*

Yes, I'll take those. First of all in regards to the dividend, I think obviously any dividend -- special dividend is -- requires the support of our Board. We didn't have that support. Specifically, Liberty Global had some tax considerations and felt that -- in 2014 felt the time wasn't right for them. They had too much tax leakage in receiving a dividend in this tax year.

I think -- I wouldn't read a lot into that as to whether we are a consolidator on mobile or not. It's really -- are really two separate things. We are constantly evaluating our strategic position in mobile. Right now, our position is we have a good MVNO and a good MVNO partner in Mobistar, and the business is working for us quite well. You can see in the numbers, 48,000 postpaid net adds in the quarter. And we do have respectable margins, and our customers are happy and our churn is at an all-time low. So if it's not broken, don't fix it.

On the 1 gig upgrade, [vetges] and analog TV gives us some breathing room. We still have what we think are around 300,000 analog TV customers which tend to be long-term and demographically more senior. We also have quite a few people who use the analog service on a second and third TV set. So we don't want to be overly disruptive in that space while there's a lot of others going on. So we bought ourselves probably three or four more years of analog television with the upgrade than we would have otherwise had.

Does that answer your question on the 1 gig -- oh, Mobistar. Yes. Yes, they would -- they have access to the functionality of the 1-gig network. So, yes, it remains to be seen whether that would fit into their strategy or not.

Nicolas Cote-Colisson - *HSBC - Analyst*

If I can just follow up, and thank you for all the details, on the Mobistar -- the MVNO contract. It looks like there are some -- every year two, there are some renegotiations. Is it about price? Is it about technicalities? What is it about when you renegotiate with them?

John Porter - *Telenet Group Holding NV - CEO*

Well, we're not renegotiating with them right now. We have until the end of 2017. But if you think about it strategically, what's it going to be about? It is going to be about new technology developments, VoLTE. It's going to be about data consumption and how that's -- how much we can get from the market from a retail standpoint versus how much they can charge for it from a wholesale standpoint.

The way data consumption is growing over these networks, it's -- what you would really like to have is more raw bandwidth as opposed to paying on everything on a per-megabit basis.

So generically, I'm not saying that's where we are with the Mobistar, but generically that's where all MVNOs are going to be with their MNOs if data over wireless keeps growing at 60% or 70% per year.

Nicolas Cote-Colisson - *HSBC - Analyst*

Okay, very clear. Thank you very much.

Operator

Nawar Cristini, Nomura.

Nawar Cristini - *Nomura - Analyst*

Okay. So I have two questions, please. Firstly on the EBITDA guidance, if you can give us some color about why you haven't felt the need to raise the EBITDA guidance. So of course Q4 is an intense quarter from a commercial intensity point of view. But the upper end of the guidance today implies an EBITDA decline in Q4. So if you could help us to think about that, that would be extremely helpful. And secondly, could you give us a sense on how do you think about the annual pricing indexation now that there is little inflation for -- in Belgium? Thank you very much.

Birgit Conix - *Telenet Group Holding NV - CFO*

So I will take the first question. So Nawar, in terms of OCF guidance, so we do have an increase in commercial activities in the last quarter. We typically have that in our business, but then this time even more so. And I cannot be obviously more specific about that, but that is the reason. So we still maintain our guidance of upper end of our EBITDA growth.

John Porter - *Telenet Group Holding NV - CEO*

You always try to maintain a balance between commercial momentum in Q4 and hitting guidance and targets and creating some real momentum going into what I think will be a bit of a tougher year is 2015 than this year was. So we hope we got it right, but we will see at the end of the year.

On the pricing, yes, we are certainly -- I think that's another challenge for us and for our industry, more generically across Europe, is the impact of deflationary economy in -- on pricing power. We are making substantial capital investments. We are introducing new products. And we are trying to get our customers to opt-in to more services, particularly -- particular growth areas for us are our B2B, mobile and premium entertainment, which is getting a good going-over over the next few months.

So that's part of our solution to that. I think there is -- it's going to become increasingly difficult to put through price increases in a deflationary economy if we don't have real innovation in our service offering. So that's what we're trying to do. Of course, the Belgian standard wage adjustment and everything has made price increases relatively more simple in Belgium than in other places, but that sort of advantage we've enjoyed is going away with close to zero inflation.

Nawar Cristini - *Nomura - Analyst*

Okay. Thank you very much.

Operator

Joshua Mills, Goldman Sachs.

Joshua Mills - *Goldman Sachs - Analyst*

Just two questions from me. The first one on mobile, the net add rate this quarter is clearly impressive, back up to levels we saw at the first half of last year. I just wanted to know how you thought in terms of whether that's sustainable over the longer term and whether this should be considered a fair run rate going forward. And also if you have the information, whether you could update us on what EBITDA margins you currently make on mobile.

The second question, just leading on from Nawar's, on the EBITDA guidance, clearly we would expect the fourth quarter to see a dip in absolute EBITDA levels given competitive intensity. I just want to know whether you think of that more in terms of handset subsidies used to drive growth in your own business or perhaps competitive response to the pressure such that you may be seeing from Belgacom and expect to see as Mobistar launches in the next few weeks. So some clarity over what kind of commercial activity we might expect to see over the next couple of months. Thank you.

John Porter - *Telenet Group Holding NV - CEO*

Okay. On the mobile growth front, we had a very successful campaign in the summer. We did get back to the -- some of the types of offers that really drove our growth in Q1 and Q2 of 2013. The discount handset offers. But we also had a very good above-the-line campaign "Summer is better with a smart phone".

And there is still potential -- a lot of potential for smart phone growth in the postpaid segment here. And that's pretty much the sweet spot for us and has been historically because Belgacom and Base just concluded their Apple deals in the last three or four months.

So I wouldn't say that it is the bellwether necessarily. I think it's -- the truth probably lies somewhere in between. If you took our lowest quarter and you took this quarter, the truth lies somewhere in between. I would love to do this close to 50,000 every quarter, but some quarters are better than others. And summers, if you create the right kind of leverage, is the best -- with a great campaign is the best time to grow the smart phone postpaid segment.

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

I think also adding to that, Josh, is the fact that if you look today at the market lineup, especially there on King Supersize, which is the King EUR15 offer together with the EUR5 additional offer, that gets you to a doubling of the specs on the King product. Well, in this market segment, we continue to be clearly best value for money. And so at this point in time, we continue to grow very well in this market segment, so we are clearly taking share from the other operators.

As you know, this is clearly postpaid where we are active in, predominantly selling within the footprint. And so it was a combination of having, first of all, the right offers in place if you look at it from that angle, but also the targeted handset subsidies that we do, which have a different phasing now this year compared to last year, which also explains in some cases the EBITDA volatility you sometimes see when you look at it from a year-on-year perspective from the different quarters.

But all in all in mobile, it is clear that net adds have been ramping up. Of course, we do no longer have the support of the telecom law which we had early in 2013, but still the sweet spot of King Supersize is clearly still there for us and we definitely continue to execute.

John Porter - *Telenet Group Holding NV - CEO*

In terms of the investment that we're making in the fourth quarter, we are investing in our own growth. We -- with churn at an all-time low, I think it would have to be some clearly disruptive strategies come out from our competitors in the fourth quarter. We are not anticipating anything that draconian. We're just trying to create some good acceleration going into the Christmas period so that we can set ourselves up for a good position vis-a-vis our start numbers in 2015.

Joshua Mills - *Goldman Sachs - Analyst*

That's very clear. So just to clarify, do you -- can you provide any guidance on what EBITDA margin you are now generating on your mobile business given the additional Wi-Fi offloads?

Birgit Conix - *Telenet Group Holding NV - CFO*

Yes, so let's see. Between -- of course, we cannot be specific, but let's say between a 20% and 30% margin for mobile. Please take into account we are a full MVNO, so we don't have the capital expenditures associated. So if you look at it in that perspective, then it's a pretty solid and profitable business.

Joshua Mills - *Goldman Sachs - Analyst*

Very clear. Thank you.

Operator

Michael Bishop, RBC.

Michael Bishop - *RBC Capital Markets - Analyst*

Just two questions please. The first one is on the very strong fixed-line performance. Clearly the Whop and Whoppa tariffs are working quite well. And on that note, are you seeing any reaction from the competitors given the success of those tariffs from your side?

And then secondly, I'm just -- I am going back towards the comments on Netflix and potentially stimulating demand for SVOD rather than being a threat. How do you view Netflix in the market? Is it a case of you'll have to go out and secure more content renegotiation deals like the HBO contract, or do you think Netflix will pursue other content, and therefore you can both sort of coexist and basically take more ARPU from the market? Thanks.

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

Thanks, Michael. I suggest I start with your first question, and then I will leave it to John. On the Netflix OTT type of subject, so indeed, as you see from the release, we have had very strong performance in fixed, meaning fixed connectivity in general. So whether you look at broadband to digital TV or fixed telephony, we had a very strong third quarter. This is the result of, of course our successful bundling strategy. We had some attractive offers in terms of promotions as well in the quarter that helped to drive up the overall number of net additions. And I guess the reasons why people select Telenet is because they know that for every product line they look at, they actually will have a superior experience when they compare it to competition.

And for example, in broadband, that translates into higher speeds. People who have the Whoppa product, which is the high end, they get 160 megabits per second, which is actually quite high if you compare it to the base-tier offers of our competitors. There is Wi-Fi connectivity and EAP included. On TV, it translates into a very stable platform with a very rich user interface. But also the experience to take your TV experience on second and third screens, as we have been launching Yelo TV a few quarters ago, which is trending up very nicely as well. And then also on fixed telephony, as I mentioned earlier, we have the Triiing app, which is clearly value adding. And all of these features have been integrated in the current packages of our customers.

Next to the offers itself, we are of course focusing on providing an amazing customer experience, which is the ACE program within Telenet. And I appreciate that these can be somewhat hollow words, but, trust me, if you ever come to Mechelen and visit our headquarters, you'll actually see the pride that Telenet employees take in this customer journey. So in every customer touch point, we are focused on increasing the customer satisfaction to make sure that basically the customers have no reason whatsoever to leave Telenet. So that's the combination of having the right products in the market, the good customer experience, so that is basically the recipe for performing on the fixed line side of things.

And so far, it has been translating into very high growth, but also incremental market share gains, as you have seen from the results.

John Porter - *Telenet Group Holding NV - CEO*

Yes, on the Netflix front, you started off by, I guess, referring to statements that I've made or others that Netflix to some extent will help us develop the non-linear customer experience and the value proposition here. I think and I believe that that will definitely be the case. An overall -- our overall philosophy is that extended basic tiers, or digital thematic tiers, and these types of things are going to be very rapidly coming to an end. We already know that customers, particularly in non-Anglo-Saxon markets, don't really value these types of services as much as they used to. And that the value -- people quickly come up the curve in terms of how they value non-linear once there's a good product in the market, and Netflix is a good product.

We -- if we do the right things, I think we will end up having at least one if not two products that are superior to Netflix. We have certain advantages. One is that we have already a very large customer base that we communicate with regularly. We already have first-pay window output deals with 90% of the -- international studios and with all of the local available content, which is a substantial differentiator.

Also being operator, we have the ability to utilize the other channels on our platform, the other communication channels, spots and barkers. We do think our UI is very competitive. And then I think we also as an industry and particularly at Telenet have a great history of co-opting what works from our competitors. And we know that a good UI and recommendation engine and some original programming, some tentpole original programming, which we have already embarked on with the Chaussee d'Amour and we have a couple of other things in the pipeline, will also, we think, really deliver the value proposition.

Netflix is disruptive in terms of their pricing strategy, and we ought to think hard about how we respond to that. But it's still not a big part of our business, so we have some flexibility in how we respond as opposed to the Anglo-Saxon markets which are really wedded to their legacy.

So trust me, it's something we think about a lot. It's something we're doing a lot about. We're not in a position to talk about it in any granularity today, but we will be over the coming months. Is that enough?

Michael Bishop - *RBC Capital Markets - Analyst*

Yes, that was pretty helpful. Thanks.

Operator

Stefaan Genoe, Petercam.

Stefaan Genoe - *Petercam - Analyst*

I've got a follow-up on the mobile business. You mentioned EBITDA margins of 20-30%. But with your mobile plans being flat-rate plans and having to pay on a pay-per-use basis to the MNO, isn't there risk that at one point in time there is an inclination point in which as data consumption continues to rise rapidly, you will have a sudden drop in margins? And could you indicate if you feel comfortable that, with the current contract lasting until 2017, you will be able to keep these margins around these levels given the high assumptions in data growth we can have? That's the first question.

The second question, can you update us on the cash taxation for Telenet in the coming years? And then finally, third question, with the Rex and Rio and a lot of focus on content, can you give us more color on the number of transactions per user you see on video on demand? If you get more traction on an increased number of videos being downloaded for which there is also sometimes or often a pay-per use? Thank you.

Birgit Conix - *Telenet Group Holding NV - CFO*

So on your first question, and as John said earlier, so the contract is with Mobistar until the end of 2017. So if you take -- if you look at that window and these coming years, then we can confirm our margins there in mobile. So we make some savings -- operational savings in other areas to compensate for drops in other -- for instance, the shifts in usage that you mentioned. So there until that time, yes, we feel pretty confident.

And then secondly, on the taxes, it is the case that next year, 2015, we will pay taxes on year 2013, which is a substantial amount. It will be the first time that you will see amounts like this for Telenet. And then potentially we will have a double payment so that we will also have to pay over our taxable base of 2014. So 2015 is either the two payments of both 2013 and 2014, or as we still have a system with -- kind of like a prepayment system in Belgium, it's also possible that it will only be the year 2013. But then we will plan for both years, obviously.

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

In with regards to your question about video on demand, I think it's important, first of all, that we make a distinction between SVOD and TVOD. SVOD meaning subscription VOD; packages like Rex & Rio, where clearly you have a restricted use of the platform for a fixed monthly price. And there clearly you see that the people are indeed inclined to use that quite often, as the market is moving much more away from linear viewing and more and more into a on-demand viewing experience.

Then we have the transactional video on demand. So the TVOD, where, of course, it's on a pay-per-view basis. But the windows are actually different because in the transaction window, you typically have the newest movies, whereas in SVOD you somewhat have the somewhat older movies. It's not like the long-tail type of content, but clearly movies who are, let's say, about six to nine months old, roughly. Typically we have like a 4 1/2 type of transactions that we used to report on the transactional video on demand. But we need to look at the latest stats to see whether that trend has changed. We don't have it immediately at hand, but we will come back to off-line with that number. But 4 1/2 is the last number I had on top of my head with regards to the overall transactions on average per user.

Stefaan Genoe - *Petercam - Analyst*

Okay. Thank you.

Operator

Paul Sidney, Credit Suisse.

Paul Sidney - *Credit Suisse - Analyst*

I have two questions, please. First one is given Telenet's increasing scale in Belgium mobile, does it make increasing strategic sense to own mobile infrastructure the further we look forward? And my second question is how far does Telenet think we are from replacing set-top boxes with more network-based functionality? Thank you.

John Porter - *Telenet Group Holding NV - CEO*

On the first one, look, we obviously understand the risk-reward profile of owning a network versus having a good MVNO. I think in most cases we would prefer to have a good MVNO. And so maybe we can continue to have a good MVNO where we can maintain the types of margins that we enjoy now, that we are probably comfortable operating under that business model.

But it is something that we are constantly reviewing. And to the extent that one of the networks -- one of the mobile network operators would decide they wanted to divest their assets in Belgium, of course we would be foolish not to have a look. Because, once again, we are historically -- see ourselves as a natural consolidator of these types of assets in Belgium, and we are opportunistic. But right now, we're not feeling particularly proactive about that.

And the second question -- sorry, could you repeat the question?

Paul Sidney - *Credit Suisse - Analyst*

Yes, sure. It's just really looking into the future. How far do you think we are away from actually replacing very costly set-top boxes with network-based functionality?

John Porter - *Telenet Group Holding NV - CEO*

We do have -- on our technical roadmap, we do have a -- concurrent with the network upgrade, we do have a path to full IP. It runs about across the timetable that the De Grote Netwerf one-gig upgrade runs. We also have -- we also are developing the RDK platform here in Mechelen, not just for us but for Liberty Global and working very closely in partnership with the Liberty Global team and their engineering team in Amsterdam.

RDK will obviously give us a lot more flexibility relative to a -- another sort of a headless gateway or non-set-top-box driven platform. Cloud functionality also is something that's required, and that's something that we are also developing with the initial applications being reverse EPGs and catch-up and these kind of things. But RDK combined with cloud and with that bigger pipes and faster networks sort of leads you to the full IP experience. And I would say all that is probably likely within the next five years.

Paul Sidney - *Credit Suisse - Analyst*

That's pretty helpful. Thank you very much.

Operator

Matthijs Van Leijenhorst, Kepler Cheuvreux.

Matthijs Van Leijenhorst - *Kepler Cheuvreux - Analyst*

Couple of questions. First of all, on the MVNO agreement that you have, if I'm correct, this is full MVNO. Is it easy for you to switch operators because it's a full MVNO? That's the first question. Secondly, after the dividend cut -- and according to you, it was because of -- Liberty was saying, well, because we had to pay taxes, we don't pay any dividend over 2014. Can we expect -- in absence of M&A, can we expect new dividends in 2015? And thirdly, on CapEx -- how do I look at CapEx levels going forward for the next three to five years?

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

Okay. The technical answer to your first question is that the SIMs -- because we are a full MVNO, SIMs are addressable. So if we were to switch networks, it wouldn't require a SIM swap. So that's the simple answer.

Matthijs Van Leijenhorst - *Kepler Cheuvreux - Analyst*

It's relatively easy. Am I correct?

John Porter - *Telenet Group Holding NV - CEO*

Yes, yes.

Matthijs Van Leijenhorst - *Kepler Cheuvreux - Analyst*

Yes, okay.

John Porter - *Telenet Group Holding NV - CEO*

In regards to future prospect of dividends, I think history is the best guide to future performance than Liberty -- and Liberty, the related assets, have not historically had lazy balance sheets.

There is -- it's -- we are a Company on the move at Telenet, as is Liberty, and a number of things could happen next year. One, they wouldn't have a tax issue. Two, they might decide that upstreaming in cash is worth taking the leakage. Or there could be a transaction which could retool the whole thing.

So I think we stand vigilant in terms of ensuring that the information required to make smart decisions about this is put in front of our Board a quarterly basis. It's not our intention here at Telenet -- it's not management's intention to just let this sort of trickle away. We will be focused on it, and assuming the stars line up, we will do something. But the stars have to line up.

And I think the way to think about CapEx going forward is -- relates a little bit to the last question, which is we all have the ambition to see CapEx as a percentage of revenue reduce on an annual basis. And that is our goal, and we think that's possible even in the context of the one-gig upgrade. And then you have the potential for real transformational types of technology innovation, like I said, around RDK and cloud networking and IP -- full IP in the network, which would potentially eliminate tens of millions if not hundreds of millions of our -- the types of things that we invest in on a yearly basis including set-top boxes and drops and those types of things. So that's our plan to continue to push it down. That's been the plan of cable companies in the 30 years that I've been in the industry. It's always been their plan, but it doesn't always work out that way.

But it's not going up as a percentage of revenue. You can be assured of that.

Matthijs Van Leijenhorst - *Kepler Cheuvreux - Analyst*

Just one quick follow up. Do you potential synergies between a merger between you and the new Ziggo? Is that possible? Because it's a cross-border merger but in the end, there will definitely be some synergies I presume. Is that correct?

John Porter - *Telenet Group Holding NV - CEO*

Well, that's not something that's high on the agenda. I think what's on the agenda is optimizing the situation in Holland. We still -- because of our capital structure, I think we can capture synergies on a commercial basis, and we obviously look at ways that we can work more closely together with Liberty Global's assets in Holland. But until the capital structure of Telenet matches that of new Ziggo, I think it's any more progressive synergy capture is on the back burner.

Matthijs Van Leijenhorst - *Kepler Cheuvreux - Analyst*

Thanks.

Operator

Frank Knowles, New Street Research.

Frank Knowles - *New Street Research - Analyst*

Most of my questions have been answered. I just have one follow-up question, actually, on the EAP trial in Mechelen, which obviously went well, as you are rolling it out more widely. Can you give us an idea what some of the specific results were out of that? Especially in terms of how much more data traffic you think you'll be able to loot away from the MVNO and on to Wi-Fi as this is rolled out, and whether there's any change in customer usage patterns and behavior patterns. Thank you.

John Porter - *Telenet Group Holding NV - CEO*

It's pretty early days. We have had some encouraging initial data as to how many customers actually went online and registered. It seems to be a very, very popular feature. And I think in all likelihood that I'm counting on, of our 2 million customers or 1.5 million broadband customers, that virtually everybody is going to tune into this opportunity.

What that means in terms of data offload from the smart phone, we have ambitions that we can go from 40% to 60% or more, but we just don't know yet. It's too early.

There's another phase of this as well which will happen 2015, which is the EAP-SIM, which means customers don't actually even have to authenticate at all. That the SIM is downloaded with the data necessary to -- for customers to seamlessly roam onto homespots and hotspots. So it's -- there's a lot of opportunity in this that -- both from a customer experience standpoint and a data offload standpoint, and we are quite optimistic about it. But I can't provide you really anything more statistically. But we should -- probably by the next quarter, we'll have a bit of results, and I'll make sure that in the full-year call that we bring some results to bear.

Frank Knowles - *New Street Research - Analyst*

That's really helpful. Thank you. And just in terms of the positive impact on the business going forward from, as you say, once the EAP SIMs are in place and so on. So maybe 2016, 2017 onwards. Do you think that's going to be seen as a margin improvement from the data transfer or just a better commercial performance because of the attractions to your customers?

John Porter - *Telenet Group Holding NV - CEO*

Both, I hope. I think it's also going to accelerate smart phone take-up. Belgium still is underweight in smart phone penetration, so it's going to have a pretty wide-reaching commercial impact.

Frank Knowles - *New Street Research - Analyst*

That's very helpful. Thank you.

Operator

Bart Jooris, Bank Degroof.

Bart Jooris - *Bank Degroof - Analyst*

Still some follow-up questions, mostly regarding EAP. First of all, on the cable opening, as we understood from the conference call of Mobistar, there are still discussions on what is really going to be the retail price to set the retail minus. And one of the parts Mobistar used in their discussions, they say, is that services like EAP represent a value and should be subtracted from the retail price you offer to your customers even when it's added for free. So, to come to a lower retail minus for them. What's your point of view on there? Can you see how those discussions will evolve and when will there be a final decision?

And then on the technical side of the EAP, you also told that in Mechelen you will make sure that in the city commercial center, the Wi-Fi will be completely seamless and there will be no gaps. And you expect to do that over the other larger cities in Flanders? So on your road map that you're also looking at a cooperation with VOO. Could you give us an idea of your rollout schedule there and when you should have the largest cities of Flanders covered? And would that be also the case for the other cities in Belgium? Thank you.

John Porter - *Telenet Group Holding NV - CEO*

Sure. Well, as regards the cable opening, obviously if you were in Mobistar's shoes you'd be doing everything you could to bring down the retail minus. I'm not sure that I would concur that us investing a lot of capital and not charging our customers for it is a reason why they should get a lower wholesale price. But obviously we will make our case to the appropriate body, which in this case is the BIPT. But we understand the situation, and we're doing what we need to do to come up with what we think is a reasonable and fair result on the retail minus.

In regards to EAP in Mechelen, that is a -- we kicked off in Mechelen because we have a very wide range in commercial and community relationship with Mechelen. We do things for them, they do things for us. We are I think the largest or maybe the second largest corporate in the city. So there are puts and takes in that relationship that would be hard to replicate in other cities. But we have said that we are willing to explore any number of ways to try to deliver a smart city solution to not just cities but towns across Flanders. And as you can imagine, with all the publicity that the Mechelen CBD project generated, that we are having quite a few wide-ranging discussions now.

But the actual ROI that we derive from each city is different. And so some cities there may be a more traditional commercial relationship. They may have to invest the money upfront or there some sort of ongoing thing. And in others there could be other types of quid pro quo. But it is certainly our intent to be aggressive. We are not looking for this to be a massive profit center for us. We see it more as an extension of a network and customer experience.

Bart Jooris - *Bank Degroof - Analyst*

Okay.

THOMSON REUTERS

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

(inaudible) if you go back to slide 6 in the presentation deck, you actually see the rollout plans for the homespots. And so the way we will activate them on EAP. So we started indeed with Mechelen that we just activated. As John mentioned, we have very little statistics today of what that actually represents because to a large extent, the data is scattered by the fact that Telenet employees are using it mercifully within Telenet but also abroad within the wider Mechelen area. But the first results do look very promising. It's also when you look at the center of Mechelen as a result center.

So in the next month, November, we target additional large regions like Antwerp, Yent, also West Flanders. Brussels is on the road map as well, and then by December we have the remaining two provinces of Limburg and also Flemish Brabant up. So that means that by the end of this year, the whole of Flanders should be activated. So all of the more than 1 million homespots we have available in the footprint will have been activated for EAP. So that's when -- actually, that will be available to all customers.

And then the VOO homespots, which we currently have within the agreements of existing Telenet subscribers, can move on to the VOO homespots and vice versa is something that we foresee in the course of 2015. I remind you also that VOO has much fewer number of homespots available than we have. I think the last number we provided was the 250,000 versus the more than 1 million we currently have. But that's on the road map for early 2015.

And then beyond that, there are currently discussions ongoing which are more like trials and exchange of ideas to actually extend it beyond Belgium and to go to a somewhat more international type of Wi-Fi community. Especially within the Liberty Global group, there are already initiatives in place. You have seen the beginning perhaps between Liberty Global and Comcast, but there are also other areas within their Western European footprint that we could look into.

Bart Jooris - *Bank Degroof - Analyst*

Okay. Just two small follow-ups. When do you expect a final decision on pricing for the BIPT? And then on your stats for the moment of Wi-Fi offloading 40% of mobile data, is that mostly people using their own Wi-Fi network at home or is there a lot of traveling in there?

John Porter - *Telenet Group Holding NV - CEO*

It is mostly at home, yes, correct. But we obviously think that the EAP will drastically change the ratio. And in terms of the pricing decision from the BIPT, I think the latest announcement is that we will have something before the end of the year. So we need to, because Mobistar is targeting first half of 2015 for commercial launch.

Bart Jooris - *Bank Degroof - Analyst*

Okay. Thank you. That's very clear.

Operator

Marc Hesselink, ABN AMRO.

Marc Hesselink - *ABN AMRO - Analyst*

I have actually one question left. It was on a comment made earlier on the call that 2015 would be a tougher year on the competition side than this year. What do you see changing? Is it the Mobistar coming to the market? Is it more handset subsidies? What is it that you see that makes 2015 a tougher year on competition?

John Porter - *Telenet Group Holding NV - CEO*

Well, I just think 2015 is a -- is going to be -- every year is getting increasingly challenging for growth. We have a very -- our fixed-line business is quite mature. You would be hard pressed to find another cable company anywhere that had the types of market shares in fixed line that we have. Plus our total footprint is hitting 50% of triple-play penetration. So you're getting certainly a very -- a much more mature segment there.

In our growth categories, we have B2B. I think we have had some very robust competition from Belgacom, particularly in the B2B space. MLE sector is becoming -- there's margin squeeze in the MLE sector because it's very competitive with international suppliers as well as Belgacom and ourselves. SoHO is getting mature and the opportunity is in the SME space but it's going to take some investment to accelerate there.

On entertainment -- we have Netflix in the market. So we're not expecting that to necessarily hurt us, but the more over-the-top options there are, that doesn't get any easier. We are in a deflationary economy, so our ability to take prices is probably under pressure, as I said before, or probably more difficult.

So I guess it's just -- is probably bit of a throwaway line but I just don't think in our business it gets any easier. But that's not to say we don't continue to target the types of growth that has underpinned the success of this business, which is mid-single-digit growths on revenue and EBITDA.

So we certainly continue to try to make that happen. It just puts more pressure on us to innovate, develop new products and services like the EAP solution, like the investment in our network that's going to give us a lot more flexibility particularly with streaming. We are looking at things like smart homes. We are looking at obviously continual improvement in our entertainment offer, et cetera. So it just doesn't get any easier to grow your business at the rate we have grown it in the past. As our business matures, at the same time our competitors get smarter.

Marc Hesselink - *ABN AMRO - Analyst*

Okay, that's clear. Thanks.

Operator

Hassan Al-Wakeel, Deutsche Bank.

Hassan Al-Wakeel - *Deutsche Bank - Analyst*

Two left for me, please. Firstly, can you speak about any trends that you're seeing this month and whether you are feeling any impact from Belgacom's rebranding? Secondly, can you comment on the underlying trend in mobile ARPU given the reallocation of bundle discounts from fixed to mobile and your expectations into Q4 for next year? Thank you.

John Porter - *Telenet Group Holding NV - CEO*

Well, I think on -- I will answer the first one and then hand it to Birgit on the mobile ARPU. I think we probably expected a little bit more from a product standpoint from Belgacom. Their brand announcement was very, very focused on the brand. And obviously they have their reasons for announcing brand and then going back later and doing whatever they're going to do from a product standpoint. But right now it's still all about the brand. And we haven't seen any real impact from it commercially. But that's not to say that they haven't redoubled their efforts where they can. And like I said, B2B, we certainly are seeing them being a lot more aggressive in the marketplace.

But invert -- if you look across our business, whether it's just customers or in each one of our categories, mobile, fixed-line phone, digital TV, and broadband, each one of those products are at virtually all-time low churn levels. So to me, the canary in the coal mine is churn, and we are at all-time lows so obviously we're not feeling it too much. Because the markets -- there's not a lot of new growth in the market. It's virtually fully penetrated, so we're now in a phase of share shifting or just innovating and delivering new products. And the share shifting is even quite slow at this point. So Birgit, the mobile ARPU?

Birgit Conix - *Telenet Group Holding NV - CFO*

Yes. So maybe on the mobile ARPU is indeed affected through the different discount allocation. If you look at the revenue growth, and that's probably what you are alluding to, year to date of 1%. If you then collect that for the discounts, you would be more at mid-single digits growth, and we do see the continuation of that in 2015 for the reasons that were explained earlier and were still under the current contract. And we do see the uptake in mobile, so we do feel comfortable with the growth rates also for next year.

John Porter - *Telenet Group Holding NV - CEO*

Out-of-bundle uses charges are going down because -- one, because of Supersize, which is successful in the marketplace. But it means there's not so much out-of-bundle activity. And secondly because SMS is dropping like a stone, so people are pretty much universally moved over to various data platforms for text communication. And MMS is what has historically been MMS. So for those reasons you are seeing ARPU reduce slightly as well.

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

Also Hassan, to provide an additional comment is that as of November, there's -- so we are actually close to that inflection point. The ARPU actually year-on-year will start to improve, or at least the comparison base will, because in November last year, we harmonized the rate plans for King and Kong for both existing and new subscribers. So whereas if you look back now in hindsight for the first nine months comparing that to the year ago, you still see that effect of the bundled discount allocation that was weighing on the mobile ARPU.

However, if you look at it quarter on quarter, you do see that mobile ARPU is stabilizing -- slightly picking up. And as John mentioned, the main impact we see is indeed on our own out-of-bundle and SMS, which is actually coming down. SMS, not very important to us in the sense that, of course, it's a revenue. But at the same time it's a cost and it's a fairly costly item as well so if the market is moving away from SMS and moving more and more into data-like applications such as Messenger, Viber, and WhatsApp to name a few, that would definitely be positive from a cost perspective.

Hassan Al-Wakeel - *Deutsche Bank - Analyst*

Excellent. Thank you very much.

Operator

Usman Ghazi, Berenberg.

Usman Ghazi - *Berenberg Bank - Analyst*

I just have one, please. I was just wondering how much, if any, is there a trade-off between the taxes that you will be paying going forward and the dividend, if you do decide to pay any. The reason I'm asking is if I recall in the past, reserves had to be created at the individual company levels through intercompany transfers for the distribution of the dividend, and these intercompany transfers created more profits at the individual Company level that could then be taxed. I know in the past this wasn't a problem because you had tax losses. Now that the tax losses are near exhaustion, I was just wondering if this is an issue for determination of the dividend going forward. Thank you very much.

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

Thanks for your question. So today if you look at the holding company, Telenet Group Holding, if my memory is correct, there's more than EUR4 billion available capacity for distribution. So in that sense there is no issue whatsoever. I think the trade-off here between taxes paid and also the dividend question -- I think those are two separate items because the tax out is something that we cannot avoid because this relates back to previous financial years. So in that sense, free cash flow going forward will be impacted by the taxes we pay. On the other hand, the dividend is a different story because that of course ties in with how comfortable we are with the current leverage and whether there are opportunities to re-lever. And then obviously how that will be done, whether that is through shareholder distribution or M&A, as John alluded to earlier. But from a distribution standpoint, purely looking at it from that angle -- from a TopCo level, there are no issues.

Usman Ghazi - *Berenberg Bank - Analyst*

Right. Thank you very much.

Operator

Thank you. That will conclude today's Q&A session. I would now like to turn the call back to Mr. Rob Goyens for any additional closing remarks.

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

Okay. Thank you, operator. Thanks, ladies and gentlemen, for attending this call and also for your active participation. We hope to see you soon during one of our road shows or conferences. In the meantime, should you have any further outstanding questions of follow-ups, both Thomas and I will be available and more than happy to answer your questions. For those having specific holiday -- let me also give the floor to Birgit for concluding remark.

Birgit Conix - *Telenet Group Holding NV - CFO*

No, thanks. Thanks for the call, and happy to see you on one of our next road shows.

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

Thank you and goodbye.
