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Telenet-Fluvius Binding Network Partnership Announcement Call

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Telenet Partners with Fluvius to Realize the 'Data Network of the Future'

Operator: Hello and welcome to the Telenet-Fluvius Binding Network Partnership Announcement Call. My name is Courtney, and I'll be your coordinator for today's event. Please note that this call is being recorded and for the duration, your lines will be on listen-only, however, you will have the opportunity to ask questions. And this can be done by pressing star one on your telephone keypad to register your question. If you require assistance at any time, please press start zero and you will be connected to an operator.

And I will now hand you over to your host, Rob Goyens, to begin today's conference. Thank you.

Rob Goyens: Thanks Courtney. And good morning, everyone. And thanks for having joined this call on such short notice as we announced the binding agreement with Fluvius this morning on the 'data network of the future', essentially wrapping up two years of intense discussions and negotiations. As Courtney mentioned, we'll also provide the replay and a transcript for those having missed this call.

But before I hand over to John and Erik, let me remind you of the fact that certain statements in this call are forward-looking statements. For more information, I refer to the safe harbor disclaimer at the beginning of our presentation.

After the short management presentation, we'll open it up for Q&A. We'll take as many questions as time permits today, yet I would like to ask everyone to limit yourself to two questions each. Any follow-up questions can be directed afterwards to either Bart or myself With that, let me now head over to John. The floor is yours.

John Porter: Thanks, Rob, and good morning and to everyone. And thank you for joining a call early wherever you may be. Today marks an important milestone for us in future-proofing our fixed infrastructure roadmap. We've always been in the vanguard of connectivity, fixed connectivity in our market. And thanks to our past investments, we are offering speeds of 1 gigabit per second to all of our customers across both the Telenet and Fluvius footprints. But we don't stop there as we aim to provide speeds of up to 10 gigabits across our entire footprint over time, for which there is a clear roadmap now. This will be achieved through a mixture of HFC and fiber technologies so customers will continue to enjoy the best network experience, providing them peace of mind, as we make the right technology choices in terms of fixed, mobile, and in-home connectivity.

In addition, today's agreement leads, amongst others, to improved network ownership economics for us versus the rental economics under the long-term lease with Fluvius. First let me just introduce Fluvius to you for those less familiar with this Flemish utility company.

As you can see on the next slide, Fluvius regroups 11 intermunicipality utility companies in Flanders, and is active on various fronts from electricity, gas, cable services to sewage and lightning poles. Most important is the fact that Fluvius owns about one-third of the cable network in Flanders and we have been leasing that part of a network since 1996, through a long-term lease, being able to offer fixed services to end customers in that footprint.

As announced this morning, we've taken the next step in creating the 'data network of the future' with Fluvius. Both companies will contribute their existing HFC and fiber assets, as well as developing new build fiber assets into a separate infrastructure company, with a working title NetCo. We will initially hold 66.8% stake in the NetCo, implying we will consolidate NetCo in our financial accounts. As mentioned in October last year, we are open to partner with both strategic and/or financial parties to develop this 'data network of the future'. And we believe NetCo is well positioned, given a market-leading network utilization rate of around 60% and a strong wholesale customer contracts, including Telenet as a core anchor tenant.

We've set up NetCo as an independent, self-funding company and Erik will talk later about our fully funded investment plan, which makes it a key differentiator and also results in a fully de-risked plan from a financing perspective.

As Fluvius will also contribute the aforementioned long-term lease agreement, which will cease to exist at closing, we will see a decrease of around €0.5 billion in our net debt, equivalent to around 0.4 times of net total leverage.

So as a result today's announcement, we'll be seeing an important reduction in leverage, while at the same time gaining improved network ownership economics as opposed to rental economics under the current lease agreement.

So let's now zoom a bit further into NetCo and how it will be positioned. NetCo will operate an open access network strategy, providing wholesale access on a non-discriminatory basis to Telenet and other telecom operators in our market. With a market-leading network utilization rate of around 60%, I believe NetCo has great fundamentals and I'm excited about its growth prospects.

Therefore, NetCo is uniquely positioned to attract additional strategic or financial partners, which will provide future opportunities for us. The remaining consumer, B2B and media businesses will stay grouped under Telenet and will be run as a separate organization with clear demarcation lines and governance, and with a laser-like focus on the customer experience.

With that, let me now introduce Erik who provide some more color on the investment plan.

Erik Van den Enden: Thanks, John. And welcome everyone. Appreciate you taking the time to join this call this morning. So we are very happy that we entered into a binding agreement with Fluvius to jointly realize the 'data network of the future'. We have a clear roadmap to get this from the current 1 gigabit per second speed to 10 times faster speeds over time. This will be achieved through a mixture of HFC and fiber technologies. NetCo will gradually evolve its current HFC network in the combined Telenet-Fluvius footprint to FTTH and will gradually upgrade its HFC network in parts of its footprint where FTTH won't be deployed.

As far as NetCo's fiber strategy is concerned, NetCo intends to cover 78% of Flanders with FTTH by 2038. This will be realized through a combination of our own build and/or a potential collaboration with external partners in the most efficient way and at the lowest societal cost.

The total investment is expected to represent up to maximum €2 billion, which excludes termination-related capital expenditure. At the same time, we will actively pursue opportunities to further optimize NetCo's network rollout plan and associated CAPEX through a combination of our own build and our potential collaborations with external partners.

Let's also keep in mind that more than 50% of homes passed in NetCo's footprint are very economic to cover with FTTH at an estimate cost per premise of around €650. This results in attractive returns given NetCo's market-leading utilization rate.

This ambitious investment will be financed from NetCo's robust cash flow and additional intragroup financing facilities, including the recent proceeds from our tower sale. As such, there is no reliance on external financing and financial markets, which makes it fully funded and well derisked.

As John mentioned earlier, we are presenting a fully funded and de-risked FTTH investment plan this morning. The CAPEX spend over the period is coming from three sources. Firstly, NetCo's robust cash flow, given a market-leading network utilization rate of close to 60%. Secondly, additional intragroup financing facilities, including the proceeds from our recent tower sale. And thirdly, we're also resetting the dividend.

We continue to target a net total leverage over around 4.0 times, in line with our current leverage framework. As such, we retain additional financial flexibility for prospective value-accretive strategic opportunities going forward.

In order to remain at these leverage targets over the 2023-2029 CAPEX intensive build period, the board of directors have decided to reset the dividend to an annual dividend of €1 per share, effective immediately. We will also shift to an annual dividend to be paid in early May after the April AGM, with the next dividend payment being May 2023. With the reset of the dividend, the board struck a balance between continued recurring dividends to shareholders whilst investing for growth.

As CAPEX intensity is set to materially decrease after the build period and return to normalized historical levels, we see scope for substantial adjusted free cash flow growth, offering room for increased shareholder disbursements. At that point in time, the board of directors will re-evaluate the shareholder remuneration framework.

In terms of timeline, on the next slide, we expect NetCo to go live at the beginning of 2023, or early 2023. We are in constructive discussions with the competition authorities regarding this transaction.

In addition, we intend to host a Capital Markets Day at the end of September to discuss the outlook for NetCo, as well as the outlook for our consumer, B2B and media businesses and our 5g mobile roadmap. We'll come back to you once we have more details so please state tuned.

And before opening it up for Q&A, I would like to end this call with an overview of the key highlights of this transaction. Today, we've taken a very important step in future-proofing our fixed network infrastructure through the creation of NetCo with Fluvius, leading to improved network ownership economics and more efficient build-out economics.

With a 66.8% stake, we will initially consolidate NetCo in our financial accounts, yet we believe NetCo is uniquely positioned to attract strategic and/or financial partners to develop the 'data network of the future'. And this provides clear future optionality for us.

NetCo has an attractive financial profile, levered as close to five times net debt to EBITDA as of closing and operating an open network, providing wholesale services to Telenet and other telecom operators. As such NetCo enjoys a market-leading network utilization rate of close to 60% and will generate revenue and cash flow as of day one.

NetCo intends to invest up to a maximum of €2 billion, targeting to cover 78% of Flanders by 2038. And we look to optimize the investment, As I already mentioned before. In addition, there is a fully funded investment plan with no dependencies on external financing or financial markets.

The CAPEX envelop is supported by NetCo's cash flow, additional intragroup financing facilities, and the reset of the dividend during the build period, which is effectively immediately. With a new dividend of €1 per share, the board of directors has struck a balance between recurring annual dividends to shareholders while investing for growth. And after the build period, there is a commitment from the board to reassess the policy as we see scope for material adjusted free cash flow growth and higher shareholder disbursements.

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

Questions and Answers

Operator: Thank you. As a reminder, if you would like to ask a question on today's call, please press star one on your telephone keypad. Please ensure your line is unmuted locally, and you will be advised when to ask your question. So that is star one on your telephone keypad. And please stand by while we prepare for the first question.

And our first question comes in from the line of Joshua Mills calling from BNP Exane, please go ahead.

Joshua Mills (BNP Paribas Exane): Hi guys. Can you hear me?

John Porter: Hey, Josh.

Joshua Mills: Hi. Thank you. Great. Thanks for the questions. I'll stick to one. I guess, look, if I take the €2 billion investment plan split over five years and assume that the cost is split fairly evenly, it does imply quite a big hit over eight years to the free cash flow. So could you give us an idea of what the ongoing free cash flow will be, say, from next year onwards, as we thinking of a €150-200 million level? And outside of the increased CAPEX guidance here, what effect do you think that this network build will have on your top line EBITDA? So are there going to be some offsetting growth opportunities in the period or anything you can do with other items on your cash flow stack to get back towards the €400 million you had previously? Just want to understand what the ongoing run rate free cash flow will be for the next years. Thanks.

Erik Van den Enden: Yes. So Josh, good morning. Erik here. Maybe on the first question, I mean, in terms of specific free cash flow guidance, I mean, they will come as we announce our plan for 2023. Obviously, I mean, it is a sizeable investment plan, as you mentioned, I mean, up to €2 billion, with the bulk of it being spent over the first eight years – I think you mentioned five years, but the plan is to do the bulk of that over eight years. Of course, it will have a substantial impact on the free cash flow. I think what we try to do with this plan is to make sure that the plan is developed as such that we will stay at the midpoint of our leverage framework. And at the same time, that we don't need any external financing while we will continue to pay dividend.

And that is the way that it's been constructed. Obviously, the free cash flow is going to be impacted by the CAPEX as we spend it. As we mentioned, we plan to very actively manage the investment profile in the sense that we will be looking for optimizations. And as such, it will –

I mean, the free cash flow will come as it comes over the next eight years, which we will guide for at the [inaudible] guidance. I think that is a little bit more of the plan.

In terms of top line, obviously, I mean, we wouldn't do this investment if we didn't think it was going to strengthen our position in the market. I mean, obviously, our competition is also rolling out fiber so we looked at that evolving market and decided that for 78%, fiber for us is the right solution. As we have mentioned in earlier calls, I mean, that 78% is something that we did a lot of research about and where we think it's a good cut-off in terms of where it makes sense to build fiber versus where it makes sense to build DOCSIS.

But having said that, I mean, as we roll out fiber, we will clearly be leveraging the new technology as part of our overall mix. Again, we will continue to roll out both fiber and DOCSIS but it will just strengthen the leading position that we have in the market. And, of course, we'll also provide ample opportunity for our B2B business where fiber, of course, especially for large customers, is really important. And our expectation is that as fiber becomes more widely available, there may also be the case for SMEs and SOHOs. So definitely it provides a platform to continue to grow the business.

Joshua Mills: Great. And maybe, sorry, if I could just have one short follow-up, you talk about excluding termination CAPEX. Is this connection CAPEX to the house once you've built the fiber? And if so, what roughly is the cost for home when you have to connect?

John Porter: Yeah, it includes the final connection, so the NIU, and that cost can vary quite substantially, depending on whether it's a facade connection or an underground or aerial connection, but 50% of our territory footprint is facade. And it is quite economic in that regard, but it boils down to the cost of the network interface unit and whatever additional fibers necessary to get into the house. But for the most part, it's going to be somewhere between €100 and €300. That's not a long way from what HFC is today, depending on also what type of connection needs to be done.

Also, it depends on the penetration, the uptake. It's not our intention to switch off the HFC network. We'll still be evolving the HFC technology towards DOCSIS 4.0 in many components of the network and expect to run the networks parallel for a reasonable period of time. There will be a period of crossover time where, in certain parts of the network, the economics, the operational savings, which we estimate to be up to €65 million per year, will come into play. And it'll be more advantageous for us to run strictly passive[?] fiber network in certain areas.

Joshua Mills: Got it. Thanks very much.

Operator: The next question comes in from the line of Yemi Falana calling from Goldman Sachs. Please go ahead.

Yemi Falana (Goldman Sachs): Morning guys. Thanks for taking my questions. A couple from me. You mentioned the long negotiation period ahead of the deal. What were the key points of contention and how did – and where did you ultimately come out on those?

Secondly, on the CAPEX – the incremental CAPEX investment, am I right in thinking that all of that €2 billion is incremental to your current CAPEX envelop? Or are there any offsets there? Thank you very much.

John Porter: Yeah. On the second question, we're certainly – there's a range of areas where we will offset the CAPEX going forward. One thing that's not helping in that regard, of course, is the fact that we are also building a 5G network during that period. And we've already started and with our partners at Ericsson and Google and Nokia, we are moving forward with that project. And that is also a significant capital project.

On the other side, we have gone through an investment cycle on the CRM platform of the future and the cost associated with the transformation on CRM digital data will be winding down significantly. By investing in the – pushing our fiber closer to the home, we are also deemphasizing our investment in HFC, particularly in the 55% of our territory which we would describe as ultra-dense. So there will be significant savings in that regard as well.

So there are a number of offsets to the incremental CAPEX being spent on the fiber. I mean, this is the event – this is what we've been doing in the investment cycle for years. I mean, we started out 20 years ago with one meg, we took it to 10, took it to a 100, took it to a gig. We're not starting from a standing start, we have one gig everywhere, for the most part. Other fiber projects in Belgium are really just catching up to where our current network is.

So we can play a bit with the timing of the investment, the intensity of the investment. We have that luxury and we will do that. We also have the flexibility within our partnership to not just build, but potentially reduce our exposure through some whole[?] buy[?] opportunities as well in areas that aren't necessarily core to our rollout.

So there's a lot of interesting upside the plan, which we'll share with you over time, over the – probably the quarterly result, we can be a little bit more explicit. And then in the Capital Markets Day, of course, we can be much more explicit, which should be in the latter part of September.

Erik Van den Enden: With respect to the first question, why it took so long, I mean, this was a very complex transaction and probably a little bit different and also more complex than maybe a typical fiber co[?] transaction. And that is because of two reasons. First of all, we have [inaudible], which is a fairly complex instrument so that requires definitely, both from an evaluation perspective, but also from a contractual perspective, quite a bit of analysis and discussion. And the second point of course is also that this is a netco rather than a fiber co[?] in the sense that we contribute our current HFC assets, but also the full customer base. And so things like the anchor tenant contract, etc. are obviously key to this transaction and require some detailing drafting.

So it's just because of the complexity of this deal that it took longer than I guess we all hoped for, but a good contract and a good partnership and [inaudible] a bit short and leaving some loose ends. So that's the reason why.

Yemi Falana: Very good, thank you.

Operator: The next question comes in from the line of Roshan Ranjit calling from Deutsche Bank, please go ahead.

Roshan Ranjit (Deutsche Bank): Great. Morning, everyone, and thanks for the presentation. You talk about still looking for third-party investments, whether operational or financial. Obviously, stage one, you are talking about consolidating the entity. You've reset the dividend to €1 so I think saves you around €200 million – just under €200 million annually. So, I guess, at what point should we think about the third-party financing coming in and at that stage, could you then see the dividend step up again? Thanks.

John Porter: Well, I mean, obviously the approach is to first land the deal with Fluvius and to bed that down. I think we feel it's important for us to control the venture with Fluvius at the beginning, so that we can establish the operational metrics and the partnerships that are going to be necessary to execute the plan. So I wouldn't say that there's anything imminent, however it is certainly on our radar to have discussions with our current wholesale access[?] seeker[?] and other fiber deployers in the market to see if we can be part of a more rational – further rationalization of fiber deployment in Belgium, or particularly in Flanders.

We're already working with other players in terms of trenching synergies. Underground tends to be the most expensive, of course, and we would like to think that there's a lot of compelling economics for all participants to get fiber to the premise at the lowest possible social costs.

So that will be a focus initially, and we'll see how we progress. We certainly feel that from a financial and infrastructure investment standpoint, that this asset is enormously attractive – particularly with the elimination of the URF[?] pack[?], enormously attractive to financial investors. As you saw with our tower transaction, we're quite adept at working within that marketplace. We have met a lot of people during that process and we continue to talk to a lot of people.

So companies are investing in fiber projects with no customers and with far less customers than the 60% utilization that our business represents. So we feel like we could move ahead. As a general rule of thumb, we think this netco's worth well in excess of what our equity is trading at today. So it represents a big opportunity to either raise capital or to accelerate the investment or to, actually, in fact, increased the utilization and the overall economics of the project.

So we see this merger with Fluvius almost like a hypothetical first step and it provides an enormous amount of optionality for us. And now that we bedded this down, we can get cracking on some of that optionality. But spending €2 billion over eight years is probably – we can improve on that scenario dramatically if I think a few things fall into place.

Roshan Ranjit: Okay. That's helpful. Thank you.

Operator: The next question comes in from the line of Ulrich Rathe calling from Jefferies. Please go ahead.

Ulrich Rathe (Jefferies): Thanks very much. It ties a little bit in what you just said, John. In the presentation, you mentioned several times that there is a very clear strategic opportunity here in working with partners. I think this trenching work is probably just linked to the discussions that you did in the past about the way the Belgian rules work when you [inaudible] street[?]. Could you expand a little bit more, what conversations, if any, you had already, or confirm that you had actual conversations with potential partners already, that they are waiting on the sidelines now to jump in? Or is this now a process that will start, and we're going to wait two or three years before we hear any more on that front? Thank you.

John Porter: Well, you're correct in saying that sharing trenches is the tip of the iceberg. I think we can really only speak around the topic a bit because if there were any existing conversations or there will be any conversations shortly, it'd be pretty proprietary. And we have to – obviously, there are regulatory implications and competitive implications, which we'd probably rather not elaborate on at this time. But I think if you take a step back from it, I'd rather be – having an industrial project like this where we can build, or we can buy, or we can access, or we can do some form of network sharing, have a whole range of opportunities within the terms of the agreement with Fluvius, and have 60% of the traffic; than to be doing something similar or being fully committed to building and sitting on 30% of the traffic or less.

So I think you can pretty much assume that with that level of utilization, that we're going to be at the table with everybody to see what's the art of the possible, because sometimes we forget in these things, he who has the customers gets to make the rules to some extent. So we will leverage the strength of our customer base and any discussions that we have with third parties, be they strategic, operational, or financial.

Ulrich Rathe: Are there any regulatory implications you see – I mean, usually regulators have some sympathy – or no, sympathy is the wrong word, some interest in infrastructure-based competition. So if you have 60%-plus infrastructure market share, do you see any issue or is it simply a non-issue because it's a netco on non-discriminatory basis? Thank you.

John Porter: Well, I think probably you can look to other projects that have happened in Europe as a bit of a guide. I think it's a bit all over the place. I haven't seen a market yet where the regulator has said, 'It's every man for himself and I want infrastructure-based competition in every nook and cranny of my region or country.' That hasn't tended to be the outcome. So I think there are certainly parts of the market that lend themselves towards a more rational network approach, particularly when in Belgium, we have probably up to four companies building 5G projects and increased utilization of fixed wireless access. And, I mean, there's no shortage of competition in this market, structure based or otherwise.

So I think we could have a sensible discussion with the regulator and with the competition authority about what's the highest and best use of capital to help Flanders and Belgium to stay in the forefront of a digital society.

Ulrich Rathe: Thank you very much. Congratulations for the agreement.

John Porter: Thank you.

Operator: The next question comes in from the line of David Vagman calling from ING, please go ahead.

David Vagman (ING): Yes. Good morning, everyone. So a couple of question. And so first, whether you could disclose basically the underlying valuation of the netco. I will still try that one. And then on the [inaudible] of the netco, could you give us some idea of what you will be paying, how they compare to the regulated [inaudible] rates? So for [inaudible] cable access. And do they increase in time as FTTH is rolled out?

And then second question basically on fiber or how[?] is[?] your investment capacity in the south of the country. Do you consider that you can still invest or you would need to sell part of the netco incentive[?] to invest in the south of the country? Thank you.

Erik Van den Enden: Yeah, let me take some of these questions. So I guess, the first one, the valuation of the netco, I mean, obviously, as both Fluvius and ourselves are contributing assets and customers to the deal, it is more an exchange ratio. So, having said that, I mean, we believe, as John already mentioned, this is a very valuable venture. I mean, it's a project with cash flows from day one, no reliance on external markets, 60% utilization rate which is really market leading. So if anything, this should be a very valuable vehicle. And I think, as we – also as John mentioned, I think we've proven that on the tower transaction, we're able to capture nice multiple. So we also think that this is a – it's very [inaudible].

[Inaudible] is something that we'll have to go through a process to further elaborate that and also get it confirmed. So it's not something we can talk about today. And so is the same for the south strategy. I mean, it's not something where we can give a lot of details, unfortunately, today.

Good questions, David, but not something we can reveal today.

David Vagman: Okay. So, and I should rather expect answer at the CMD on the rates and the voice[?] rates.

Erik Van den Enden: Yeah. I mean, the answers will come in due time. So as soon as we can disclose these elements, we'll basically do that.

David Vagman: Okay. Okay. Thank you again.

Operator: The next question comes in from the line of Martin Hammerschmidt calling from Citi. Please go ahead.

Martin Hammerschmidt (Citigroup): Yeah. Thank you for taking my questions. I have a question regarding the ownership structure. I mean, the two-third, one-third essentially replicates the contribution of the cable assets, but you also basically bring all the customers into the netco, more or less. So I was wondering why is there two-third and one-third and maybe not a bit more on your side.

And then the second question is on the financial strategic partner, I mean, once you find any one of the two, would you consider rolling out fiber to 100% of the country and basically eliminate cable altogether? Or would you stick with a, I think 78% at TTH and basically stop there? Thank you.

Erik Van den Enden: Yeah, Martin, I'll take the first question on the one-third, two-thirds. So I would say two things. Indeed, we are bringing customers in the network, but also on the Fluvius side, Fluvius has contributed more assets than just between [inaudible] the URF pack. So they also have some telecom services, which they were running, and they've also transferred these contracts. So there was more than just the URF pack.

And secondly, and this is an important one, obviously we're also contributing quite a bit of debt, our existing debt sectors[?], the five times of debt that will be contributed and which also has to be taken into account from an enterprise value perspective. So that's why we ended up on the equity side one-third, two-thirds.

And then the second one was about the coverage. So, on the fiber coverage, Martin, so I think we announced today that the NetCo venture is going to target 78% of fiber, but I think what's more important is that there is a clear roadmap that has been agreed between both Fluvius and ourselves to basically get to 10 gigabit speed through a mixture of technologies. And this has always been in our toolbox. So we have always been gradually upgrading, [inaudible] the network. And so that places[?] us actually today in a very strong competitive position of one gigabit per second, that we are able to offer everywhere. But we also believe that through the mixture of fiber and HFC, which are essentially further DOCSIS upgrade, we will be able to get to 10 gigabit, so very strong competitive speeds.

Now, at the same time, we also believe that in addition to speed leadership, there are other attributes that for us, as a company, are going to be important. And, obviously, John already elaborated about the way we address the customer. And so the customer service or customer intimacy, that's of course a very strong focus point for us in addition to [inaudible] connectivity, as we really put a laser sharp focus on the customer relationship going forward. And this has been in our DNA. It'll also continue to result in a very strong competitive head start vis-à-vis competition. So we believe that today, from where we sit and given the network topology[?] that we have, that the 78% is probably the right target mix to have in terms of fiber versus HFC coverage in market.

Martin Hammerschmidt: Understood. Thank you very much.

Operator: The next question comes in from the line of Andrea Gabellone calling from KBC Securities. Please go ahead

Andrea Gabellone (KBC Securities): Thank you for taking my question. Regarding the utilization rate, currently 60%, what is a reasonable target in the short to medium term to increase that utilization rate? And let's assume there are no further partners coming in, does that really affect the €2 billion CAPEX plan and the split especially, or not? Is that assuming 60%? Thank you.

Erik Van den Enden: So I think in terms of utilization rate, I mean, obviously this is something that over time we want further to grow, but I would say, to start with, that we don't know of any utilization rate within Europe that is higher. So I think we're starting from a very solid base, which leads also to a very solid financial plan. So when you look at the IRRs of this project, it's definitely very, very solid. So the 60% is a very strong base to start from.

But having said that, I mean, we are planning to further develop that. I think we have a strong track record already on that front, more the mobile side, where we have a flourishing MVNO business and where we typically see that smaller niche players are often very interested in this kind of wholesale offerings, and with whom we have built a diversified business on the mobile side. And so we expect to do the same. Obviously, I mean, this takes some time, so both for the offer to materialize and to work with these additional customers, but it's definitely the ambition of the netco to start from the leading network utilization position and to further build.

Andrea Gabellone: Okay, thank you.

Operator: And our final question comes in from the line of Joshua Mills calling from BNP Paribas Exane. Please go ahead.

Hi, Joshua is your line muted? Final call to Joshua Mills for your question.

John Porter: He did ask the first question. So maybe coming back around in a circle.

Rob Goyens: I think we can we can probably leave it at that, Courtney. So thanks again, everyone for having joined today's call on such a short notice. As I mentioned in the beginning, Bart, and myself, we are available for any follow-up questions later on in the day. There will also be a transcript of this call on our Investor Relations website. The replay of this call is also going to be available for those who missed it. And let's also put in the diary, maybe two [inaudible]. First of all, next week on July 28th, we're going to have our H1 results in the morning followed by an investor call at the 3:00 PM Central European time. So I hope you'll be able to connect again for our H1 results. And then as we mentioned, at the end of

September, the back of September, we will be having our Capital Markets Day. Timing still to be confirmed. So stay tuned for that invite.

With that I would like to wrap up today's call. So thanks again for participating. Bye-bye.

Operator: Thank you for joining today's call. You may now disconnect your handsets. Hosts, please remain connected and await further instruction.

[END OF TRANSCRIPT]