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PRESENTATION

Operator

Good day and welcome to the Telenet FY 2014 conference call.

Today's conference is being recorded.

At this time, I would like to turn the conference over to Rob Goyens. Please go ahead, sir.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

Yes, thank you, operator. Ladies and gentlemen, on behalf of the Telenet Investor Relations team, Thomas and I would like to welcome everybody to our investor and analyst call for the full year 2014.

I trust you all received our earnings release this morning, and are able to download the PowerPoint presentation from our Investor Relations website that will be used for this earnings call, and to join the online webcast.

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

Let me now briefly introduce today's speakers. First up we have John Porter, our CEO, who will provide an executive overview of our main achievements during the year. He will highlight the various product innovations and enhancements we have brought to our customers, and present the main developments for us as a company.

After John's executive summary, we welcome Micha Berger, our CTO, who will share some interesting insights on the expected capacity trends in our network, and our WiFi offloading capabilities. As I'm sure you are aware, this is one of the most debated topics within the cable industry currently, so, we're glad to have Micha on board to give a flavor of what technology can do for us, going forward.

Next, I will briefly walk you through our operational performance for the quarter. Afterwards, Birgit Conix, our CFO, will guide you through our financial results, and present the outlook for the full year 2015. Finally, John will wrap up the formal part of this earnings call with a few concluding statements.

After the formal presentation, we will open it up for Q&A.

So, John, the floor is yours.

John Porter - ***Telenet Group Holding N.V. - CEO***

Thank you, Rob, and welcome, everyone. I'm going to kick off by giving a perspective on the value that we added for our -- both our consumer markets and our business customers in 2014, as well as some of the initiatives which set ourselves up for a sustainable future.

First of all, as you can see in this slide, we were true to our brand values of simple, transparent, future-proof, and customer first, and we think we delivered a great result for our customers in that regard.

Teeing off with mobile, we started the year with the launch of King Supersize, and the turn-on of our 4G network. King Supersize has been routinely acknowledged as the best value offer in the market, certainly for customers who are consuming data through smartphones. It represents a tremendous value at EUR20, with double the specs of the just King offer.

In parallel, the launch of our 4G services at no additional charge to our customers has really accelerated the consumption of data over the mobile network, and you will hear more about that from Micha a little bit later.

Smartphone penetration itself has doubled in our footprint over the last two years. So, we are right on trend with these initiatives.

In order to get our -- have our customers get more value out of their mobile subscription, we have launched the EAP or extended authentication protocol in Belgium, which allows a single authentication for our customers to seamlessly offload their data usage or even voice over IP on to WiFi. This allows customers to lower their usage charges to their mobile carrier, whether it's Telenet or any other carrier.

It's a strong initiative, which will become even stronger as we move to the next phase of the EAP SIM, which will enable us to download this protocol on to all the SIMs in our network.

Moving to broadband on the next slide, we did announce spec increases. Moving the top of our broadband speed offer to 160 megabits per second has raised the average download speed to 82.6 megabits per second, an increase of 92%. It is a substantial increase, which is creating an outstanding customer experience, no matter how many devices or how much video is being streamed into the home or even outside the home over our Yelo TV offer.

We also -- no, on to the next slide, we have an example of something which we've discussed with the market and with our minister just a few weeks ago, something that we call the Customer Surplus. It shows the evolution of data consumption and time spent utilizing our services, and number of devices over the past four years.

1.5 to 2 times more minutes, unlimited SMS, 7 times faster data, many, many more devices, and 4 to 7 times more value for money, overall, is being delivered by the telecoms market to its customers. This is what we -- like I said -- what we call the Customer Surplus.

During that period of time, average prices have increased more or less consistently with the rate of inflation. It's critical that we continue to maintain this surplus, and, as you'll see, the level of -- the speed at which data consumption is increasing requires a substantial amount of capital investment to stay ahead and deliver great customer experience.

Our investment in the "De Grote Netwerf" will ensure, or the 1 gig network, will ensure that we do stay ahead of this increasing rate of consumption. It's EUR500 million over the next four to five years, which will deliver bandwidth capacity from 600 meg up to 1 gig. This will enable speeds of 1 gigabit per second, at least, with the ability to expand even more in the future as technology evolves.

So, we feel very comfortable that we've put some stakes down in the connectivity area, but at the end of the day, it's really about what people can do with this connection, and how they entertain themselves and the level of emotional connection they feel with our Company through these services.

We made an important step on that in 2014 by renegotiating the Jupiler Pro League rights on a non-exclusive basis, bringing the product to more people throughout Belgium, and delivering the best possible result for the Pro League. This has been very successful for us, and subscriptions to our Sporting Telenet service are at an all-time high.

In 2010, we were market leaders and innovators on TV Everywhere with our Yelo TV platform. Late last year, we completely overhauled our Yelo TV platform to deliver improved smart search, a recommendation engine, a new user interface, and Swipe TV and catch-up.

These services, combined with what you see on the next slide, Play and Play More, which are completely revamped subscription video on demand offerings, are, we think, the best of breed. We have first pay window with virtually all of the studios, and we have a market-leading deal with HBO, where we are the "Home of HBO", and we are getting an enormous amount of product, international product, day and date, from the US and the UK.

We've married that with a great offer -- offering of local content, not just through the broadcasters and libraries, but through their replay TV, and the marriage of both international and local content is delivering a product at EUR10 that we think will have real mass-market-penetration potential.

In addition to our product initiatives, as you can see on slide 15, we've been very focused on the customer care and the customer experience. We launched the Telenet Support App for our residential customers, and we introduced a personalized help line of dedicated advisors for our B2B customers. It's quite innovative in that you can select your advisor and stay with that same advisor for the life of your agreement with Telenet.

Probably the biggest initiative that we've made in this area over the last few years is something we're calling the Yellow House. Given the trends, which Micha will talk about, in terms of fixed mobile convergence between WiFi and mobile networks, it's imperative that our WiFi networks are delivering a ubiquitous service in our customers' homes.

In addition, customers deserve to have the latest equipment, and to have a full understanding of all of the range of services that are available to them to optimize their relationship with Telenet. To that end, we have set ourselves a goal of visiting virtually all of our customers over the next two or three years at a run rate of about 500 visits per day. We have staffed up to accommodate that, and having already visited 60,000 customers, we know that the NPS or the customer satisfaction goes through the roof after these visits, and customers are, then, much more inclined to acquire more service from us. These visits are free of charge to the customer, but our belief is that they're delivering a fantastic return on investment for us.

So, before I hand it over to Micha, let me just talk about some other corporate activity that underpinned our success in 2014. In June, we announced our acquisition of 50% of De Vijver Media. We are very close to closing that acquisition. The key assets within De Vijver Media are SBS Belgium, the second commercial broadcaster in the Dutch-speaking part of Belgium, and Woestijnvis, an iconic content production house.

We are -- we expect to have competition approval to move forward on that transaction over the next few weeks, and we have many ideas on how to deliver real synergies into our content offering, as well as into the core business of VIER, the SBS channels.

Telenet is a very active and engaged social partner in the communities that we serve, and we have many, many programs and things that we support, but we've highlighted one, which is Telenet Idealabs, which is our branded accelerator out of Antwerp, which supports start-up ideas through seed funding, mentoring, creative workplace, and professional services.

I think four months ago we had 405 applicants for an initial round of funding to kick of their business plans. We awarded 10 seed start-ups, and we have just gone through a second phase to identify, from those 10, the companies that we want to support in the next round of funding.

This is an initiative that's gotten a huge amount of visibility, and is underpinning a strong desire within our communities to both support entrepreneurship, but also to retain young people and business ideas here in Belgium.

Finally, we have, for the third year in a row, been the global industry group leader for the Dow Jones sustainability index. In fact, we were the only person within our -- only company within our group to be awarded a top gold class rating in "The Sustainability Yearbook".

Sustainability is about a whole range of things, including our environmental footprint, innovation, engagement with the community, governance practices, et cetera, and is a real recognition of the quality in which Telenet engages with its external stakeholders.

Finally, I'd just like to point out that we are -- we're quite pleased with our results in 2014. It was a year of consolidation. We think we have set ourselves up for continued growth, as we look forward, which we'll talk about a little bit later, but, fundamentally, we have reached our guidance objectives, 4% to 5% on revenue. We're at the low end, but there was some -- of 4%, but there were some conscious decisions relative to ceasing the outright sale of handsets, and a couple of other things which Birgit will mention, which resulted in finishing on the lower end.

Outperformed on the Adjusted EBITDA growth, at 6.8%. Accrued Capex right on target at 21%, and Free Cash Flow right on target.

So, another year for the Company on the financial front, but I think more importantly with a lot of product initiatives and network investment we've positioned ourselves, once again, for a market-leading relationship with our customers, as we move forward.

So, with that, I'll hand it over to Micha to provide more depth and breadth of knowledge about the technology and the network that supports our growth objectives.

Micha Berger - ***Telenet Group Holding N.V. - CTO***

Yes, good afternoon. I will give a little bit of a flavor of what we've been doing on the network, or what we see in terms of the network growth and our network investments, in order to support the overall Telenet products, and also to ensure that we provide the quality and the great customer experience that is in our objectives.

One thing we always monitor, and we try to look at the past in order to understand what will happen in the future in terms of the network traffic, and the evolving customer behavior with the different devices that are expanding in our market. One thing that we do see is on the network traffic overall, we expect a growth, a CAGR growth, of 43% year on year when we look at total Internet traffic.

Of this, there is a substantial amount that we see going into video, and, of course, the rest is still related to data. Video consumption is something that we foresee growing throughout the years. If it's video consumption of ours, or other providers, it's something that we need to cater for in our -- in the best quality in terms of our network capabilities.

Another thing that is interesting that we -- that we can see is that we see many more devices per household, connected either simultaneously or not, but more than 50% of our customers have more than 5 Internet devices connected in their home, and if you take a look to the right of the chart, it's more than 15% of our customers have more than 10 devices.

We believe that this is going to grow, also, with the Internet of Things. We need to cater for that, and we need to be prepared, going into the future, to -- in terms of network quality and network capacity. The "Grote Netwerf" that John mentioned before, the network expansion to 1 gigahertz, allowing multiple gigabits per second of service to our customer, is an important part to serve this.

So, moving from the fixed, and moving to the next slide, looking at the mobile network, we see an evolution, also, of growth in traffic on mobile. One thing is -- that we see interesting is that we see a substitution of 3G into 4G, and, in January, just in January, we see 40% of our traffic moving -- going through 4G on our network, and substituting 3G, meaning that we have more smartphone 4G-capable devices in our network.

We see also growth in the total traffic on the network, which we also see offloaded more and more on to WiFree home spots and hot spots. On the right hand side, on the pie chart, you can see that of Telenet households that have a mobile device that are entitled to WiFree more than 50% of them already offload their traffic on to our WiFree zones.

Of those customers that actually use the WiFree zones, we can actually see that even their -- their move into WiFi is even more aggressive, and more than 72% of them actually offload their traffic, meaning that there is a growth opportunity also going forward that we believe in, and we believe that it's an investment that we're going to continue to do, and find the right locations to put more WiFi so customers can actually offload their traffic, which is good for them, good for us, and if we do it in the right way like we're doing with EAP now, and going forward with EAP SIM, it will happen seamlessly, and customers will just offload without noticing, even.

All in all, in the total picture, this is the "Grote Netwerf", the big network message we're trying to bring is that we're investing in HFC, we're investing in the Yellow House, like John said, which is network in the home, bring the best customer experience in the home, but also investing in our mobile 4G, but also in the WiFi access points where customers can enjoy WiFi, not only in the home, but also outside the home.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

Okay, thank you, Micha. In the meantime, let's move over now to our operational performance for the fourth quarter.

On slide number 26, you can actually see a snapshot of our performance in terms of multiple play. In the fourth quarter, we added nearly 22,000 triple-play customers, which we see as a solid achievement, despite the intensely competitive environment we're operating in. Besides, the progress in our triple-play penetration is indicative of the continued traction for our Whop and Whoppa bundles, which we launched in June 2013.

At this moment, we have almost 1.05 million triple-play customers, and this was up 10% compared to the fourth quarter of 2013. As you can see on the top right hand of the slide, we now have around 51% of our customers subscribing to all three fixed services of broadband Internet, digital TV, and fixed telephony, compared to around 46% a year ago.

Going forward, we remained focused on cross-selling the remaining 21% of single-play customers to any of our attractive multiple-play bundles, so, they can take full advantage of the digital lifestyle.

Finally, on the bottom end of the slide, the ARPU per customer relationship, which, as a reminder, excludes the revenue generated by our Whoppa customers, came in just above EUR50 for the fourth quarter, and was up 3% year on year.

Let's focus now on the individual products and services we offer, starting with broadband Internet on slide 27. As you can see in the middle chart, we added nearly 18,000 net broadband Internet customers in the fourth quarter. This was slightly lower compared to the prior quarter, when our net subscriber growth was favorably impacted by the phasing out of our legacy SD video platform, and we also had lower intake of customers compared to last year, when we still enjoyed the early benefits of our revamped bundles.

Taking into account the competitive environment, however, we believe that our Q4 achievement still represents a solid result. As John mentioned earlier in the call, we have increased data download speeds for our customers, with the average download speed now coming in at 83 megabits per second, and there is more to come, thanks to our carefully planned "Grote Netwerf" investment program.

Hence, we make sure that consumers, businesses, and governments in Flanders can fully benefit from one of the most advanced fixed networks in Europe.

As for churn, there was only a minor seasonal uptick in the year-end quarter. With a 7.4% in the fourth quarter, I'm sure you will agree that annualized churn remains well under control.

On the next slide you see the sound progress we have made over the last quarters in terms of fixed telephony penetration. Nearly 40% of homes passed are now being connected to fixed telephony. This translates into 1.1 million RGUs, which was up 8%, year on year.

In terms of net adds in the fourth quarter, in the middle end of the page, we roughly see the same trend as for broadband a few minutes ago, which means that also here growth rates came in somewhat lower than compared to previous quarters.

Still, when you look at the rate of net additions for fixed telephony, you will see that they continue to outpace the number of broadband net adds, telling you that under the line, we continue to do well in terms of triple-play conversion.

Annualized churn in the fourth quarter for fixed telephony ticked up, and this was due to the competitive environment, but also the ongoing substitution from reduced mobile prices.

Speaking of mobile, on slide 29, here you can see that we almost ended 2014 with 900,000 subscribers, with the number of subscribers being up 19% year on year. As a reminder, these are all postpaid subscribers, with the vast majority being active cable companies in our Flemish and Brussels footprint.

To date, around 20% of our cable customers take mobile services from us, showing you the direct ample growth opportunity, which is still ahead of us. Thanks to last year's product improvements, including the launch of King Supersize and 4G services, and especially the untapped WiFi offloading capabilities we still have ahead of us, we believe to be well positioned for the future.

As Micha explained earlier, thanks to our broad WiFi coverage, our customers can enjoy a seamless, super-fast mobile data experience at no incremental cost, while also, for us as a company, the cost levers are important.

As you have seen from this morning's release, we added 26,000 net mobile postpaid subscribers in the fourth quarter. This was lower compared to Q2 and Q3, when we just launched our King Supersize product. In addition, it's fair to say that competition in the Belgian mobile market heated up substantially in the fourth quarter, which was characterized by aggressive handset subsidies, and temporary promos offered by some of our direct competitors.

But, again, as we mentioned earlier, we are well prepared for the future, as our King Supersize product remains the best value for money in the mid-market segment, priced at EUR20.

Let's have a look now at our digital TV performance at slide 30. You will see that subscriber growth in the fourth quarter came in lower compared to the preceding quarter. This was due to the fact that in the third quarter we benefited from the phasing out of our legacy SD video platform.

The important message on the slide is that, at this moment, 83% of our basic cable TV customers have already converted to the higher ARPU digital TV platform. But also here, we still see ample growth opportunities ahead of us, not only by converting the remaining 17% of analog subscribers to digital, but especially because of our increased efforts in the TV market, as John mentioned earlier, which is, of course, both to the launch of our new Yelo TV user interface and the enriched content features, but, more specifically, thanks to the recent launch of our subscription VOD packages, Play, and Play More.

Priced at EUR10 per month, we believe that Play represents an attractive entry point for customers who want to take full control of what, when, and how they consume TV. At the end of last year, we had over 150,000 subscribers to our subscription VOD packages, with a growth of slightly less than 20%, quarter on quarter.

Moving over to basic cable TV now on slide 31, you can see on the left-hand chart that we lost just above 7,000 basic cable TV subscribers in the fourth quarter. If you compare that to the average churn we incurred in the first nine months of 2014, this was slightly higher. This is indicative of the competitive market we're operating in and, of course, the availability of other digital platforms, and also other OTT providers.

On the right-hand side, you see the evolution in our basic cable TV revenue, but Birgit will come back on this during her presentation.

To conclude the operational review, I would like to spend a few minutes on our performance in the B2B market. Revenue for the full year was up an impressive 6% to almost EUR97 million, as you can see on the left-hand chart. As you know, the revenue we report excludes the revenue which is generated by our business customers on the coax infrastructure, because this revenue is reported under one of the residential revenue lines.

Our revenue growth in the period was driven by higher fixed voice revenue, as continued pricing pressure in this segment was more than offset by the success we achieved in the ISDN segment, essentially by launching a new, promising profit feature for SOHO and SME customers.

We also saw higher revenue coming from wholesale and backhauling revenue from mobile, and also the security business did well, offsetting the lower revenue from leased data lines, and hosting services.

On the next slide, you can also see that we took some promising initiatives in the B2B business. For example, we recently launched our Mobile Employee Plan, which allows employers to offer their employees mobile telephony in an easy, transparent, and flexible way.

We are also introducing Nexus, which is a footprint expansion project in existing and greenfield business parks. Under this project, we have already connected 24 new business parks into 2014, and will continue to connect an increasing number of business parks going forward.

Let me now hand over to Birgit for the financial part of the presentation.

Birgit Conix - ***Telenet Group Holding N.V. - CFO***

Thank you, Rob. As John indicated in the beginning of this call, Telenet can, indeed, look back at an exciting year, characterized by solid operational trends, which have resulted into healthy organic financial growth, despite the intensely competitive environment we are operating in, and some of the revenue headwinds we have told you about at previous occasions.

For the full year 2014 we generated revenue of EUR1.7 billion, which was up 4% compared to 2013, and hence coming in at the low end of our full-year outlook of 4% to 5%.

As cited in previous earnings calls, our revenue performance was impacted by three main elements. Firstly, we recorded nearly EUR9 million lower revenue from the sale of stand-alone handsets, on which we generally earn a small margin. Secondly, we incurred a EUR6 million decrease in analog carriage fees as a result of new media partnerships amongst others, and, thirdly, we saw lower usage-related revenue for both our fixed and mobile telephony businesses.

As you can see on the right-hand chart, our revenue growth rate, excluding both the revenue from stand-alone handsets and analog carriage fees, would have been better at roughly 5% for the full year.

For the fourth quarter of 2014, we achieved revenue of EUR436 million, up 4%, year on year. Compared to the third quarter, our revenue growth rate slightly contracted as a result of relatively low net subscriber additions, and as the prior quarter benefited from the phasing out of our legacy SD video platform, when we generated higher revenue from the sale of set-top boxes.

The next slide zooms in on our revenue performance for the year. Generally, the 4% revenue growth we achieved for the full year, was driven by a few key areas. Firstly, we saw a solid increase in multiple-play subscribers, up 10%, year on year. Secondly, our revenue also benefited from certain selective price increases on our fixed connectivity products, and thirdly, our mobile revenue was up 8% for the full year, driven by an almost 20% increase in mobile postpaid subscribers.

This increase more than offset the decrease in our mobile ARPU, as a result of bundle discount allocation via the adoption of mobile data services at the expense of SMS traffic, and generally lower out-of-bundle revenue.

Finally, we achieved a 6% growth in our B2B revenue, as Rob mentioned earlier.

On the TV side, you see, on the one hand, a 2% revenue increase for our basic cable TV activities as a result of increased copyright fees offsetting the negative impact from an average lower subscriber base.

As a reminder, these copyrights are passed on to the broadcasters or copyright collection agencies, and, therefore, the increase did not contribute to our Adjusted EBITDA growth.

Our premium cable TV revenue, on the other hand, showed a slight revenue decrease, as higher set-top box rental revenue and higher subscription revenue for our thematic packages was more than offset by a change in discount allocation within the triple-play bundle.

As John mentioned before, we are upbeat about the recent launch of Play and Play More, and believe our premium cable TV revenue growth rate will improve in 2015 compared to '14.

Finally, the distributers/other revenue you see in the chart, which I previously touched upon in the beginning of the presentation, was down 15% year on year due to both substantially lower revenue from the sale of the stand-alone handsets, and also the lower analog carriage fees.

Let's have a look at our operating expenses on slide 32. So, for the record, these exclude depreciation and amortization expenses, share-based compensation, and restructuring expenses. Compared to the full year 2013, our operating expenses remained broadly stable in 2014, and included a non-recurring benefit of EUR13 million related to the settlement of certain operational contingencies. Excluding the benefit, our operating expenses would have increased with 3%.

Our advertising sales and marketing expenses were down 8% or EUR6 million for the full year. Broadly stable advertising and marketing expenses relative to 2013 were more than offset by lower costs related to outbound direct sales and lower sales commissions, which are now classified under the other category.

Our network operating and service costs, which include all of our direct expenses, such as call center costs, handset sales, and subsidy costs, interconnection, copyright, and content costs, were up nearly EUR17 million compared to last year, if you correct for the non-recurring benefit. This increase in our network operating and service costs was driven by four main items.

Firstly, we incurred 21% higher handset-subsidy-related expenses for the full year 2014 compared to the year before, with increased activity in the year-end quarter, which was characterized by a tougher competitive environment in mobile, as Rob also mentioned earlier.

Secondly, interconnection expenses for the full year 2014 were up 13% year on year, as a result of the continued growth in both our fixed and mobile subscriber bases.

Thirdly, we incurred higher copyright costs following the rate adjustment I referred to earlier, and finally, we saw higher content costs following new media partnerships, and additional output deals, including the Home of HBO.

This brings me to Adjusted EBITDA on slide 33. For the full year, we generated EUR900 million of Adjusted EBITDA, which was up 7% compared to 2013, and comfortable ahead of our full-year outlook of 5% to 6%. For the full year 2014, we achieved an underlying Adjusted EBITDA margin of nearly 53%, compared to slightly over 51% in 2013. As mentioned before, our Adjusted EBITDA in 2014 included a non-recurring EUR13 million benefit.

Despite a relatively bigger weight of lower-margin mobile and premium content revenue in our overall revenue mix, and also, obviously, excluding the aforementioned benefit, our underlying margin improved 70 basis points on a like-for-like basis.

This reflects, on the one hand, increased efficiencies as a result of triple-play growth, and our continued focus on controlling of our overhead expenses, which will allow us to continue to invest in both our products and service offering in 2015 and beyond.

In the fourth quarter, our Adjusted EBITDA margin shows an anticipated contraction compared to prior quarters, as a result of higher commercial expenses, including higher handset-subsidy-related expenses and the intensely competitive environment. Overall, we ended the quarter with EUR213 million of Adjusted EBITDA, up 3% year on year.

Flipping over to our accrued capital expenditures now on the next slide, these amounted to EUR387 million for 2014, and were up 4% compared to last year, representing around 23% of our revenue.

Excluding the impact from the renewal of the Belgian football broadcasting rights in July 2014, our accrued capital expenditures reached about 21% of our overall revenue, which was in line with our full-year outlook.

On the right-hand chart, you can see that we have consistently invested more in our network, customers, product and service offerings than any of our direct competitors in both mobile and fixed. Besides through our planned EUR500 million network investment program "De Grote Netwerf", we will continue to substantially invest in our network within the next five years, boosting the digital economy in Flanders, and bringing truly high speeds to consumers, businesses, and governments. Hence, we believe to be ideally positioned for the future.

All of these targeted investments will be carefully managed within our existing capex portfolio, since we manage our capital resources to make sure they generate incremental return.

The next slide shows you the progress we have made in terms of Free Cash Flow, which was up 11% for the year compared to 2013 to EUR235 million. The robust growth in our Free Cash Flow was directly driven by an improved operational performance and slightly lower cash interest expenses, despite higher cash tax expenses and cash payments related to the settlement of certain operational contingencies.

In Q4, we generated Free Cash Flow of EUR26 million, which was substantially lower compared to the fourth quarter of last year on the back of a temporary negative trend in our working capital, which we anticipate to revert in the first quarter, and higher cash tax expenses, as mentioned a few seconds ago.

Slide 36 pictures the evolution in our net leverage ratio, which is defined as net total debt over consolidated annualized EBITDA. You can find an in-depth calculation of this ratio in our investor and analyst toolkit, which is available in the results center of our investor website.

At the end of December 2014, our net leverage ratio reached 3.7 times, which compares favorably to the level of 4 times at the end of 2013. This year-on-year decrease primarily reflects the absence of major shareholder disbursements, except, then, for the EUR50 million share buyback program that we conducted in the first quarter of last year, and solid growth in our consolidated annualized EBITDA.

Compared to the prior quarter, our net leverage ratio moved up slightly on the back of a lower EBITDA contribution in Q4 compared to prior quarters, due to higher commercial expenses and the intensely competitive environment, as mentioned earlier.

Our current leverage ratio remains well below our covenants, at 6 times, and the availability test, at 5 times. Together with the EUR323 million undrawn and fully committed revolving facility, this provides for ample cash flow flexibility.

Let me now, briefly, walk you through our full-year 2015 outlook. Taking the current economic and intensely competitive environment into account, we target revenue growth of between 4% to 5% in 2015. Our revenue growth is expected to be driven by a higher contribution from our entertainment and mobile businesses, continued growth for our B2B activities, and a generally higher contribution from our fixed connectivity business, including the benefit of rate adjustments for certain fixed services as of February 2015.

The growth in our Adjusted EBITDA in 2015 will be impacted by higher investments in our lower-margin premium content and entertainment platform, and our focus on improving in-home connectivity for our customers, while our Adjusted EBITDA was favorably impacted by a non-recurring EUR12.5 million in 2014.

As a result, we target Adjusted EBITDA growth of around 4% for 2015. Excluding the aforementioned non-recurring benefit in full-year 2014, the underlying growth rate in Adjusted EBITDA would be around 1.5% higher on a like-for-like basis.

Accrued capital expenditures, excluding the impact from the renewal of the Belgian football broadcasting rights, are estimated to represent around 21% of our revenue, and include higher investments in our HFC network, as part of our "Grote Netwerf" investment program, as announced in August last year.

Finally, we see Free Cash Flow in the EUR240 million to EUR250 million range, as a result of solid underlying growth in our Adjusted EBITDA, a continuation of our working capital improvements, and lower cash interest expenses as a result of our optimized derivatives portfolio. This represents a solid improvement versus the achieved Free Cash Flow in 2014, despite substantially higher cash tax expenses in 2015.

Finally, as I'm sure you've seen from today's announcement, the Board of Directors has authorized a EUR50 million share buyback program, effective today. Within the next six months, we intend to repurchase up to 1.1 million shares for a total consideration of EUR50 million. We will regularly update you as the buyback progresses, through our press releases, and investor website.

And with that, let me hand back to John for a few concluding remarks.

John Porter - ***Telenet Group Holding N.V. - CEO***

Thank you, Birgit. Let me wrap up the presentation by summarizing how significant investments in our products, customers, and network in 2014 will position us for a healthy 2015 and beyond.

The growth in our consumer business will come out of our entertainment products, first and foremost. The combination of an outstanding international and local library with revamped Yelo TV and state-of-the-art TV anywhere features and functionality, is going to deliver a continual growth and improvement in the premium entertainment space for us.

We are undertaking similar initiatives around our sporting offer, which will be announced at the start of the new football season in July.

In addition, in mobile, we will continue to grow on the back of substantial best-in-market offerings in King Supersize and Kong. Features and functionality, like WiFi handoff, 4G, and EAP SIM, and our continued expansion of our WiFree and home spots and hot spots will provide, we think, best-in-class customer experience in mobile.

We will also monetize the over 130,000 net adds from 2014 in our 2015 results.

There's been an enormous amount of work done on Telenet for Business. We have, historically, done well in the SOHO and MLE ends of the market, but we're still very much a challenger in terms of market share. We have overhauled our product portfolio to offer additional value-added services and an enhanced mobile plan for small and medium enterprise, and combining that with our capital initiative within Nexus of expanding into many, many more business parks and industrial areas, and we expect to have a big year in TFB.

Triple-play penetration will continue to improve, as we build more and more value in Whoppa and Whop, and we expect to derive benefits from that, as well.

On the cost front, I think in 2014, we took the first steps of driving even more operating leverage into the business. There will be, in 2015, an increased focus on that operating leverage as we have quite a stable environment with best practice low churn, and a well established product portfolio.

So, we're optimistic about 2015, and the growth that we can expect.

So, with that, it wraps up the formal part of the presentation, and we will now hand over to the operator to manage Q&A.

QUESTION AND ANSWER

Operator

Thank you. (Operator Instructions). And now we will take the first question coming from Joshua Mills from Goldman Sachs. Please go ahead. Your line is open.

Joshua Mills - ***Goldman Sachs - Analyst***

Hi, there. Thanks very much for taking the question. Just on the mobile slowdown this quarter, it sounds like Proximus, in particular, has been quite promotional. But back in October you reiterated your EBITDA guidance, which you've subsequently beaten.

Was that in anticipation of an even greater competitive response than the one you've seen? And, if so, is it the case that that competition, maybe, has been delayed into the first part of this year?

And just a second question on the fixed side, the churn trend picked up a little bit going into the fourth quarter here, but the price announcement, I believe, came in December. So, has there been any material change in your churn levels following that? I know there's been some push-back on social media in Belgium, but I'd be interested to hear your views around that.

Thank you.

John Porter - ***Telenet Group Holding N.V. - CEO***

Sure. I'll handle these. On the competitive environment in Q4, we did see a heightened competitive response. As you can see, we had a very successful Q3 on the back of our -- on our focus on the subsidized handsets out of the Apple range, delivering some really, really good net results.

There was a substantial competitive response from our competitors in the mobile space, as well as significant euros being spent against Proximus rebranding. In that environment, we were reasonably happy with the result, but you're correct to point out that there is a huge amount of variable cost involved in acquiring mobile customers, particularly in a handset-subsidy context, and actually gaining less customers is EBITDA accretive for us in that particular period.

So, that may have had something to do with it. Yes, we did, probably, pull back a little bit, given the amount of noise in the market leading up to Christmas.

On the churn front, there is, certainly, seasonal churn at the end of the year and the beginning of the new year. I can say that churn is meeting our expectation -- met our expectation for the end of the year, and is beating our expectation for the beginning of the year.

So, you're correct to point out that there was an organized social media event in which someone tried to organize a group purchase program, and that got a lot of attention on to Telenet's rate adjustment. This has created, I would say, more customer bill optimization than it has actual churn.

So, certainly customers who are sensitive about the increase in price have been led to alternatives where they could, essentially, save money on their bill, and we do believe that we're basically through that period, that the group's offer has been made and really don't have a big impact, and it's back to business as usual, as we speak.

Joshua Mills - ***Goldman Sachs - Analyst***

That's very clear. Perhaps if I could just ask one follow up. On slide 24, I think it's a fairly comprehensive breakdown of your WiFi offload capabilities today. I just wondered if you had any update on where your mobile-only margins are now versus, I think it was 25% to 30% that's been talked about in the past, and whether that changes as you begin to face a high data usage amongst your existing customer base? Thank you.

John Porter - ***Telenet Group Holding N.V. - CEO***

So, it's -- no, I mean, the margins today are in the range that you mentioned. The -- but it is with -- I mean, you saw the statistics that Micha put up. Mobile data CAGR is 50%-plus.

But with our ability to increase offload through the EAP and the EAP SIM and the continued rollout of home spots and hot spots, as well as just general consumer desire and willingness to offload, as well as, ultimately, sort of more WiFi-first functionality and these types of things. We hope to slow down any margin attrition because of the continued growth in data, although that is a -- that's a major area of focus for us, and could be a major concern if we don't do -- if we don't manage the offload environment, but more in the sort of 2017-'18 timeframe.

Joshua Mills - ***Goldman Sachs - Analyst***

Clear. Thank you.

Operator

Thank you. We will now take the next question coming from Reuben Devos from KBC Securities. Please go ahead. Your line is open.

Reuben Devos - ***KBC Securities - Analyst***

Yes, good afternoon. Two questions from my side. In the press release, I did not find any wording related to possible dividends or capital reductions as you have done so in the past. Can we assume that the future cash returns will consistently be in the form of share buyback programs, instead of dividends? And how should we understand the rationale of a EUR50 million share buyback program, bearing in mind you've got quite some headroom on the balance sheet?

And my second question, in the aftermath of your bundle price increases, the Belgian Minister of Telecom, Alexander De Croo, mentioned that he was working on a plan to offer cheaper bundle pricing. He was also working on a plan to sensitize customers to compare prices. Hence, the BIPT started a review of its cable wholesale pricing.

So, I was wondering if you could shed some light on the fixed pricing commissions in Belgium and what your view is on these developments?

Thank you.

John Porter - ***Telenet Group Holding N.V. - CEO***

Sure. The dividend -- cash -- capital management is an easy one. The Board did not take any decision on capital management at its most recent Board meeting, but it will reconsider its position at the half year. Don't assume that the only form of capital management is buybacks. I think history is the best guide to the Board's motivation, which is not to have a lazy balance sheet, to consider accretive M&A, and to take a sort of deliberate approach to capital management in the context of what is a pretty active sort of corporate environment.

In terms of pricing, yes, we took a what amounted to a -- for our Whop and Whoppa triple-play customers an average of a 4% rate increase. At the end of the day, it represents 2% of our total revenue, and we do feel that with the exception of the social media and the group's offer that we are emerging from that in a relatively good space.

The, probably, takeaway from that and lesson learned is that we need to do a much, much more proactive and better job of communicating the real cost/benefits that we're delivering to our customers throughout the year.

As you can see, we took our core premium entertainment product from EUR15 to EUR10. That was the Rex product to Play. We have delivered -- we raised the specs in mobile and fixed, so there's less out-of-bundle revenue, so, essentially, saved a lot of customers money there. Our Triiing app saves customers roaming expenses as they travel around Europe.

So, we are delivering a lot of cost savings to our customers, and, as I pointed out in the one slide from the Arthur D. Little study, we're delivering 4 to 7 times more value to customers because of the amount of their usage, et cetera, over the last four years.

The real initiatives of the Minister, we already have a, obviously, quite a bit of consumer protection around telecoms in Belgium. There is pricing comparison mechanisms, and it's happening all the time, from the previous administration. The Minister has, I think, verbalized his interest in sort of having his cake and eating it too. He wants to have the best network in Europe, but at the same time, wants to have low barriers to entry for -- with a low-cost product.

We do have a lower-cost product, but Flemish customers have basically voted with their feet, and have opted into the Whop and Whoppa products, en masse.

In terms of cable wholesale, the BIPT's review of cable wholesale is semi-annual and routine and it had nothing to do with the initiative of the Minister or any activity around the price increase, and it just remains to be seen what the outcome of that will be.

But we wouldn't have given the forecast that we gave without being quite confident that we're on top of these issues and we'll be able to manage them for the foreseeable future.

Reuben Devos - ***KBC Securities - Analyst***

All right. Thank you. That's very helpful.

Operator

Thank you. We'll now take the next question coming from Frank Knowles from New Street Research. Please go ahead.

Sorry. We'll take the questions from Marc Hesselink from ABN Amro. Please go ahead.

Marc Hesselink - ***ABN Amro Bank - Analyst***

Yes, hi. Firstly, coming back, as discussed a bit, just in more detail on the competitive dynamics now with Belgacom with the Proximus brand. What are you seeing after the quarter? Are they still relatively aggressive, or has it really slowed down after the introduction marketing campaign that they had? What have you been seeing afterwards?

And then secondly, you put quite some attention on your business segment. Is it something that you're going to reinvest extra this year? Is it something that should accelerate in growth versus previous years? I'm asking because you mentioned it so specifically in your presentation?

John Porter - ***Telenet Group Holding N.V. - CEO***

Yes. Look, first of all, Belgium has benefited enormously from having two strong infrastructure-based competitors in fixed, and three strong infrastructure-based competitors in mobile. Belgacom is a company that is, seemingly, getting new oxygen from new leadership and strong leadership, much more of a focus on the consumer, and under the umbrella of their new branding, I'm sure they're going to have some successes.

Sort of our view is that that just makes us a better company. We need to continue to evolve. We need to, probably, accelerate the pace of new product development, of sort of fixed/mobile conversion strategies, and we need to reinforce our relationship with consumers in our footprint by delivering an amazing customer experience with things like Yellow House, et cetera.

So, Belgacom's doing a better job. They're -- I believe -- I mean, I saw some statistics recently where they have lifted their overall spending above the line, and they will probably continue to do so, but that's a good thing for consumers and businesses in Belgium and, obviously, we think it'll make us a better company.

Telenet for Business is a huge opportunity for us. I mean, we have -- we are in the -- we're in 80% of the consumer households in our footprint, but we're in, depending on how you count it, we're in 10% of the enterprise market within our footprint.

We have a -- we're a challenger there, just like everybody else. Belgacom is dominant. They have, we believe, hung on to traditional sort of switch ISDN, PABX revenues longer than, probably, they should have. There's lots of innovation around products in the IP space, value-added services like security and hosting, which we haven't historically played in.

Mobile's been something that we haven't delivered to consumers -- sorry, to enterprises the way they need it, such as segmented by departments and these kind of things. We now have the capability to do those things, so we're going to move much more aggressively into the mid-market enterprise, and that's why we mentioned it.

We've coupled that with an approach to business parks whereby historically we've had to sign up customers before we go into a business park and have a threshold IRRs of 20%-plus. Now we're saying -- we're backing ourselves to go into these business parks and win business on the back of a revitalized product and service portfolio.

It's not just about connectivity. You can't win in the SME space if it's just about connectivity. You have to deliver the vertical services that these guys are looking for. So, we're pretty -- feeling pretty good about TFB. It's a part of our business that, although smaller, we expect to grow at around double-digit rates over the next few years.

Marc Hesselink *- ABN Amro Bank - Analyst*

Thank you.

Operator

Thank you. We'll now take the next question coming from Frank Knowles from New Street Research.

Frank Knowles *- New Street Research, LLP - Analyst*

Thank you. I have a couple of questions, actually.

Firstly, just on the EAP SIM, very interested as to how that is all going. Could you share any data in terms of how many are actually out there being used by customers, what the experience has been in terms of any hand over issues, and also their sort of limitations in terms of what devices or operating systems on smartphones and so on the system can work on?

And then secondly, I had a more detailed question on taxes. There's about EUR165 million of current tax liability on your balance sheet. I wondered if that was a good indication of where you'd actually expect to cash out in taxes, included in your Free Cash Flow forecast for the year?

And then I note the sort of caveat that you're assuming 2014 taxes aren't payable until 2016. I just wondered, if that wasn't the case, what sort of magnitude of variance we might see?

Thank you.

Micha Berger *- Telenet Group Holding N.V. - CTO*

I'll take the question on -- this is Micha -- I'll take the question on EAP SIM. We are in the process of preparing our EAP SIM launch. We did not yet launch the EAP SIM capability. We did launch the EAP capability, not yet on the EAP SIM products, so, I will leave that information for later on when we announce the launch of this product.

On EAP I can say that we see a good uptake on EAP itself. All our access points on the home spots and the hot spots have been EAP-enabled. EAP is something that customers also opted into. We saw -- we see a very nice uptake of customers opting into EAP SIM. There's a lot of, I would say, understanding from the customers that -- what they benefit from it.

There is still, of course, an education process that we need to bring other customers that are not yet opted up -- opted in into their EAP capability, but overall we see a good uptake, which is driving the WiFi offloading numbers that we've demonstrated before.

And, John, I'll give you --

John Porter - ***Telenet Group Holding N.V. - CEO***

No, Birgit.

Micha Berger - ***Telenet Group Holding N.V. - CTO***

Birgit?

Birgit Conix - ***Telenet Group Holding N.V. - CFO***

So, I will answer on the taxes. So, in 2015 so we pay EUR75 million of taxes, and as you correctly state, these are from 2013. Now if we would have to pay or if we would be hit by a double tax payment, that would be an additional EUR90 million, more or less, and currently our Free Cash Flow growth is 4%, more or less, that we estimate for 2015.

So, take EUR90 million out, so, then, let's say, then, our Free Cash Flow would be, more or less, flat versus the year before. Does that answer your question?

Frank Knowles - ***New Street Research, LLP - Analyst***

Yes. That's very clear. So, the EUR90 million of 2014 taxes plus the EUR75 million, that's what is now on the balance sheet?

Birgit Conix - ***Telenet Group Holding N.V. - CFO***

Yes. Yes, so, do we expect to pay taxes for 2014 in 2016, indeed.

Frank Knowles - ***New Street Research, LLP - Analyst***

Understand. Thank you.

John Porter - ***Telenet Group Holding N.V. - CEO***

Unless they change the rules.

Birgit Conix - ***Telenet Group Holding N.V. - CFO***

Yes, but then, even then -- so, even then, if we would need to pay it, I mean, a double tax payment, even then our Free Cash Flow would remain flat, year over year, but we don't expect that to be the case.

Frank Knowles - ***New Street Research, LLP - Analyst***

Thank you.

Operator

Thank you. We'll now take the next question coming from Paul Sidney from Credit Suisse. Please go ahead.

Paul Sidney - ***Credit Suisse - Analyst***

Thank you. Just three related questions, please.

I'm just wondering if you can give us the growth in mobile data in Q4 '14, year on year, just to give us a sense of the growth in mobile traffic over your network?

And just following on from that, how does that affect the economics of your mobile business?

And just, again, following on from that, if Telenet's mobile customers optimized everything that they get in their bundle, would those mobile customers still be profitable to you?

Thank you.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

On mobile data traffic, Paul, so we actually do not provide any data on this particular (inaudible), but, of course, you have seen from Micha's presentation that there has been, of course, a very strong shift from 3G to 4G traffic and that also the number of 4G-enabled devices has strongly increased. So, it's fair to assume that, also, the traffic underlying has, of course, increased substantially.

And this is actually what makes investors puzzled with regards to the business model of MVNO operators, in light of the growth in the data traffic. And where we are comfortable in is that technology such as EAP and the investments we have made in WiFi, hot spots, home spots already, we're already ahead of the curve, that those investments are paying off, because you see the WiFi offloading statistics coming through.

So, in this case, back to -- we believe that we are just at the beginning and the forefront of seeing increased mobile data offloading opportunities.

Paul Sidney - ***Credit Suisse - Analyst***

And just following on from that, again, if a customer optimized everything in that bundle, not assuming any offload, would those customers still be profitable?

John Porter - ***Telenet Group Holding N.V. - CEO***

They'd still be profitable, but you're correct to assume that would be a margin squeeze because we sell it on a flat rate, and we buy it on a fixed rate. So -- but, of course, we design the way we sell it around actual customer usage profile.

So, we're comfortable that we've anticipated the growth in consumption in terms of our pricing structure and that it still delivers us a decent margin.

And then the other -- once again, we're only just at the tip of the iceberg in terms of the offload capability, and, as Micha pointed out, Telenet households using WiFree and EAP are offloading over 70% of their data usage from their smartphone device on to WiFi.

Paul Sidney - ***Credit Suisse - Analyst***

That's great. Thank you very much.

Operator

Thank you. We will now take the next question coming from Emmanuel Carlier from ING Bank. Please go ahead.

Emmanuel Carlier *- ING Bank - Analyst*

Yes, hi. Good afternoon. Two questions from my side.

One on mobile -- is it fair to say that you prefer to grow, still, via the MVNO, as you mentioned during the presentation that you could keep the mobile margin at 20% to 30% because of the growing offloading?

And then secondly, on the balance sheet, I'm not sure if I understood that right, but did you mention that the Board will take a decision at the half year, or could they still delay it and take a decision later into the year?

Thank you.

John Porter *- Telenet Group Holding N.V. - CEO*

Well, theoretically they could do whatever they want to do, but they could delay it. I will say that they will -- the time when they give it the closest look would be at the half year. But the -- once again, it's some of the things that drove the delay in any capital activity are, probably, things haven't changed that much on that front. So, they're not in a particular hurry to reverse their position.

But it will get a very serious look at the mid year.

Then on the MVNO --

Emmanuel Carlier *- ING Bank - Analyst*

(Inaudible).

John Porter *- Telenet Group Holding N.V. - CEO*

What's that? Go ahead?

Emmanuel Carlier *- ING Bank - Analyst*

Sorry, because on the balance sheet, if you would do nothing, you would be just above 3 times, so, really, way below the 4.5 times. So, I can understand that the Board wants to have some flexibility, but this flexibility looks really huge. So, yes?

John Porter *- Telenet Group Holding N.V. - CEO*

What I said before is history is the best guide to future performance.

Emmanuel Carlier *- ING Bank - Analyst*

Okay.

John Porter - ***Telenet Group Holding N.V. - CEO***

You've probably heard that one before, but this is a company that has not, in normal operating circumstances, had a particularly lazy balance sheet. So, obviously, there's other things for the Board to consider that are driving their decision-making. They are not ignoring this particular issue. So, we'll just have to wait and see what their position is in another three or four months.

Emmanuel Carlier - ***ING Bank - Analyst***

Okay.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

(Inaudible) currently, from a leverage standpoint, we are at 3.7 times, and if you were to look at the Free Cash Flow guidance that we provided, of course, if nothing were to happen in terms of capital allocation, but you still need to take into account the EUR50 million share buyback program that we announced this morning.

Typically, it will, of course, reduce leverage below the threshold, but not the 3 times you just mentioned. So, it will be between, let's say, around 3.3, roughly by year end.

Now, although it may seem that we do not actively manage our balance sheet, this is actually far from true, because in 2014 we did manage it actively by actually working very hard on our debt maturity profile. As you've also seen from the slides that we showed in the presentation, we pushed out some of the maturities in April, so, therefore, reducing cash interest expenses. And in the fourth quarter, specifically, we worked very hard on our derivatives portfolio, which will actually generate around EUR21 million of cash interest savings in 2015.

And when Birgit mentioned to you the Free Cash Flow growth for '15, that's, of course, the combination of the EBITDA growth, but especially, then, the lower cash interest expenses that will help to absorb a lot of the tax impact. So, active management is still in place, although, perhaps, not on the capital return side, but definitely on the debt side to manage our balance sheet in the best possible interest.

Emmanuel Carlier - ***ING Bank - Analyst***

Okay, thank you.

John Porter - ***Telenet Group Holding N.V. - CEO***

And on the -- in the MVNO with Mobistar through 2017, and we are focused on the data component, and we're confident that the MVNO that we're under today will continue to deliver a profitable result for us.

The -- we, obviously, will need to -- in a data-centric mobile world, we'll need to try to improve or restructure these deals going forward, and anybody's who relying on MVNO has got the same challenge, but we expect to be able -- given the critical mass of our customer base -- be able to deliver results in that area.

Emmanuel Carlier - ***ING Bank - Analyst***

Okay, thank you.

Operator

Thank you. We will now take the next question coming from Stefaan Genoe from Petercam. Please go ahead.

Stefaan Genoe - ***Petercam - Analyst***

Yes, thank you. Stefaan Genoe from Petercam.

On the mobile side, you've got your current three offers, the King, Supersize King, and the Kong. I assume that the highest takeup for new customers is on the Supersize King. Can you confirm that?

And then secondly, related to that, could you give us a feeling or some color on the percentage of data that the customers use from their data bundles that's from the 1 in the King, the 2 gig on the Supersize, and the 3 gig on the Kong?

And then a third question, if you look at the numbers of base Mobistar in the fourth quarter, they were at single-digit postpaid net adds. You are still doing better, of course, but it gives the impression that the underlying churn in Q4 has improved. Or is this a wrong view, and has the overall churn been -- the gross churn still been relatively high?

Thank you.

John Porter - ***Telenet Group Holding N.V. - CEO***

I don't have the numbers in front of me, but the vast majority of sort of our net adds or of our gross adds in mobile are King. The percentage of Supersize tends to move around a little bit, depending on the offer, but I'd say that is certainly well positioned as the best offer in the medium -- sort of the mid-range space, and is -- continues to be very, very successful.

Yes, on the -- our -- the fact that we continue to deliver on the postpaid net adds, it is -- our churn is below, certainly, where it was in 2013, substantially. It also continues to improve on a quarter-on-quarter basis.

I don't know, do we break that out, Rob, mobile churn?

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

So, as John mentioned, churn in mobile is actually coming down compared to 2013, when churn actually peaked due to some issues we also had on the technical side with the network.

Actually churn actually came down to a very low level in the middle of this year. You remember that in the stage of the half-year results we mentioned to you that churn in mobile was the lowest we've ever seen, and ever since mobile churn has somewhat increased, with a step up in the fourth quarter, but not materially.

So, compared to the year ago, we're still seeing a low churn these days in the mobile space.

Of course, on mobile, we don't have the full view yet of the market, because one of our largest competitors still needs to report full-year results. So, only after that moment you will be able to make a real assessment on what's happening here in the mobile space. But, of course, we do see a lot more competitive activity in the fourth quarter.

And having the share of only postpaid, because, remember, we (inaudible) to the postpaid segment, so we do not convert prepaid to postpaid. So, we only sell to existing customers, predominantly, in Flanders. It still means it's a relatively solid achievement at our end.

Stefaan Genoe - ***Petercam - Analyst***

Okay, and as a follow up, perhaps on the King and the Supersize King, do you see a big percentage of customers taking Supersize King being the King customers taking the higher Supersize King bundle?

And related to that, is it possible to give an indication on the Supersize King or, in general on the three offers, what percentage of the data allowance they have they consume on a monthly basis?

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

So, the data allowance, Stefaan, we will not be able to share with you due to competitive sensitivity.

Of course, what's important here is that we have WiFi offloading as an essential parameter, not just for us as a company, but also for the customer, because WiFi offloading is actual incremental at no cost for the customer.

So, we teach the customers, also, in that direction because with the Telenet app on mobile, they can track their consumption, and they also steer it into the direction. If at some point it would hit into their volume limits, they can actually do incremental offloading capabilities.

On the uptake, of course, in the market we're in today, when we look at our competitive positioning, in the mid space, so, let's call it, the EUR20 to EUR30 ARPU segment, our King Supersize remains very well positioned. So, in this respect the EUR20 we offer still looks very attractive compared to other offers in the marketplace, and this is what we expect is also going to drive growth for us in 2015.

Stefaan Genoe - ***Petercam - Analyst***

Yes. And if I -- last question, perhaps, if I understand your comment on the WiFi offloading, I've got the impression, on average, your customers are not close to the 100% usage of the mobile -- the data allowance?

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

I think that's a fair assumption.

John Porter - ***Telenet Group Holding N.V. - CEO***

Yes, that's a reasonable assumption, but, also, it's hard to get very granular on mobile for us, because of the competitive environment.

Stefaan Genoe - ***Petercam - Analyst***

Yes.

John Porter - ***Telenet Group Holding N.V. - CEO***

But you can decipher it.

Stefaan Genoe - ***Petercam - Analyst***

Yes, okay. Thank you.

Operator

Thank you. We will now take the next question, coming from Nawar Cristini from Nomura. Please go ahead.

Nawar Cristini - ***Nomura - Analyst***

Good afternoon. Nawar Cristini at Nomura. I have a couple of questions, please.

So, firstly, just coming back to the shareholder returns question, so, you have indicated in the release that an active balance sheet management will allow for attractive returns in the absence of M&A, and/or significant change to your business model. Should you -- could you give us some color about the M&A point?

And secondly, what is meant by significant business model change? Is it a shift from MVNO to an MNO business model, or is it something else?

And lastly, could you please update us on how the Board think about leverage? Is the ideal target remains in the upper end of the 3.5 to the 4.5 times EBITDA range?

Thank you very much.

John Porter - ***Telenet Group Holding N.V. - CEO***

I think you answered your questions yourself, because, I mean, obviously, we don't comment on corporate activity in the market. So, we -- I think we gave a reasonable explanation last year that we didn't have the support of our majority shareholder to do a capital return, and that has not changed. The majority shareholder is -- continues to be supportive of a leverage in the upper end of the range, and nothing's really changed.

So, there's nothing I can really comment on, other than what you see is what you get.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

I can also (inaudible) follow up, also, in terms of significant changes to the business model is something that has been in the release for a couple of times already. And so, it's just to indicate that, of course, the leverage model that we currently run, can, of course, only be maintained as long as we see EBITDA growth ahead of us. And so, if there would be, let's say, an event where you see a decline in EBITDA growth or that would vastly under -- actually underpin your business model, okay, then you would need to change.

But other than that, I think the M&A front and the significant change are two specific items.

Nawar Cristini - ***Nomura - Analyst***

Okay, thank you.

Operator

Thank you. We will now take the next question coming from Bart Jooris from Bank Degroof. Please go ahead.

Bart Jooris - ***Bank Degroof - Analyst***

Yes, hi. Some follow-up questions. Just on the last question, last year you didn't get the support from your Board because of tax leakage possible at Liberty Global. Have you any size of this on this year?

Then, following up -- not exactly following up -- on the cable offering review by the BIPT, but before that, there are currently discussions on what's to be included in the retail price for the retail minus 23% tariff for the cable opening. Could you give us a view on how those talks are evolving?

And then, coming back to your digital TV business, the slowdown there, is there any impact from Netflix? We see the digitalization rate stabilizing. Is this market becoming really mature, or is this a temporary slowdown? Have you any plans to kick that back into gear, that number? And what would it look like?

John Porter - ***Telenet Group Holding N.V. - CEO***

Okay. On the -- Liberty's tax issue, I think the fog will lift on that by mid-year, which is one of the reasons that there'll be another review of capital management at mid-year. But no change has been communicated, so far, to us.

In regards to the BIPT review of the retail price, we can't comment on the work that we're doing with the BIPT, but suffice it to say that that work's ongoing, and we expect it to be finalized in the not-too-distant future. It's probably -- I don't know. I wouldn't even begin to speculate on what the outcome would be, but we think that the work that's been done so far is pretty solid. We're not overly concerned that it's going to completely turn the business model on its head. So, we'll see where they come out on that.

On the -- I think if I got the gist of your last question on sort of the SVOD environment, Netflix, Netflix certainly got people's attention when they launched, and we've seen a real sort of flattening out of that growth, but in traffic and in what suspect is subscribers since the launch of Play and Play More.

But, given those two products only launched in the first week of December, we feel it's still pretty early days. We think at EUR10, we have the first pay window on international product. They have the second pay window on most of theirs. We have an enormous amount of local programming, both library, and first-run preview. We also have bundled in improved user interface, improved search, Yelo TV, replay, the ability to go back in the TV guide in the EPG for a week and -- or restart programming, anything that's in the EGP, virtually.

So, we think from a price/value standpoint that Play just blows Netflix out of the water, and if could implant a chip in everybody's head and they knew exactly what Play was, we'd have 70% penetration. That's my view.

So, it's a very strong product, and we're going to continue to stay behind it and Netflix is going to do what Netflix is going to do.

Bart Jooris - ***Bank Degroof - Analyst***

Okay, but can we, then, speak of, let's say, a mature stage in the triplization penetration on digital TV? You have 17% analog to go, if I look at slide 30. Any special actions planned to make that go faster, or are you happy with this penetration rate?

John Porter - ***Telenet Group Holding N.V. - CEO***

I think -- yes, I think the thing about analog is, first of all, it's mostly attached to TV sets with no set-top box. So, it also -- the analog customer base skews a lot older than the digital customer base, and these are, for the most part, not customers that are going to be compelled or driven to convert to digital because of SVOD.

So, I don't think -- we don't have any specific plans to disrupt that base. We'll just let it sort of sail off into the sunset on its own accord.

Bart Jooris - ***Bank Degroof - Analyst***

Okay. That's clear. Thank you very much.

Operator

Thank you. We will now take the next question coming from Hassan Al-Wakeel from Deutsche Bank.

Hassan Al-Wakeel - ***Deutsche Bank - Analyst***

Thank you. One left for me, please.

Just to follow up on the heightened competitive environment in Q4, do you expect this to persist or, indeed, accelerate over the course of the year? Or do you feel it was a rebranding one-off? And what is embedded in your revenue guidance, please?

Thank you.

John Porter - ***Telenet Group Holding N.V. - CEO***

I have enormous respect and regard for Belgacom and its leadership. I'm sure they're not going to take their foot off the gas. So, I think they'll continue to evolve their products and services and their above-the-line push under the new brand of Proximus throughout 2015 and beyond, and that's the assumption that we're making.

So, like I said before, it's going to be, it's going to continue to be a pretty competitive environment. But our position is, as long as we do -- we'll back ourselves on price/value. We think we have the best product in the market at a very favorable and competitive price.

We think we deliver more value-added services. We certainly have the best entertainment product in the market, by a long shot.

And, as you can see from some of the innovation described by Micha and others, we back ourselves to maintain what's virtually the lowest churn of any cable television platform in Europe.

So, I think Belgacom's product is going to get better and better and do great things, just assuming it's outside the footprint of Telenet.

Hassan Al-Wakeel - ***Deutsche Bank - Analyst***

Okay.

John Porter - ***Telenet Group Holding N.V. - CEO***

Yes.

Hassan Al-Wakeel - ***Deutsche Bank - Analyst***

Thank you.

Operator

Thank you. We'll now take the next question, coming from Usman Ghazi from Berenberg. Please go ahead.

Usman Ghazi - ***Berenberg - Analyst***

Hi, guys. Thank you for taking the question. I just have one, please.

Just on the WiFi offload charge, I wonder what it would look like if you were just looking at household -- customers when they were on the go? Assuming these charts are for customers when they're in the house, as well as on the go, but it'd be interesting if there was a big divergence of that chart if we measured it when customers were out of the home.

Thanks.

Micha Berger - ***Telenet Group Holding N.V. - CTO***

Yes. Micha here. Let me clarify. These charts do not include traffic in the home. These are on the go, which, when I mean on the go these are the home spots and hot spots, as I mentioned. Home spots are actually a shared SSID on the existing CPE of the customer that can actually serve public surfing of other customers. So, when you -- you can actually roam on other devices, and hot spots are in key locations where we foresee and we -- where we foresee more mobile traffic, and we offload it on to mobile.

So, these charts do not include your private network in the home. Private network in the home, we assume, in percentages is very high offloading, because, obviously, everybody connects to his WiFi in the home in terms of behavior.

Usman Ghazi - ***Berenberg - Analyst***

Great. Thank you very much.

Operator

Thank you. We'll now take the next question, coming from Louis Citroen from Arete Research. Please go ahead.

Louis Citroen - ***Arete Research - Analyst***

Good afternoon. Thanks for taking my questions.

Just a follow up on that same graph, would it be possible to know what share of the Telenet houses use WiFree versus -- in total?

And more generally, what do you think the tipping point might be in 2017, '18 in terms of data consumption?

A second question on the accounting changes that you had -- you passed on cash CapEx, just what is the reason for that change? Is there a sale and lease-back of set-top boxes, for example? And could you let us know what is the Q4 number if we look at the old -- the old way you used to present data?

And then, maybe one last question on taxes, just to make sure we understand clearly. It will be EUR75 million cash tax in 2015, and then EUR90 million on top of that, if there is double taxation or EUR90 million instead of EUR75 million?

Thank you very much.

Birgit Conix - ***Telenet Group Holding N.V. - CFO***

First of all, on the taxation, so, as I mentioned earlier, so in our current guidance of Free Cash Flow, there is an assumed around EUR75 million of cash tax out. Now, this is the -- this is like a one-year payment related to the year 2013. So, assuming we don't have a double taxation. We don't assume we're going to have to pay 2014 taxes also in 2015.

Now, the 2014 taxes, these are EUR90 million, and they are not included in our guidance because we do not assume that we will have to pay 2014 in 2015, because that's not how it actually works in Belgium.

But assuming there would be a double -- even a double taxation, even then we can provide a flat Free Cash Flow, because, even then, we can absorb the other EUR90 million should that happen, but we don't think it will be the case.

Louis Citroen - ***Arete Research - Analyst***

I'm not sure I see how that's -- how you would absorb it. Just -- could you give us a bit more detail on how you see that?

Birgit Conix - ***Telenet Group Holding N.V. - CFO***

Yes, what I mean with absorbing is currently in our guidance we have assumed a growth of around 4% in Free Cash Flow, right?

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Louis Citroen - ***Arete Research - Analyst***

Okay.

Birgit Conix - ***Telenet Group Holding N.V. - CFO***

So, if you -- if we would have a hit of another EUR90 million, we would be slightly below, like a couple of percentages below. That would be the deviation.

Louis Citroen - ***Arete Research - Analyst***

Okay.

Birgit Conix - ***Telenet Group Holding N.V. - CFO***

Is that clear? But we don't expect it to happen, so -- but, anyhow, even if it does, we will be -- I mean, we will still be in good shape in terms of our Free Cash Flow.

Louis Citroen - ***Arete Research - Analyst***

Okay.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

Okay. So, then the other question will be on --

Birgit Conix - ***Telenet Group Holding N.V. - CFO***

Yes, on the reclass.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

-- the accounting reclass, as well. So, basically what happened is that we reclassed some payments in the cash flow statement that, essentially, were device-related payments -- you can, more or less, which type of device-related payments we're talking about -- which were, until the fourth quarter, actually accounted for in our investing section of our cash flow, so, essentially, being treated as cash capital expenditures.

We decided to reclass them to operational payments because that's where they actually should fall into, we believe. And, therefore, actually, we had an impact of EUR40.8 million for the first nine months when we corrected for this reclassification.

So, as a result, of course, there were some movements that we had to actually represent the prior quarters with regards to both the net cash generated from operating activities, and the net cash that is actually used in investing activities.

But underlying, there is no impact on Free Cash Flow, as we have also seen it from the investor and analyst toolkit we provided that in the reconciliation sheet, there is actually no impact on the Free Cash Flow. So, this was actually a reclassification between two capital leases that took place.

Since these payments actually now go into operating cash flow, they directly go into working capital changes, and here, of course, what you do see as a side effect is that some of the improvements in working capital that we are proud of and that we want to show you, we will actually not be able to show you, because of this reclassification.

Louis Citroen - ***Arete Research - Analyst***

And can you give the number as it would have been if it was still disclosed as before, or --?

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

Yes, so, then, basically what you should do, so, we have the numbers that we provided for the first nine months, and so, the EUR40.8 million, so for every quarter you would need to just allocate it differently compared to the previous quarters.

Louis Citroen - ***Arete Research - Analyst***

Okay.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

Then, your question is mainly, I think, on the fourth quarter number?

Louis Citroen - ***Arete Research - Analyst***

Yes.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

So, on the fourth quarter number, if you look for comparables, you would need to take out EUR30.5 million. That was impact in the fourth quarter.

Louis Citroen - ***Arete Research - Analyst***

Okay. Thank you very much.

Operator

Thank you. We will now take the last questions, coming from Michael Bishop. Please go ahead.

Michael Bishop - ***RBC Capital Markets - Analyst***

Hi, good afternoon, guys. Just a really quick question. You mentioned the opportunity in B2B and that you felt you were only in about 10% of sort of SME enterprises in Flanders, in your footprint.

What do you actually estimate the total market value of the B2B and enterprise that you think Telenet can actually target is in Flanders? It'd be really helpful to know.

Thanks.

John Porter - ***Telenet Group Holding N.V. - CEO***

Yes. We're just looking it up. Caught us flat footed.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

Yes, so, it's difficult, actually, on the B2B side. It's hard to get, actually, into reliable statistics on the overall size of the market. Also, given the SME segment that is sometimes included in external data, sometimes is actually not included into those data.

What we suggest is that in the next presentation we try to give some more flavor about the overall positioning in the B2B space. I think, as John mentioned earlier, we are still a challenger in the B2B space. So, we are still at the forefront of growth, especially in the SME and SOHO market, where we typically have top-end residential products, but then with a dedicated sliver of service [engaged] for our B2B customers.

We have a market share that is estimated to be much lower than our residential market share. So, residential side for broadband it's in the area of 60%, whereas in the SOHO and SME market it's like 40%. So, there is still a growth differential that we face here in terms of overall market share.

In the top end B2B space, here it's even more difficult to say, because we're only active in certain pockets of the top-end B2B market in terms of service offerings. Of course, we have now a much more complete portfolio, having added, also, security, hosting, and cloud services.

But we do not go after every corporate that is out there in the Flemish market. So, it's really a segmented approach towards different industries, towards different locations with business parks.

So, it's a question that is actually not that easy to grasp, but underlying, I think the message should be that in B2B we remain committed to have a growth rate, and we have already shown that, as well, in '14, that the growth in B2B should actually outpace the overall revenue growth that we, as a Group, will be able to generate.

But, rest assured, Michael, if we come across any interesting stats, we will shoot them across to the analyst community.

John Porter - ***Telenet Group Holding N.V. - CEO***

Yes. Just to clarify, though, we're 40% in SOHO, but in SME we're below 10%. So, it depends. The definitions get a little bit gray at the small end, between SOHO and SME, but depending on how you look at it. But we'll get some better statistics to you as soon as we find them.

Michael Bishop - ***RBC Capital Markets - Analyst***

No, that's great. Thank you very much.

John Porter - ***Telenet Group Holding N.V. - CEO***

Sorry about that.

Operator

Thank you. We have no further questions. I would like to turn the call back to you.

Rob Goyens - ***Telenet Group Holding N.V. - VP Strategic Planning and IR***

Okay, thank you very much, operator. Thanks, everybody, for your active participation during this call.

Of course, we remain committed to open any questions you may still have, so, Thomas and I will be available. We hope to see you soon during one of our conferences or road shows. If not, at the end of April, we are scheduled to release our Q1 results and look forward to catching up at that time.

Thanks for now, and 'bye.

Operator

This will conclude today's conference call. Thank you for your participation. You may now disconnect.