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PRESENTATION

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Ladies and gentlemen, a very good afternoon or morning to you and welcome to our investor and analyst call for the first quarter of 2014. My name is Vincent Bruyneel and I am Head of Strategy, Investor Relations and Corporate Communications at Telenet.

I trust you all received our earnings release this morning 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 am obliged to advise you that certain statements in this conference call are forward-looking statements and these may include statements regarding the intent, belief or current expectations as stated with the evolution of a number of variables that may influence future growth of our business. For more details on these factors we refer to the Safe Harbor disclaimer at the beginning of our presentation.

Let me now hand you over to John Porter, our CEO, who will provide an executive overview of our full-year highlights. After that I will provide you with some further details on our operational results and Birgit Conix, our CFO, will guide you through the first-quarter financial results. Afterwards we will all be pleased to receive questions.

John Porter - *Telenet Group Holding NV - CEO*

Thank you, Vincent, and good day, everyone. I would like to kick off our earnings call with a brief overview of our operational and financial achievements in the first quarter of 2014.

During the first quarter, we attracted 24,100 net triple-play customers which was the best first-quarter performance since 2009 despite an intensely competitive environment. As such, the total number of triple-play subscribers was up 11% year on year and reached roughly 980,000 subscribers at the end of the first quarter. As a result, 47% of our customer base now subscribes to one of our triple-play services compared to 42% a year ago.

We continue to see that 40% to 50% of our new customer inflow in the first quarter was immediately on triple-play which delivers us better economics on the subscriber acquisition level. Before the launch of Whop and Whoppa, this was around 35%.

ARPU came in at EUR49, up 5% year on year or EUR2.20 in absolute terms. Our robust operating performance was also evidenced by a solid uptake of Rex and Rio, our subscription video-on-demand packages. Since their launch in September last year, almost 104,000 customers have subscribed to these offers which represents a quarter-on-quarter increase of 55%.

In our mobile franchise, we continued our value-driven acquisition strategy yielding substantially lower costs related to handset subsidies while still adding 29,300 net postpaid subscribers. Going forward we believe our renewed mobile lineup which includes our new Supersize King option, a revamped Kong offer and free 4G, will drive future growth.

Talking financials on the next slide, we see that our topline was up 3% year on year. This was impacted by substantially lower handset revenue, temporary price promotions, and only a partial benefit from the February price increase. Adjusted EBITDA grew by 18% yielding a margin of over 57%. This is certainly a great result and great compared to our European peers as it puts us in the top end corner of organic growth rates.

Our adjusted EBITDA margin remains well above the 50% level despite a significantly higher share of mobile revenue next to our continued focus on cost efficiencies and process improvements across our operations.

Adjusted EBITDA contained a nonrecurring EUR12.5 million benefit related to the settlement of certain operational contingencies. Excluding this, our adjusted EBITDA growth was still 12% resulting in a margin of 54.1% which was our best achievements since the launch of King and Kong. Of course year-on-year is impacted by the large degree of handset subsidies we provided in the first quarter of 2013.

This robust growth in our adjusted EBITDA coupled with working capital improvements allowed us to report free cash flow to the tune of EUR27.6 million.

After the successful refinancing in March, our net leverage ratio was down to 3.8 times despite the fact that we have already completed roughly half of our share repurchase program for 2014 during the first quarter. Birgit will provide you with more color on the numbers later in this presentation but first, Vince, will take you through the operational highlights.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Thanks, John. On slide nine, you can see that we achieved again very solid triple-play additions in the first quarter. Since summer we focused entirely on delivering a great convergent experience to our fixed customers by offering them simplified triple-play offers consisting of only two products, Whop and Whoppa. These products combined superfast Internet of up to 120 Mbps, flat-fee fixed telephony and digital TV but we go further than a traditional offering. Every bundle also includes our VOIP app, our multiscreen YeloTV and access to all our 1 million Homespots and Hotspots. By doing this, we are not only talking about price convergence but real service convergence putting Telenet in a unique position in the Flemish and Brussels markets.

As you can see on the slides, almost 980,000 customers or 47% of the total customer base already subscribes to three or more products, a 5 percentage points increase from a year ago and it is predominantly generated by single-play customers moving to triple-play immediately also yielding quite a lot of efficiencies in the P&L.

Throughout the first quarter we added over 24,000 net new triple-play subscribers compared to 18,000 a year ago and managed to enhance the share of wallet that each customer is spending with us.

On the chart at the bottom right of the slide, you can see that the ARPU increased by 5% to EUR49 reflecting more of the underlying growth in our recurring fixed service revenues as this excludes handsets amongst others. We not only see topline benefits in converting more people to multiple play reflected by further ARPU growth but also loyalty is an important driver for us to continue this strategy.

For example, a triple-play customer is churning 7.5 times less than a single-play customer and for quad play, customer churn is even below 1% on an annualized level.

Let's now take a closer look at the different product performances starting with broadband Internet on slide 10. In the first quarter, we attracted 16,000 net new subscribers to our high-speed broadband products, a strong improvement from previous quarters. Churn remains very stable year on year at 7.4%. It was up 30 basis points quarter on quarter. Still this is one of the lowest levels in our industry.

One of the core differentiating elements and strengths of our broadband service is the high quality and leading speeds we are offering across our entire footprint. The average speed of our entire broadband base is now around 65 Mb per second which represents one of the most advanced customer base in the European landscape. We promise our customers that Telenet starts where competition ends and it clearly shows off.

Moving on to the performance of our fixed telephony offer we see on slide 11 that we added over 23,000 net fixed telephony subscribers in the first quarter, up 23% compared to a year ago. This performance was driven by the continued success of our bundle strategy and the uptake of Triiing, the VoIP app that we talked about at previous occasions. The fact that people continue to value fixed telephony is also demonstrated by the annualized churn rate which is our around 7.3%, down 120 bps year on year.

On slide 12, we wanted to provide you with some flavor on how we improved our mobile lineup. Mid-March we introduced the King Supersize option which provides customers with twice as many minutes, text messages and data as regular King tariff plans for just an additional EUR5 per month. Priced at EUR20 per month, we believe that the King Supersize provides a compelling value proposition in the mobile market.

Next to that, we also made our high-end Kong offer more attractive by reducing the prices for both new and existing subscribers from EUR50 to EUR45 per month now while expanding the usage limits for data, messaging and voice specifications. As of the end of March, our mobile customers also got free access to 4G. We believe that all these improvements will drive future subscriber growth in the current and the coming quarters.

We continued our value focused marketing strategy in the first quarter of 2014 resulting in substantially lower costs associated with handset sales and subsidies compared to the prior-year period. Still as you can see on slide 13, we recorded a solid increase of almost 30,000 net mobile telephony subscribers in the first quarter resulting in almost 780,000 mobile active subs.

We don't have the operational results from all operators yet but based on the trends we have seen so far, we should have gained strong market share in the postpaid segments definitely if we consider that we are only active in Flanders and a part of Brussels. Compared to both the prior year period and the preceding quarter, our mobile ARPU in the first quarter contracted by 15% and 7%, respectively, reaching now EUR26.5 per month including interconnection. This contraction was primarily driven by the change in how discounts were allocated amongst fixed and mobile products which we implemented as of November last year.

As you may know, previously we applied mobile discounts entirely to our fixed business while they are now allocated to mobile representing a better and more appropriate evolution.

Regarding the performance of digital TV, you see on slide 14 that we added almost 18,000 net digital TV subscribers over the first three months of the year. This indeed represents slower rates than in previous quarters as digitization in our footprints has surpassed the 80% level now as illustrated on the middle chart. Note that we have now north of 1.5 million digital TV subscribers as of the end of the first quarter of 2014.

Last quarter we told you about the launch of our two new subscription VOD offers, Rex and Rio that give consumers access to a very wide selection of series and movies at a fixed monthly price. Rex focuses on local Flemish and kid's content while Rio is the ideal solution for content lovers giving them access to the latest blockbuster movies, high quality US series from content providers such as HBO.

We are pleased to see that in only six month's time the product has already attracted almost 104,000 subscribers as you can see on slide 15. This momentum was of course also fueled by temporary promotions in the first quarter that were available to both new and existing Rex and Rio customers so that they can familiarize themselves with this new concept of all you can eat at a fixed price per month.

Many existing PRIME customers already traded up to these new offers, and although it is still early days, it looks promising that more than three quarters of our total subscriber base of Rex and Rio are subscribing to the high-end Rio bundle.

We also see that consumers like the product and really use it a lot. On average a Rio customer is watching 28 titles per month. Note that at the end of 2013, we also made Rex and Rio available on our YeloTV over the top platforms so consumers can also watch it on their laptop, tablet or smartphone.

On the next slide you can see that churn on basic cable to the end of first quarter has been broadly stable versus the first half of 2013 but sequentially you can see that's higher compared to the final quarter of last year when we recorded only 900 net losses.

Our net loss rate in the first quarter was impacted by the price increase we carried out in February and was as anticipated. Still we believe it is a solid achievement given the intensely competitive environment characterized by the availability of other digital platforms and the increased competition coming from primarily low end offers.

Our business segment, Telenet for Business, generated revenue in the medium and large enterprise segment of almost EUR24 million for the first quarter, up 3% year on year. This result was primarily driven by higher revenue from mobile carrier services and security-related revenue which was able to offset the negative impact from changes in the way how we recognize certain upfront fees. Important to note however that this revenue only reflects revenue generated on non-coax products including fiber, DSL lines, carrier business as well as value added services such as hosting and managed security.

TFB is however much bigger as it also sells coax products especially through the SME segments or SOHO segment which is currently reported under our residential segment. If we would reallocate revenue generated by coax products in B2B, the growth rate would have been slightly higher for the first quarter, namely 4% representing total revenue of around EUR83 million for the quarter. In spite of difficult economic and very competitive B2B environment, still dominated by the incumbent, we believe this is a great result.

On slide 18, we wanted to briefly touch upon the Telenet for Business strategy which is conceptually presented through the Yellow Enterprise. The Yellow Enterprise is the cornerstone of how we present ourselves to customers. As such, the Yellow Enterprise will be the driving force behind the continuation and expansion of the success of Telenet for Business. It provides superior connectivity in terms of speed and availability at the best price quality ratio. Through this approach, Telenet for Business aims to meet the basic telecom needs of all business owners, companies and organizations calling, browsing and viewing. That is the cornerstone of the whole business.

To increase the added value of its basic telecom services, Telenet for Business utilizes strong ICT partnerships to grow an ecosystem that will be broad and strengthen the added value of the talent offerings.

With Microsoft for example, we have a partnership for Office 365, the subscription-based office suite provided through the cloud. We believe that the combination of superior products, excellent service, partnerships with added value and an inspiring vision on doing business must result in an amazing customer experience for the B2B customer.

Now before leaving the floor to Birgit for financials, I would like to provide you with a quick update on where we currently stand with cable wholesale regulation. As you may know in December 2013, the regulators announced the final details of the reference offer including the retail-minus framework. As a reminder for standalone digital TV, this is set at minus 30% and for double-play bundle digital TV plus broadband, this is minus 23% growth, both an improvement versus the initial framework. Broadband standalone is not offered under wholesale regulation.

Beginning of 2014, our MVNO partner, Mobistar, submitted a request to become cable wholesale customer. In parallel, the legal procedure on the merits is still ongoing. The first trial briefs were exchanged and court hearings took place during the first quarter already. However, we do not expect final outcome of this appeal to happen before the third quarter but note that the court decision could entail the annulment of the entire wholesale proposition in its current form. The court will need to take into account amongst others, the changing landscape where more competing platforms successfully enter that market and the fact that analog TV which was the basis for regulation is now having a marketshare below 10%.

With those conclusions, I would like to hand over to Birgit who will dive into the first-quarter financials.

Birgit Conix - *Telenet Group Holding NV - CFO*

Thank you, Vincent. As John highlighted in the beginning of this earnings call, Telenet can look back at another solid quarter both in terms of operational performance and financial performance as I will show you in a minute.

Let me start with our topline performance on slide 21. For the first three months of the year, we achieved revenue of EUR417 million which was up 3% compared to the first quarter of 2013. Compared to the previous quarters, our topline growth rate decelerated due to the following items.

Firstly, we generated substantially lower revenue from the sale of standalone handsets for which we generally earn a small margin. Secondly, our revenue growth rate was temporarily impacted by price promotions on our recently launched Rex and Rio content packages. Thirdly, the full benefit from the February 1 price increase on certain fixed services won't be realized until the second quarter. Hence, we anticipate our topline growth to improve versus the first quarter in line with our full-year outlook.

Excluding the lower margin revenue from Distributors/Other, our underlying revenue growth was close to 5% compared to the 3% we reported as you can see on the right-hand chart.

Now looking at the drivers of our revenue on the next slide, you can clearly see the strong growth in our residential broadband Internet revenue which was up EUR16 million or 14% compared to the year-ago quarter. We did have the effect of a more favorable revenue allocation from our new Whop and Whoppa bundles as compared to our old Shakes bundles and also a favorable benefit from the February price increase to a lesser extent.

Our residential telephony revenue was up EUR3 million driven by 11% growth in our residential mobile telephony revenue and offset by lower residential fixed telephony revenue as a result of higher bundle discounts and lower usage related income. Quarter on quarter, our mobile telephony revenues slightly retreated. However as a result of both lower SMS interconnection and out of bundle usage given the improved fix in our mobile offers.

On the negative side, you can clearly see the strong decrease in our Distributors/Other revenue as a result of the lower revenue from the sale of standalone handsets as I alluded to earlier. Our premium cable TV revenue which is the revenue generated by our digital TV subscribers on top of their basic cable TV subscription, contracted 3% as a result of temporary price discounts on Rex and Rio, lower VOD revenue and a change in bundled discount allocation.

Let's have a look at our operating expenses now. This shows an 11% decrease in the first quarter compared to the first quarter of 2013. This decrease was primarily driven by lower depreciation and amortization charges and a EUR31 million decrease in our network operating and service costs.

This reflected two elements. On the one hand we incurred significantly lower costs for handset subsidies in the quarter as we shifted our focus towards more cost-effective mobile subscriber acquisitions in the second quarter of last year whereas the first quarter of 2013 was still impacted by more handset subsidies. On the other hand, our operating expenses reflected a non-occurring EUR13 million benefit from the settlement of certain operational contingencies and excluding this impact, our operating expenses showed a 7% decrease. Elsewhere you will see that we have maintained price control on our overhead and marketing expenses as our SG&A as a percentage of revenue slightly decreased from 15% last year to 14% this year.

This brings me to adjusted EBITDA. Our adjusted EBITDA was up 18% year on year to EUR238 million yielding margin of 57%. This is the highest margin we achieved to date but as mentioned earlier, our adjusted EBITDA included a non-recurring benefit of EUR13 million as a result of the settlement of certain operational contingencies. Excluding this benefit, our adjusted EBITDA grew a healthy 12% primarily driven by lower handset subsidies and overall cost control. The underlying margin of 54% we achieved in the quarter was our best performance since the launch of our new mobile tariffs, King and Kong, mid-2012.

As we have started to focus on more cost-effective mobile subscribers since the second quarter of last year, we anticipate our adjusted EBITDA growth to slow down in the coming quarters yet fully in line with our full-year outlook.

On the next slide you can see our CapEx spending. Accrued capital expenditures in the quarter totaled EUR70 million and were much lower compared to the first quarter last year when we incurred accrued capital expenditures of EUR96 million. The strong decrease is essentially attributable to three elements.

Firstly, last year's CapEx number was impacted by the extension of the exclusive broadcasting rights for the UK Premier League until the 2015-2016 season and this is captured under maintenance and other CapEx as you can see on the left-hand chart.

Secondly, we incurred much lower set-top box related to capital expenditures in the quarter as a result of inventory destocking and phasing.

Thirdly, we incurred 10% lower capital expenditures for customer installations on the back of lower net new subscriber growth for our advanced fixed services.

Flipping over to slide 26, you can see the strong year-on-year improvement we delivered in terms of free cash flow. Last year we generated a negative free cash flow of EUR10 million and versus this year where we generated free cash flow of EUR28 million in the quarter. This was driven by robust growth in our adjusted EBITDA slightly offset by higher cash interest expenses and higher cash CapEx including a final EUR12 million payment for the Belgian football broadcasting rights under the current contract.

On the next slide you can see the evolution of our net leverage ratio which continued to improve from 4 times at year end 2013 to 3.8 times at the Q1 quarter end. Despite seasonally higher cash interest expenses in the first quarter, the seasonal impact of football related cash payments and EUR23 million spend on share repurchases in the quarter, our net leverage ratio improved. This is mainly the result of robust growth in our consolidated annualized EBITDA. Together with the fully undrawn revolving facility, this provides for ample cash flow flexibility.

On the next slide you can find an overview of our debt maturity profile. At the end of March, we launched an amend and extend process for our term loans and announced the early prepayment of our EUR100 million retail bond due 2016. To this end, we issued two new term loans W and Y, for an aggregate amount of EUR1.3 billion. The net proceeds of this new debt issuance together with available cash and cash equivalents were used to fully redeem the outstanding amounts under the term loans Q, R and T and the Senior Secured Notes due 2016. As a result we do not face any debt amortizations prior to November 2020.

At the same time, we also extended both the size and the tenure of our revolving facility from EUR158 million initially to EUR321 million as you can see on the right-hand chart. At present we have full access to this amount.

On the next slide, you can see that we have reaffirmed our full-year outlook. Relative to the first quarter, we expect our topline growth rate to improve sequentially as the February 1 price increase will have a greater benefit supplemented by lower price promotions in the second quarter. Given our shifted focus towards more cost-effective mobile subscriber acquisitions beginning in the second quarter of last year, we anticipate our adjusted EBITDA growth will decelerate sequentially as the prior year period already reflected lower costs incurred on handset subsidies.

Still we continue to target healthy topline and adjusted EBITDA growth of 6% to 7% and 5% to 6%, respectively. Accrued capital expenditures are expected to represent between 20% and 21% of our revenue for the full-year as the first-quarter was impacted by lower set-top box related capital expenditures and phasing. Finally we continue to forecast a healthy free cash flow between EUR230 million and EUR240 million.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Emmanuel Carlier, ING.

Emmanuel Carlier - *ING Financial Market - Analyst*

Good afternoon. Some questions from my side. The first one is on mobile. So you have improved your tariff plans there. I am just wondering if you could provide some more color on how you expect net adds to improve and what you are seeing in the first weeks of April and if you expect that some quite people would go from the King to the Supersize and so that ARPU could increase?

Then secondly, on the Belgian soccer rights, could you maybe there provide an update and comment if you are still only interested if you could acquire the rights from a nonexclusive basis?

Then on the shareholder distribution, you mentioned that in absence of acquisitions, the Board remains committed to get to assess additional shareholder remuneration which would provide maybe the kind of -- define when we could expect some news on that? Thank you.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Vincent here for the first question. On mobile of course, I think it is early days. We need to see what the underlying trends are but we do indeed see that the sales levels of mobile have been improving since the new offer. Nevertheless, I think that the performance that we have achieved I think also in Q1 compared to what the market did in Q1 so far is already I think a very good result especially if you consider that we are only active in Flanders and Brussels so I think in terms of market share gain and definitely I think in terms of number portability between operators, I think we are one of the biggest winners there so I think that is really good.

But indeed we see an improving trend and indeed we can also confirm that we see a good portion of King customers taking the Supersize option so that should in the end and over time have a beneficial effect on the mobile ARPU.

John Porter - *Telenet Group Holding NV - CEO*

And on the football, the league has announced the auction which will be conducted between May 1 and May 15. We continue to assert that the best way to remunerate the football clubs through the league is through a broad nonexclusive package. I think there is a broad consensus on that amongst the distributors but given the fact that we are entering into the auction period, I don't think we will make any other further comment about the quality of the way the rights are being offered but we will be able to provide more clarity on that post the auction period.

And on shareholder remuneration once again, I guess our position on that as management is that history is a good guide to how the Company conducts itself but it is really a matter for the Board to determine when, if and how much is appropriate and they will be reviewing their position on that probably on a quarterly basis going forward.

Emmanuel Carlier - *ING Financial Market - Analyst*

Okay, thank you.

Operator

Ruben Devos, KBC Securities.

Ruben Devos - *KBC Securities - Analyst*

Good afternoon. Ruben Devos from KBC Securities. I have two questions. The first one being -- I was wondering for the postpaid net adds, could you give an indication of how many of these 29,300 mobile net adds were due to the cross-selling from your cable customers?

And also related to this, do you have an idea of the percentage or your total cable customers who currently have a mobile subscription with you and how did it improve compared to the 16% at the end of 2013?

Then the second question, it has to do with Rex and Rio. You had about 103,800 customers, an increase of 55% quarter on quarter but these are strong numbers in a short timeframe. But I was wondering what is your long-term objective with regards to what percentage of total digital TV customers will be on these subscription video-on-demand packages? Has the recent launch of Belgacom Series and Movies Pass altered your view? Thank you.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Yes, on the mobile postpaid net adds while we can basically say that the vast majority of mobile customers that we are getting in are indeed existing cable customers so that is basically broadly in line with what we have seen previously and that continues to be the trend. I don't have the exact number in terms of what is the percentage now of customers taking a mobile sub but that is indeed going to be improved and we can come back on that percentage later on.

John Porter - *Telenet Group Holding NV - CEO*

On Rex and Rio I think we always anticipated that it would take some time for us to make a market for nonlinear television consumption. It is not a widely understood nor used service here in Belgium in our territory. One of the reasons we had some discounting toward the end of last year and in the first quarter was we realized once people tried the service that they became really hooked on it and it was extremely popular but that the value proposition was not well understood until we drove some sampling.

So I think it will take time but I think ultimately right now we are sort of sitting between our prime base and our Rex and Rio base at 17% or around there and I think we are very confident that the total consumption of movies and TV series in both linear and nonlinear fashion or a premium television offering should push well into the 20% range. Certainly we see that in a lot of other similar types of markets and this is a market that is a pretty high consumer even of Anglo-Saxon programming where some other markets aren't.

The strength of our offering in premium television is with our content acquisition deals and we do have exclusive first pay window for virtually all of the studios from the US as well as the key premium television channels such as HBO. We are the home of HBO, for Showtime, for FX, etc. which really underpins a quality offering that is in both movies and series, things that are fresh from their television launch in the US or the UK wherever it may be or Norway for that matter, Denmark. And so we think we have a pretty strong offering and we will continue to underpin that offering with growth in addition with the local programming particularly on the back of the rights deals that we have done with the broadcasters here in Belgium where we have acquired and will continue to acquire access to libraries.

We will continue to invest in -- jointly invest in programming some of which are original content, scripted content, some of which we will put behind the pay window, some of which we will put into some of our basic programming.

So I think we have a very robust approach to premium television which kind of leads me to the Series and Movies offer of Belgacom, which seems like it is better addressed to the light viewer which probably if you are a heavy consumer of premium television, you are already a Telenet customer anyway in Flanders.

So they have tailored their service to the customer base they have which is more a price sensitive light user audience. So we don't see it really as a substantial competition with what we are trying to do with Rex and Rio.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

I also want to come back on your question on the mobile subs on the total cable base. That improved base to 1%. It is now at 17% at quarter end versus 16% it was at the end of last quarter. That is basically broadly in line with the same trends, what we have seen in previous quarters which is a 1% increase quarter after quarter.

Ruben Devos - *KBC Securities - Analyst*

Okay, that was very clear. Thank you.

Operator

Stephane Beyazian, Raymond James.

Stephane Beyazian - *Raymond James - Analyst*

Thank you. Three questions if I may. The first one is could you update us if there is any update on your possible investment opportunities? I am thinking about a possible stake in De Vijver Media but also let's say any possibility or any news on possible negotiation around Tecteo, Brutele, Coditel?

My second question is I just want to come back on page 16 where you talk about the competitive environment around cable TV you mentioned. Could you be just a bit more specific on the other digital platforms and the competition from low-end offers? I guess my bottom line is there any significant or structural deterioration that you have seen in the quarter or it was just a particularly competitive quarter but nothing very much changing the environment?

My third question if I can is regarding the fixed line ARPU which has been coming down quite a lot over the past quarters. Could you just tell us more whether you think there is the impact of the Triiing option -- sorry for my English -- or whether it is more linked to Free Phone and whether you are seeing this ARPU could be stabilizing going forward? Thank you.

John Porter - *Telenet Group Holding NV - CEO*

I will take the first one and then I will hand it over to Vince. Our interest in investing in De Vijver has been highly speculated on and we continue to remain interested. There are certain significant barriers to a transaction with De Vijver which include the interest of one of the stakeholders to exit and the potential regulatory review.

So there are, we remain interested for the reasons that I probably spoke about a little bit during our discussion on premium TV in that we feel strongly that we need to be under the tent when it comes to the provision of local programming. De Vijver is an interesting asset because it is both a broadcaster and a production house but I can't speak to the status of us being able to affect that.

And then in terms of anything else, the basic holding statement that we make on that is that we are of course interested to look at assets that deliver us scale within Belgium and that we do see ourselves as a natural aggregator and if any of those assets should become available, that we would be at the table but there is certainly nothing to comment on right now specifically about that.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Yes, on the other questions, the impact on cable TV, the reason basically why churn increased compared to the previous quarter is basically one-on-one relationship with the price increase that we have pursued in the first quarter in February. Of course as expected and as usual, that is sometimes an occasion for some people who are still let's say on annual billing to review their options and basically move on. Indeed, sometimes they cut the TV off entirely, move to alternative platforms and then if you look at let's competition about the low-end platform as we all know from SNOW that was launched I think now a year, a year and a half ago, we haven't seen any notable increased impact there but of course it is something that we are continuing to monitor there as well and that is basically why we are at affected.

The key reason why churn was higher is because of the price increase that we did in February. Then on the revenue evolution on telephony, as you may know, that reporting line also includes the mobile telephony revenue and while we lowered basically the Kong tariff plan for the new -- but also for the existing customers, that is basically a one-off effect that you will see between the revenue line there. So going forward, we should expect indeed again to see stabilization growth in terms of the mobile revenue going forward.

Stephane Beyazian - *Raymond James - Analyst*

Okay, thank you but I was really talking about the fixed line, just stripping out the mobile revenues really looks like the fixed line ARPU continues to be quite under pressure especially in the quarter, I mean --?

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Yes, that is a combination of the lower out of bundle because indeed more and more users indeed have let's say now Free Phone Europe that is now included in the Whop and Whoppa bundles and when people are consuming more and more through their -- OTT through their Triiing app, that is also let's say coming at the account the all you can eat fixed line subscription and interconnection. That is basically the two reasons like you will see a decline in the fixed line ARPU.

Birgit Conix - *Telenet Group Holding NV - CFO*

Also in addition so non-operationally, there is a bigger proportion of bundle discounts because of less favorable revenue allocation from the new triple-play bundles. So that has nothing to do with the performance.

Operator

Sasu Ristimaki, Merrill Lynch.

Sasu Ristimaki - *BofA Merrill Lynch - Analyst*

Thanks, guys. A couple of questions. One is actually on the mobile side that given that you have minimal capital committed to this business, could you just explain why you are kind of cautiously it seems pulling down the net subscriber acquisition -- you are now seeing net adds the lowest for two years and it kind of looks to me as if you are seeing problems in the contribution margin of additional subscribers. So maybe you could kind of elaborate is that a correct understanding?

Secondly, given that you are approaching the two-year anniversary of your mobile relaunch summer of 2012, could you just talk through that? Is this likely to be a point where there is an increased retention for your subscriber base and is that likely to see kind of increased pressure on churn or retention costs as we get to that point?

Then my final question is that as you have pointed out the kind of growth rate for both broadband and TV are affected by your reallocation of the bundled revenues, could you just give us a bit of a clarification on how much is the adjustment factor that we should be aware of for these revenue streams? Thank you.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Well, the mobile subscriber acquisition, it was a deliberate change that we took already as of the second quarter last year because in the first quarter indeed the impact of the handset subsidies was too big on the overall profitability of the Company so what we did is basically we looked into the potential that we have in the market and the optimal balance versus between the SIM only and subsidized rate plans. What we are doing now is we are focusing entirely now on subsidized rate plans in the high-end segment so mainly then combined with an iPhone that is now what we are targeting. But at the same time, we also see that the SIM only plans are still doing quite well. So that is actually always a balance that we are taking there.

On the contrary, we do see an improvement in terms of new customers coming in definitely if you look at SIM only because that is basically an inflow that you see then straight through to the bottom line without any impact from handset acquisition or subsidy costs that you need to take into your P&L as of the first moment they are signing up.

So that is I think always something that we take into account. And again, I think as we also said during the presentation, I think also with the results that we have achieved now if you compare it to the operators' space and Mobistar that already reported their numbers approximately is till due but compare it to the other two, I think that we achieved I think a very good result and that is I think always a balance that you have to make. Healthy growth and I think good efficient growth in mobile versus indeed taking much more out of the market without any incremental in terms of your profitability.

If we are looking at the two-year retention, well for Telenet and basically for the whole sector in Belgian, that is no longer an issue because the telecoms law in October in 2012 ended any two-year contract obligation so basically people are free to go whenever they want to go without being tied up to a specific contract. So that has no impact anymore in terms of churn so that should progress along the lines that we are seeing now.

Birgit Conix - *Telenet Group Holding NV - CFO*

So then on the discounts allocated, we can't give you the precise details of all of the discounts allocated because there have been some significant changes. As you may recall and this was in June last year, we changed from Shakes to Whop and Whoppa. This is -- and their entire discount allocation was changed and this is favorable for broadband which you also see in the growth drivers when you look at the 14% year-on-year growth so a big portion of that is due to the change in discount allocation.

And then we have another one. In November 2013, we harmonized our mobile rates and we moved the EUR5 and EUR20 discount as you may recall on mobile offerings and which were also allocated to our fixed business so there you have another change. So is two effects in total.

Sasu Ristimaki - *BofA Merrill Lynch - Analyst*

Okay. Thank you.

Operator

Stefaan Genoe, Petercam.

Stefaan Genoe - *Petercam - Analyst*

Good afternoon. Stefaan Genoe from Petercam. I first have a follow-up on the Rex and Rio. If I understood, I believe the promotions were for the first month and I think they can be terminated, the offers, after one month. Could you give some color on the stickiness of those consumers who used the Rex and Rio promotion because the number of net adds was suddenly quite high in this quarter. I suppose you already have a visibility on that. Do you see further strong net adds in Rex and Rio in Q2 and then potentially the next quarters?

Then a second question, given that your EBITDA margin was probably negatively impacted also by the promotions on Rex and Rio and your sales in Q1 were a bit weaker but your EBITDA stronger than expected, should we implicitly expect higher EBITDA margin for the full year than I would say was implicitly assumed in your sales and EBITDA guidance for the full year? Thank you.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

I think I will take the question on Rex and Rio. What we do see is that the stickiness of consumers who have been taking Rex and Rio under the promotion is very, very good. We are seeing that the churn levels of these customers are even say better than what we anticipated. Of course in terms of net additions in the following quarters without the promotion, that is what to be lower but again I think it is also important to focus that the customers that we were able to attract in the first quarter will of course continue to generate revenue in the coming quarter so it is better indeed to frontload your subscriber additions in the first quarter than later on in the year.

So that is often can be a very good move that we made and it is definitely going to be accretive in terms of the uptake of pay-TV business.

Birgit Conix - *Telenet Group Holding NV - CFO*

And then on the EBITDA for this quarter so indeed we generated a very good adjusted EBITDA. Of course we need to back off the one-time effect which would leave us with a 12% growth but we do anticipate our adjusted EBITDA growth will decelerate in the coming quarters as the prior-year periods meaning the first quarter of 2013 already had much higher handset subsidies and we did change the policy as of the second quarter in 2013 until the last quarter. We already reflected much lower costs incurred on handset subsidies and so that will be what you will see in the coming quarters.

And another reason is the growing share of our mobile business which causes negative mix effects. So for the remainder of the year, we do see our EBITDA growth decelerating significantly versus this first quarter and this was all as planned. So we keep our guidance of 5% to 6% EBITDA growth.

Stefaan Genoe - *Petercam - Analyst*

Okay, thank you. Perhaps as a follow-up on that in the market do you in general see somewhat more active handset subsidization market versus a year ago? And do you believe that in the coming quarters you might have to increase somewhat your subsidization policy compared to Q1?

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

No, not really. If we look at what competition is doing, it is -- Belgium remains I think a market which is heavily focusing on SIM only and that is by the way also an evolution that we are seeing in neighboring countries where you see an evolution from handset subsidies more into SIM only because need of the efficiency and the profitability of such customers. Of course going forward, we are not going to exclude that and it will always depend indeed on terms of certain handsets that might become available so we might indeed decide at some point we need to activate some new handset subsidies but that is of course a commercial decision.

Birgit Conix - *Telenet Group Holding NV - CFO*

And so we do have a different phasing versus last year in handset subsidies planned.

Stefaan Genoe - *Petercam - Analyst*

All right, thank you.

Operator

Marc Hesselink, ABN Amro.

Marc Hesselink - *ABN Amro - Analyst*

I have two questions. Firstly, on you mentioned the churn and the fee a little bit higher because the price increase but churn in the other products still coming down. Do you expect this trend to continue that the market in general in fixed becomes a bit more mature and that we get to see lower churn levels?

Secondly, coming back on the guidance a bit and the EBITDA, obviously all of the one-offs in this quarter and also that made some phasing for the handsets but are there also other costs that you expect to increase over the remainder of the year so that indeed the EBITDA growth will decelerate and what kind of cost would that be?

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

On the first question, Marc, the churn levels, yes, we indeed see that this is improving and that is basically because more customers bundle their services as with I think we have illustrated in the last quarter's presentation that the churn of triple-play and definitely on quad-play customers is way lower than indeed single- and double-play and once we are making that evolution as you can see now we are now nearing the 50% of triple-play customers of our total subscriber base, that is clearly having a very beneficial effect on churn.

So we should expect indeed that if all things remain as is in terms of competition in the Belgian market that the churn levels should remain pretty stable and between 7% to 8% on an annualized basis.

John Porter - *Telenet Group Holding NV - CEO*

Those questions are quite linked actually because in order to maintain those churn levels in the environment where we have a reinvigorated fixed line competitor, where we have probably reinvigorated mobile competitors and we have new entrants over the top already announced with Netflix, etc., it is imperative that we have an aggressive go-to-market strategy around our key product offerings Whop and Whoppa and Rex and Rio and King and Kong, but also that we invest heavily in retention and in communicating the value of our brand and more holistically the value of the Yellow House and the Yellow Enterprise which is really about us having a relationship with our customers where we are curating their digital life. That is where we are trying to take this business and that is where you are going to see an increase in investment over the next three quarters.

So there is -- and it is not in any one particular area. Certainly in sales and marketing you will see increases but also we are -- have a number of plans in place to dial up a level of engagement that we have with high-value customers to make much more widely available for example our FunCheck, which is where we not only deliver a very, very high quality broadband service to a modem but we go end-to-end through the house, make sure the Wi-Fi is working everywhere, make sure everyone knows how to use every device in the house and so they can get the most out of their Telenet relationship.

So we have a lot of plans in place which we will be more specific upon later but it is an increasingly complex world for consumers, a lot more choices and in order to maintain those churn levels and maintain those ARPU levels that we are committed to, we need to really invest in both our customer relationship and in our acquisition costs which we think will increase. So that is where we see it going.

Marc Hesselink - *ABN Amro - Analyst*

Thank you.

Operator

Bart Jooris, Bank Degroof.

Bart Jooris - *Bank Degroof - Analyst*

Good afternoon, everybody. I have three more issues to say. First of all, on the King Supersize, we talked about the portion of King customers taking King Supersize but I want to go more toward some possible downward pressure on ARPU being maybe from customers that say that they have enough with King Supersize. Do you see migration there?

And then also do you see King clients who are now culling a little bit too much, bringing in out of bundle revenues that would now come in through bundle with King Supersize and generate less revenues? You also created more or less a new segment with King Supersize. Do you believe that three segments are enough or are you going to more segments like your competitors do?

Then a question on TV. In its conference call, Mobistar stated that they expect a change in the retail minus pricing pretty soon already, near the end of the year because the BIPT has launched a new survey. Do you have any comments on that? Any thoughts on that?

Then of course the obligatory question, Mobistar has been named or rumored as for sale several times, even one newspaper writing there was a Belgian investment bank so if I were a Belgian investment bank, the first candidate I would come to is you. Have you been asked? Are you interested in any way? Those are my questions.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

On the King Supersize, well of course there are indeed let's say a lot of migrations upwards, downwards from one rate plan to the other one and I think indeed we have all calculated this within our business plan. I think what is the most important element in the whole mobile scheme is because we are an MVNO, the margins or the OCFs at the end were generating on mobile whether it is indeed King, Kong or Supersize Me is all within the same kind of a barrier. So it doesn't matter that much in how consumers are indeed evolving because contrary let's say to an MNO, who have indeed a metric as a SIM cost, we need to pay for the minutes, the text messages and data that we are using so that is of course let's say a different view that we can also put in our mobile activities why it is such a big issue or let's say a big thing if people are in need of migrating from one end to the other one.

If we look then -- your other question was on the new segment. Yes, with the Supersize we are indeed tapping into a new segment which is somewhere in the middle but I think with the EUR20 proposition that we are again back in the sweet spot of the mobile market in this segment and I think that should also drive a lot of new sales going forward on top of the people who were indeed generating a lot of out of bundle price as well who are indeed now taking the EUR5 plan in there. But again, I think if we look at the margin being generated on this one, that is all within the boundaries as we have set ourselves.

The survey as launched by the BIPT, I think there are many ways to look at this. Indeed Mobistar can say the decision might involve a change of the pricing. I think there still need a lot to happen before we are at that point because as you may know, indeed the process previously took about two years to review I think.

I think what the BIPT will do for mostly is take another look and a different look at the current market in Belgium because as I think I also mentioned it in my presentation, the market, the TV market where it all started from which was based on how analog TV and how dominant we were in analog TV, well at this point in time, analog TV is only having a market share of 10% anymore. And I think if we look at the possibilities and the options that are available or will become available in the future how to watch television, I think it is a huge change from back in 2009 and 2010 which formed the basis for the current regulatory framework.

We have seen for example that BASE has started with TV. Belgacom is very successful with IP TV. We have over the top initiatives like Stievie. Netflix might be launching at one point in time in Belgium so I think there are indeed many more ways to watch TV here in Flanders and I think that is going to be a crucial question indeed towards BIPT where it is still necessary to regulate the market which is becoming more and more competitive. And I think on Mobistar?

John Porter - *Telenet Group Holding NV - CEO*

I always point -- I still point to the fact that if you can find me a successful wholesale or agency agreement somewhere in the world, then I would like to know about it. But I think there are a lot of barriers to having a business which we think will have a substantial impact on our own television business.

On the Mobistar front, my understanding is that they have denied the speculation in a press release yesterday that they are running a process and of course, we have a very strategic relationship with Mobistar and it is in our best interest to stay close to what they do.

We like who our partner is today despite the fact that they want to access our network on their wholesale agreement but we like the partnership, we like the people involved. We have good dialogue both at the Mobistar level but also at the Orange level and we are very pleased with the level of investment and leadership that they provide in terms of getting their network up to real blue-chip quality and their timely launch of 4G.

So we are not really looking to rock the boat but we will stay very close to what they are doing and hopefully stay in a very open dialogue if they have any ideas about disrupting the status quo.

Bart Jooris - *Bank Degroof - Analyst*

Okay, thank you very much.

Operator

Usman Ghazi, Berenberg Bank.

Usman Ghazi - *Berenberg Bank - Analyst*

Thank you for taking my question. I have two questions please. The first question was just on the mobile business. I just wanted to find out if you knew what percentage of your customer base in mobile was split between SIM only and subsidized plans? The reason I'm asking that is while I understand that the Belgian market does not have a retention issue because everyone is free to churn, those customers that are on subsidized rate plans presumably they would have to be offered something for you to retain them and I was just trying to get to what kind of costs we could potentially be looking at through the second half of this year.

My second question was just on the Rex and Rio promotions in the first quarter. You said that a lot of people in the first quarter were on the high-end promotions or on the high-end packages like Rio helped by the promotion. I just want to understand what confidence you have that those people will stay on the Rio package and not just go to the Rex package for example when the promotion runs out in the first quarter. Because it seems like an acceleration in digital TV revenue growth is what you are counting on to deliver the full-year revenue growth target.

My final question was just on Belgacom getting the distribution with Apple and the iPhone if you were expecting that to have any impact? Thank you.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Specific between SIM and handsets, the only thing we can say there is that the vast majority since we took a different stance on the position of mobile which was in the second quarter of 2013 is now since then the vast majority is coming in at SIM only. But we cannot provide any more specifics with the numbers there on what is exact taking SIM or handsets. I think again as we said before, the majority is on SIM and that risk of course is all well embedded in the guidance that we have put forward in terms of handset removals if any.

John Porter - *Telenet Group Holding NV - CEO*

I will say that our churn despite the fact that we have been going at this since October of 2012, our churn is at an all time low. Our churn has dropped 300 basis points sequentially quarter on quarter so I don't know -- we are doing something right. Network quality maybe the Supersize but a combination of things, we have quite satisfied customers and as long as it keeps heading in that direction, we will keep doing what we are doing.

On the Rex and Rio, we are cautiously optimistic that we won't see a lot of churn out of the discount that we offered in the Q1. Certainly I mean my personal belief and experience in selling premium television which goes a long way back, the people that are attracted to Rio and the quality of the Rio offering, I don't see a lot of people going from Rio to Rex. I see a lot more people going from Rex to Rio because the whole idea of Rex is to condition the market to the value proposition of premium television and in particular, nonlinear premium television or on demand premium television and of course, YeloTV and the whole 360 degree television experience.

So I think it is going to be -- the migration is going to be in the other direction and given the quality of the Rio offering particularly with a lot of the stuff coming on within a week of premiering anywhere else in the globe on the television front as well as the first pay window on virtually every studio in the US and in Europe, we are pretty confident that once people try the Rio experience that they will stick with it.

On the Apple question, we have anticipated Belgacom having an Apple deal for quite some time now. It has probably taken longer than we even thought it would. To us it just reinforces our strategy of not forging a race to the bottom with heavy handset subsidies but to acquire and retain customers based on the merits of a great price value relationship. And because frankly 90-plus% of our mobile customers are taking other services from us, it is really about the overall quality of the relationship. We don't have to play the pricing game as aggressively because we can deliver value to our customers across a range of relationships.

And so I think I don't see the Apple deal changing things much for the contested environment. I think it is a great result for Belgacom's own customers but we will see whether that changes the competitive dynamics. I don't think it will.

Usman Ghazi - *Berenberg Bank - Analyst*

Thank you. Can I just ask one follow-up from John. John, obviously like you said, the business looks like it is in great shape, churn is falling, ARPUs are robust. But then you were mentioning that the second half you potentially want to invest more for customer growth of a retention -- I mean are you anticipating a pickup in competitive tension for whatever reason in the second half of the year?

John Porter - *Telenet Group Holding NV - CEO*

I definitely think so. I think our existing competitors in both mobile and fixed line are getting smarter. I think we certainly have much more consumer focused leadership at the top of Belgacom and they have already announced plans to not cede if you will the Flemish market in Belgium to Telenet but to aggressively try to deliver a good consumer proposition.

We, I don't think BASE is just going to sit on a marginally performing Snow forever and they will do what they think they need to do to make it more relevant to customers. I am confident that Netflix will launch at some point this year and there will be other over the top providers that probably that we haven't even anticipated and at the same time we are faced with generational change and change in consumer consumption of digital media.

So I think this industry generally if you are not moving ahead, if you are not growing and investing in the future, then you are going backwards because everything else is moving at a rate of knots so including consumers' expectations for both price value but also for consumer experience.

So yes, I think it is a constant challenge and I think more specifically we will see more options for consumers in our footprint than they have ever had before over the next three or four quarters. I still think we will win.

Usman Ghazi - *Berenberg Bank - Analyst*

Do you see a need to realign pricing or do you think that your price proposition is good at the moment again given all of the competition from OTT players and things like that?

John Porter - *Telenet Group Holding NV - CEO*

I think the one thing that I think I have learned in a year in Flanders is that it is a consumer market that will pay for quality but you can't bail them, you can't pretend that it is quality, you can say that it is quality and charge like it is quality and not deliver a real quality experience. So a lot of our investment and a lot of our focus is on an amazing customer experience. If it is at a slight premium to competition, I believe that in this market that as long as we deliver that sort of premium brand experience that people will stick with us and that has been the result so far because like you can see, churn across all categories is at an all-time low.

So we are I think on the right track. That being said, we need to continue to evaluate whether we should be more aggressive in the value end of the market and if we think we need to be, then we will be but right now we think we have all of the bases covered.

Usman Ghazi - *Berenberg Bank - Analyst*

Great, thank you very much. That is very clear and helpful. Thank you very much.

Operator

Antoine Pradayrol, Exane.

Antoine Pradayrol - *Exane BNP Paribas - Analyst*

Good afternoon, everyone. Just one big question and one small question please. On the small one just to clarify, can you tell us what is the impact of the price increase of first of February in terms of revenue trend that you would expect for Q2 maybe on your fixed line businesses? How big is it?

The second one, the bigger question, can you just come back on your latest thoughts on owning or not owning a mobile network, the benefits and the drawbacks given the fact that now you have got big critical size in mobile, how attractive -- what would be the benefits of owning a mobile operator?

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

On your first question, I will take that one. The impact from the price increase, you know we have put forth a 2% increase on all the fixed products so if you look at the entire customer base that we have including mobile and B2B, we expect that it will yield an improvement of between 1 percentage point and 1.5 percentage points in terms of topline growth. That is something that you can expect kicking in in full starting -- for the full second quarter basically.

Antoine Pradayrol - *Exane BNP Paribas - Analyst*

Thank you.

John Porter - *Telenet Group Holding NV - CEO*

And on the mobile network front, I think we are not under any illusion that we are -- running a mobile network is something that we have a long history in or a lot of experience. It is a challenging business to be in. Because of that, I think we prefer to have an optimal deep MVNO relationship with a win-win agreement where both parties feel like they are benefiting from the relationship. That is a hard thing to maintain but as long as we can maintain it, we are perfectly happy to do it.

In terms of -- there is probably more defensive reasons to own a mobile network then offensive ones and opportunistic ones and certainly there are synergies, substantial synergies involved, synergies available to a fixed line operator that aren't available to others, private equity or others coming in from other jurisdictions. So we think that we are probably a more natural owner of a network than other third parties.

But that being said, it is a big step and not something that we would go into lightly but if one of the operators -- if there was a process and if it was something that was going to happen one way or another like I said, I think we would be foolish not to be at the table and see if we could make it work. But once again, right now we like the situation that we are in. We are going to keep on plugging away.

Antoine Pradayrol - *Exane BNP Paribas - Analyst*

Thank you very much.

Operator

Matthijs Van Leijenhorst, Kepler Cheuvreux.

Matthijs Van Leijenhorst - *Kepler Capital Markets - Analyst*

Good afternoon. I have got only one question left. You used to report a slide which showed the evolution of Wi-Fi offloading. Can you provide some data points on that, how much of your data usage is for Wi-Fi, etc.?

THOMSON REUTERS

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Yes. We do it let's say now every now and then because it is quite I'd say some heavy work and analysis to perform that kind of chart. Basically you can consider that the evolution slightly improved towards a little bit more offloading than what we reported at I think a month and a half ago. So where we had about on the mobile utilization, so also including let's say laptops and tablets and smartphones, where about 80% was offloaded on the Homespots and Hotspots and if we do look at it from a smart phone and tablet perspective say excluding laptops, that was about 40%.

So that has moved let's say a little bit towards more offloading but again, we will provide that analysis maybe at a later occasion. But it should be broadly more or less in line with what we had before.

Matthijs Van Leijenhorst - *Kepler Capital Markets - Analyst*

So it is pretty stabilizing?

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

As I said, it is improving but we haven't done the analysis over the last month and a half so it is something that we try to do every six months because as I said, it is pretty intense to get the kind of data out of the systems.

John Porter - *Telenet Group Holding NV - CEO*

We expect there to be a substantial inflection point when we implement the EAP SIM at the end of this year. So I mean it is just going to incrementalize until then because once we make -- we have authentication for smartphones, it will be a vast improvement in the offloading so we will get a little bit more granular on it at that point.

Matthijs Van Leijenhorst - *Kepler Capital Markets - Analyst*

Got it. Thank you.

Operator

Emmanuel Carlier, ING.

Emmanuel Carlier - *ING Financial Market - Analyst*

Good afternoon. I actually still have three questions, two small ones. First of all, could you provide the level of the handset subsidies across incremental-- no not incremental but lower versus previous year?

Secondly, in your guidance, could you provide the kind of indication on what you expect for handset sales because I understand also from your peers that handset sales are coming down quite substantially?

Thirdly, if I look at your sales growth momentum over the last years on average, you had some 8% growth. 2014 will probably be at around 6%. Do you believe you have enough organic sales growth plans to accelerate growth again or do you really believe that to do so you would have to pursue any kind of acquisition? Thank you.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Yes, the handset impact on the top line, so if we compared it year-to-year it was about EUR6 million that we generated less revenue on that one and that is basically because we are hardly making any margin on this. That is about the same in terms of cost wise.

In terms of guidance, well, of course there is a lot of elements in there so let's say want to get us into the granular details of what is embedded in the guidance in terms of how many handset sales and what is the percentage I think. We just say reconfirm it as it is and at least it has some runway for us, I need to do some stuff (inaudible) on many fronts and I think Birgit will walk through the --.

Birgit Conix - *Telenet Group Holding NV - CFO*

So if you look at the indeed the lower growth rate in the revenue for the first quarter, there are a couple of elements which you -- and I will do this top of mind but -- so relative to the first quarter, we expect our topline growth rate to improve because the full effect of the February price increase will be included. So let's think that could generate another like 1% to 1.5% on top of what you see now.

Also we have lower price promotions in the second quarter and thereafter so that could bring like another 1% so there you already have 2.5%.

And then we had, as we said earlier, we had very high standalone handset sales in the first quarter of 2013. So there you see the decrease but as of the second quarter, as we said earlier, this appears in 2013 so there you could easily add another let's say 1.5%. So you are at 4%, if I am calculating correctly.

And then of course, you have also renewed mobile offers like Supersize King, renewed Kong and 4G that we can add which will drive also further organic growth and also our content packages Rex and Rio. So there then if we look at all these different elements, you can reconfirm the revenue guidance for the full year.

Emmanuel Carlier - *ING Financial Market - Analyst*

Okay, thank you.

John Porter - *Telenet Group Holding NV - CEO*

All right. Before we sign off, I would like to take this opportunity to thank my right-hand man, Vincent Bruyneel, who has been kicked upstairs to Liberty Global as the Senior Vice President of Strategy, Business Development, Planning, everything else. He will be sorely missed. He has done a great job here at Telenet for the last decade and particularly when it comes to you guys in relation to obviously investor relations and from my standpoint, strategy has been outstanding and he will be missed.

But we will still have him just down the road in Amsterdam supporting us on any number of fronts. And the worst thing about it is that now I'm going to have to bone up on all of those mobile statistics myself for these calls.

Anyway. Thanks, Vince, and good luck.

Vincent Bruyneel - *Telenet Group Holding NV - SVP, Strategy, IR, Corporate Communications*

Thank you, John. I would also like to say that I am very proud I was able to be part of this quite unique success story and given the past 10 years but I think also my new role I'm very pleased that I will remain involved in Telenet strategy and that of course on the IR side, that Birgit, Rob and Thomas will continue the great relationships with the investor community.

And of course, I also want to say John and the entire management team a lot of success in the next wave of Telenet's growth story and of course I particularly want to thank the investors, analysts and brokers for the great cooperation, support and trust over the last seven years. Thanks and goodbye.