

**"Bezeq" The Israel Telecommunication Corp., Ltd.****Event Transcript****Q4 & FY 2024 Financial Results**

Wednesday, March 12th, 2025, 16:00 Israel Time

**DISCLAIMER**

This document includes a transcript of the conference call held on the above date regarding the Company's financial results for the fourth quarter and year 2023, following the publication of the Company's financial statements at that date according to the Israeli Securities Law 1968 ("Securities Law"), as well as the publication of the Company's investor presentation.

This document includes statements made at that conference call and accordingly contains only partial information regarding the Company's financial results and the Company's periodic reports published under the Securities Law. The reports can be accessed at the Israeli Securities Authority's website, [www.magna.isa.gov.il](http://www.magna.isa.gov.il). A review of this transcript and/or the aforementioned investor presentation published by the Company is not a substitute for a review of the detailed reports of the Company under the Securities Law and is not meant to replace or qualify the full reports. The Company is not responsible for the accuracy or completeness of the information contained in this document. This transcript does not constitute an offer or invitation to purchase or subscribe for any securities of the Company, and neither this transcript nor anything contained herein shall form the basis of, or be relied upon, in connection with any contract or commitment whatsoever.

## **Q4 & FY 2024 Financial Results**

**Tobi Fischbein (CFO, Bezeq Group):** Welcome everyone and thank you for joining us on Bezeq's 2024 fourth quarter and full-year earnings call. I am Tobi Fischbein, CFO of the Bezeq Group. Joining us from the senior management team today, we have Mr. Tomer Raved, Bezeq's Chairman, Mr. Nir David, Bezeq's Fixed-Line CEO, and Mr. Ilan Sigal, CEO of Pelephone and yes. Before we start the call, I would like to direct your attention to the Safe Harbor statement on Slide 2 of our 2024 investor presentation, which also applies to any statement made during today's call. We would like to inform you that this event is being recorded. Following the presentation of our results, we will have a Q&A session.

With that said, let me now turn the call over to Tomer, for his opening remarks. After his introduction, I will continue the presentation of our group's financial highlights, followed by Nir, who will discuss Bezeq Fixed Line results, and Ilan who will cover the results from Pelephone and yes. I will conclude the presentation with Bezeq International results.

**Tomer Raved (Executive Chairman, Bezeq Group):** Welcome everyone. It is great to see familiar faces and many people we have recently met in person in both New York and London. Let's start on Slide 4. We are continuing to successfully implement our group strategy, which we presented to the market over three years ago. Fiber has been a key pillar in our strategy and Bezeq is successfully leading the fiber revolution in Israel. We are near completion this year of our fiber project with over 90% of our project already completed. We already have 32% take-up on the network and expect this to grow to at least 40% in the near term with continued ARPU growth. yes is accelerating fiber growth with 10% of the group's fiber subscribers today and supporting our group market share in retail broadband. This will be further illustrated if structural separation is removed. Pelephone is leading the 5G revolution in Israel and benefitting from the positive contribution to ARPU. Bezeq International is still in its transformation process focusing on the ICT and cloud services market with a successful new collective labor agreement signed in Q4. In 2024, we entered the electricity supply sector to create additional sources of growth, and the management teams are actively looking at complementary services and partnerships in other verticals. We continue to maintain a balanced capital structure and alongside upgrading our rating to AA, we also increased our dividend policy this quarter to 80% payout, reflecting more than 5% yield.

Moving to the next slide, this reiterates the successful evolution of our strategy on our path to reaching our mid-term KPIs, including the completion of the fiber deployment this year, the migration from satellite TV to IP in 2026 and the transition to 5G.

Turning to the next slide, we see excellent visibility to achieving our mid-term targets and we are increasing some of our mid-term targets, now expecting 2% CAGR growth in Adjusted EBITDA and an increase of 500 million shekels in Adjusted EBITDA minus CapEx. We also added a new financial target of 2-3% CAGR in core revenues.

Turning to the slide 7, in 2024 we delivered growth of 1.3% in core revenues due to growth in Telephone and Fixed-Line. Adjusted EBITDA was down slightly due to the decrease in telephony revenues resulting from the MOC decrease in tariffs, and the impact of the war on roaming revenues. Q4 was excellent with Adjusted EBITDA growth of 5.9% and Adjusted Net Income growing at 23.3%, positively impacted by the universal fund and roaming rebound. We continued to grow in our strategic drivers recording a 43% increase in fiber take-up and 20% growth in 5G subscriber plans. We are experiencing a very rational regulatory environment with an emphasis on the wholesale broadband market and active ongoing efforts to remove the structural separation.

Turning to the next slide, we show the key highlights of 2024. After adjusting for the impact of the war on roaming revenues, core revenues were up 1.7% and Adjusted EBITDA and Adjusted Net Profit were down 1.8% and 2.9%, respectively.

Turning to the next slide, here you can really see how even in a year with a volatile geo-political situation, our core business continues to perform and outperform. Total fiber subscribers as of today, reached 850 thousand with 2.64 million homes passed and 5G subscriber plans reached 1.3 million. yes ARPU from subscribers which includes the TV and fiber activity reached 185 shekels.

Before I turn the call to Tobi to talk about our financial results, on behalf of Nir, Ilan, myself and the rest of management, I would like to thank Tobi for his professionalism, commitment, partnership and dedication over the last four years. I would also like to welcome Yohai as the new Group CFO. Yohai has been the CFO of Telephone and yes for the past 3 years and he knows the Group extremely well. Tobi, please take it from here.

**Tobi Fischbein (CFO, Bezeq Group):** Thank you, Tomer. It's been great to work with you, the rest of the management team as well as with my wonderful Finance Division team at Bezeq. I'm proud of the work that we've done together in laying a solid strategic and financial foundation for the long-term and for all we have accomplished together. This will be my last call with the Company, as I turn to my new role as CFO of the Strauss Group. I look forward to watching Bezeq's continued success.

Moving to Slide 10 - We show a 1.3% increase in core revenues due to growth in Telephone and Bezeq Fixed-Line. Adjusted EBITDA and Adjusted Net Profit were

impacted by lower telephony revenues due to the MOC tariff reduction and the impact of the war on roaming revenues.

In the next slide, we show fourth quarter results. Core revenues grew 2.5% year-over-year, and profitability metrics were positively impacted by improved business results in Telephone and the reversal of the provision for the universal fiber fund.

Turning to the next slide, we show our annual operational metrics. I would like to highlight the 6% increase in our retail broadband ARPU along with a continued increase in cellular ARPU and subscribers.

Slide 13 shows our quarterly operational metrics. Broadband retail ARPU continued to grow with stable yes ARPU from subscribers due to fiber growth.

The next slide highlights a further decrease of 250 million shekels, or 5%, in our net debt to approximately 4.9 billion shekels while improving the coverage ratio from 2.5 in 2018 to 1.5 times in 2024. This is the lowest coverage ratio since 2010. We remain committed to maintaining our high credit rating.

Turning to the next slide, as mentioned, the board of directors updated its dividend policy from 70% to 80% payout. Our next dividend distribution, subject to approval by the shareholders' general assembly, will be approximately 14 agorot per share with the payment date on May 14<sup>th</sup>. It is worth noting that Bezeq's dividend payments have increased about 20% per year since 2022.

Moving to slide 16, we show the Group's guidance for 2025. In 2024, we met our targets except for a 2% miss on Adjusted EBITDA mainly due to the impact of the war. Yes, the implied Adjusted EBITDA minus CapEx of 1.97 billion shekels was slightly higher than the implied guidance, due to lower CapEx in 2024. For 2025, we are forecasting Adjusted EBITDA of 3.7 billion shekels, Adjusted Net Profit of 1.2 billion shekels, CapEx of 1.75 billion shekels and fiber deployment to 2.9 million households.

Turning to the next slide, we show our updated mid-term targets. Let me highlight a few changes from last year: we have added core revenues target growth of 2 to 3 percent, updated Adjusted EBITDA CAGR to 2 percent, and increase of Adjusted EBITDA minus CapEx of 500 million shekels, compared to the previous range of 400 to 500 million. Lastly, we added a yes ARPU from subscribers target of 190 to 195 shekels. Note that 2024 is the base year for all our targets.

Moving to the next slide, we remain committed to our ESG program and targets. We are dedicated to strong corporate governance with policies in ethics and prevention of corruption, among others, both within the group and with our suppliers.

I will now turn the call over to Nir, who will share more detailed results from our Fixed-Line operations.

**Nir David (CEO, Bezeq Fixed-Line):** Thank you. On the next slide, Bezeq Fixed-Line core revenues increased 1% to 3.8 billion shekels, mainly due to higher revenues from broadband services. Broadband retail fiber customers reached 546 thousand today and ARPU rose 6.4% to 133 shekels in the fourth quarter.

On the following slide, we show moderate decreases in Adjusted EBITDA and Adjusted Net Profit in 2024 mainly due to lower telephony revenues resulting from the MOC tariff reduction in 2023.

Turning to the next slide, we show growth in Adjusted EBITDA and Adjusted Net Profit in the fourth quarter due to the reversal of the provision for the universal fiber fund, as well as lower operating and salary expenses.

Turning to the next slide, in the fourth quarter we saw 2% growth in broadband revenues despite a decrease in wholesale tariffs for use of our passive network.

Moving to the next slide, we show the take-up trend. Q4 saw 38 thousand retail fiber net adds and 13 thousand wholesale fiber net adds.

Turning to the next slide, we show continued fiber deployment and the results of our increased focus on take-up. Today, we have approximately 2.64 million homes passed and over 850 thousand active subscribers in our fiber network today, resulting in continued growth of our take-up rate, which has reached 32%.

The next slide shows continued revenue growth in Transmission & Data Communications. Telephony revenues declined mainly due to the MOC tariff reduction in July of 2023, and Other revenues were impacted by lower revenues from infrastructure projects.

The next slide shows a 4% decrease in operating expenses due to lower subcontractor and equipment expenses as well as lower interconnect fees resulting from a decrease in tariffs. Other expenses decreased due to a one-time provision for a future grant to employees recorded in 2023. With that, I'll now turn the call to Ilan to discuss Pelephone and yes.

**Ilan Sigal (CEO Pelephone and yes):** Thank you, Nir.

Tobi - I'd like to join in on the good wishes already expressed by Tomer and wish you the best of luck in your new position. I would also like to congratulate Yohai on his appointment as Bezeq Group CFO and Tzuki Harush on his appointment as the new CFO of Pelephone and yes. Good luck to you both.

Moving to slide 27, Pelephone posted its highest revenues from services in 7 years, reaching NIS 1.4 billion, despite the impact of the war on roaming revenues, which is estimated at 65 million shekels for 2024. 5G subscriber plans continued to grow with 208 thousand net adds during the year.

Moving to the next slide, we show 5G subscriber plans reached approximately 1.3 million subscribers as of today. Subscribers on 5G plans amounted to 55% of postpaid subscribers.

On the next slide, we show Adjusted EBITDA increased 1.3%. After adjusting for the impact of the war on roaming revenues, Adjusted EBITDA would have increased by 5%.

Moving to the quarterly results on slide 30, Revenues rose 8.5% due to higher roaming revenues compared to the corresponding quarter which were impacted by the war, and the continued growth in postpaid subscribers, including 5G subscriber plans. Adjusted EBITDA and Adjusted Net Profit showed strong growth, mainly due to higher revenues and the reversal of the provision for the universal fiber fund.

The next slide shows the Q4 key operational metrics. As seen, we recorded an additional increase in postpaid subscribers, including 5G subscriber plans and a decline in prepaid subscribers due to the impact of the war. ARPU rose 7.1%, or 3 shekels year-over-year, due to higher ARPU from cellular plans and roaming revenues.

Turning to yes on slide 32. We showed stable revenues for the fifth consecutive quarter. Revenues were impacted by increased competition and the war, mainly the non-billing of customers in the line of conflict, estimated at NIS 20 million in 2024, partially offset by higher revenues from the TV + fiber bundle. We continued the migration from satellite to IP with over 473 thousand IP customers today. Fiber continues to grow, and we have now over 80 thousand fiber subscribers as of today. yes saw continued growth in IP-based TV subscribers, which increased 19% year-over-year. As of today, 84% of yes subscribers are watching TV through IP.

Moving to the next slide, Adjusted EBITDA and Adjusted Net Profit were down in 2024, mainly due to the decrease in revenues.

On the next slide, free cash flow in the fourth quarter was impacted by timing differences in working capital and higher CapEx.

On slide 35, we show yes' Q4 key operational metrics. This quarter, we began providing ARPU from subscribers which grew by 4 shekels year-over-year, due to higher revenues from the TV + fiber bundle. We also recorded strong growth in fiber subscribers, which almost doubled year-over-year.

With that, let me now turn the call back to Tobi.

**Tobi Fischbein (CFO, Bezeq Group):** Thanks, Ilan. Moving on to Bezeq International. Revenues and profitability metrics were impacted by lower consumer ISP revenues due to the MOC unified Internet regulatory reform, as well as lower ILD revenues. The decrease was partially offset by higher ICT revenues from cloud and data center activities. In the fourth quarter, we reached an agreement for further employee retirement for the years 2025 through 2027 which will allow for further cost-reduction at Bezeq International.

On slide 37, we show the annual results. Adjusted EBITDA decreased 11.1% mainly due to lower revenues. Adjusted Net Profit rose 2% due to a decrease in depreciation expenses.

Moving to the next slide, in the fourth quarter revenues continued to decline, but Adjusted EBITDA was stable year-over-year, and free cash flow was positively impacted by timing differences in working capital, a decrease in CapEx, and lower employee severance payments compared to Q4-2023.

Turning to the last slide, we are satisfied with our business and financial performance and resilience in 2024 which was a challenging year for Israel and the region. We remain focused on executing on our strategy throughout our group's core activities and key growth drivers – robust fiber take-up in Bezeq and yes, continued growth in Bezeq's data business, as well as consistent growth in 5G subscriber plans at Pelephone.

Finally, I would also like to mention that Bezeq will be attending the Jefferies Pan-European Mid-Cap Conference on March 25<sup>th</sup> in London.

With that, I will open the Q&A session. If you would like to ask a question, please raise your hand virtually. As you hear your name, please be sure to unmute your microphone, and ask your question. For the benefit of the people in the room, please introduce yourself and share the name of the company you represent. We will address questions as we see the hands raised. I will now pause to poll for questions. We have a question from David Kaplan. Hi, David.

**David Kaplan (Psagot):** Hi, this is David Kaplan from Psagot, based in Tel Aviv. A quick question, I guess, first for Tomer on the regulation. You mentioned removal of structure separation. It seems that currently the regulatory environment is a bit benign. Can you talk to us a little bit about what's going on, what's being discussed and what is in the pipeline for the next year to two years?

**Tomer Raved:** Sure. Thanks, David. Look, just recapping regulatory comments I made last year. We have seen a very rational regulatory approach with growing competition in the market over the past three years. And especially as it relates to telecom

infrastructure, both on fixed line and cellular, we see a better approach over the past three years.

It started with the removal of structural separation between fixed line infrastructure and the ISP, which is now almost fully merged with 90% of fixed line infrastructure customers having a unified service with ISP. That separation is basically long gone. In the past two years, we've also seen a rational approach to the wholesale market, pretty consistent with what we see in Europe, with less intervention in the active wholesale market and more focused on the passive one. The same as you saw in the hearings and RFI published by the MOC in the past 12 months.

Regarding the removal of structural separation, which is really part of this evolution of the more rational market consistent with what we see in Europe, nine months ago, the Minister of Communications announced after many years of not touching the topic, that he is formally reviewing removal of structural separation as part of the MOC 2024 work plan. We are in formal, active discussions with the Minister around the topic. It's too early to put a timeline on that. We also announced a couple of times that we are in discussions with our unions at both Bezeq and yes, who both understand why it's the right thing to do, both for the companies and for the consumers. We can have one unified service, one customer service, and obviously potentially slightly lower prices as you usually get with a bundle. The regulators understand that, and we will update the market as soon as we have more updates on the topic.

**David Kaplan (Psagot):** Great. Thanks. I appreciate that. Just one comment, I guess, or a question about the guidance that you gave. It seems that the guidance was relatively in line with where consensus already was for the coming years. How much of that is related to competitive pressures? How much of that is related to geopolitical machinations? And how much of that is related to the continued regulatory reduction in interconnect fees and such? And if you were to neutralize some of those effects, do you think the guidance could be above what you gave?

**Tomer Raved:** So let me break down some of the good comments you made because you know the market extremely well. First, our core revenues do not include interconnect fees. When we guide for core revenue growth, it does not include interconnect fees, the legacy ISP at Bezeq International and fixed telephony. All these together are roughly 10% of revenue.

Interconnect is a wash - it doesn't really impact the bottom line or EBITDA. We consider all the drivers and the KPIs we mentioned around fiber, 5G and TV when we look at our EBITDA growth and CAPEX reduction, which predominantly comes from our finishing of the fiber project by the end of this year. We are disconnecting satellite broadcasting, which you'll see in OPEX next year, and we are reducing headcount in

Bezeq International and Fixed-line as part of our union agreements in both companies. This will come into effect this year and more next year. That all is part of the midterm plan. In terms of this year, unlike last year, we did take into account some gradual recovery and some war impact given the geopolitical volatility. But the impact on the business is not material at all.

We also have some event this year like the elimination of the discount of the 5G spectrum at Pelephone that's going to increase OPEX by 40 to 50 million shekels. This is a one-off impact compared to last year.

We also have a big tender that the government may publish later this year that impacts 2025. We've been pretty cautious on giving guidance to the market this year and we feel we stand very confidently behind it. Last year, as you all know, when we budgeted in early 2024, we did not take into account a full year of war. I don't think anyone did. So we were more cautious and calculated this time on that front.

**David Kaplan (Psagot):** Great. Thanks very much.

**Tobi Fischbein:** Thank you, David. Next question from Tavi Rosner. Hi, Tavi.

**Tavi Rosner (Barclays):** Hi, guys. Thanks for taking my questions. I only have two short ones, please. First one around regulation. You mentioned structural separation. What else is in the pipeline from the MOC perspective? I mean, we saw headlines about passive regulation for wholesale Internet. What else should we be looking at in 2024?

**Tomer Raved:** The two or three important elements that are on the table of the MOC in the coming year or two relate to the group. One is spectrum fees that are up but could potentially go down. We are in discussions with the MOC on that. So that's number one.

Number two, as you mentioned, is the wholesale rates. There was an RFI, a request for information, that was published by the MOC last month that is evaluating whether there's a need to even regulate active wholesale prices, which, as I mentioned before, is very consistent with what you see in Europe as you know it well. There was a reduction in early 2024 in the passive wholesale rates, so we do not expect additional significant reductions there or at all. The last one is structural separation, which I mentioned is in an active work stream for us. We do not believe this should continue to exist. We are in formal dialogue with the MOC that hopefully will yield results in the near term.

**Tavi Rosner (Barclays):** Thanks for that. And then lastly, on the competitive dynamics, I guess, in the wireless market, do you feel that all the players are just trying to get as much as possible and not really competing on pricing these days?

**Tomer Raved:** I'll take that. I think one thing I mentioned on that and you guys feel free to add, but look, I think what you've seen over the past, probably two or three years, is a rational pricing environment with rational players. Competition is high. The prices for telco services in Israel are still low, so there is a lot of upside there. But there's still competition. I don't think there's a lot of shifting between market shares, both in the fixed line and definitely not in the wireless sector, although Pelephone now is number two in the market. Net-net over the years, you don't see major shifts in market share. 5G helped with ARPU, but slowly, gradually, because there's still pretty significant competition. There are four-significant players in the market and two or three additional smaller ones, so that's still healthy competition, but with gradually rising ARPU. Pelephone's ARPU rose this quarter versus last year by three shekels, and over the past two years, by two shekels, so that's not bad.

**Ilan Sigal:** I'll say there is a healthy competition in all three segments. In cellular, there's nine players. In TV there's five Israeli players and more competition from foreign companies and, of course, in fiber. So it's a healthy competition and we believe it will stay like that. Looking at Pelephone, if we talk about 5G, we are moving customers from 4G plans to 5G and trying to take the ARPU up.

**Tavi Rosner (Barclays):** Great. Thanks, guys. That's all for me and I wanted to wish Tobi best of luck with your next challenges and adventures. Thanks, guys.

**Tobi Fischbein:** Thank you very much, Tavi. See you around. Next question from Ondrej from UBS. Hi, Ondrej.

**Ondrej Cabejsek (UBS):** Hi, everyone. Ondrej here from UBS. Also, best wishes to you, Tobi, and best of luck to you.

**Tobi Fischbein:** Thank you.

**Ondrej Cabejsek (UBS):** I want to touch upon the guidance, please. So I guess primarily around your adjusted EBITDA guidance, which kind of off the bat doesn't make much sense to me because, number one, you are kind of now giving us guidance on core revenues, right, which should be growing at 2% to 3%. If I look at where the growth is coming from, then these are pretty profitable. So the fiber business primarily, but then also, as you guys already spoke about in terms of what should drive the profitability going forward, it is union agreements, it is things like the satellite shutdown, etc... So, all these things should be improving profitability.

At the same time, you finished 2024 with EBITDA margin of 42% roughly. You are guiding for that margin to improve, but at the same time, and given all that I said, you are still guiding for EBITDA growth or adjusted EBITDA growth, kind of below what you are guiding for on the revenue side. So I just wanted to understand what the reason for that is and whether taking all of this into account, the adjusted EBITDA CAGR is probably quite conservative. So that is one area of the consensus I wanted to kind of challenge you a bit on.

And the second question more on the CAPEX side. So the kind of state of the CAPEX sales ratio, and I presume this is kind of a 2027 target as 16% at the bottom. So just looking at your industry peers, that would still appear to be pretty high given that you will have ended the fiber campaign, which is usually the most CAPEX intensive part of any incumbent's business. You're kind of at the end of the 5G or approaching the end of the 5G upgrade cycle. So why wouldn't the ratio be safely below that into the midterm? That would be my second question. Thank you.

**Tomer Raved:** I'll start with EBITDA and let Tobi touch on CAPEX. We are guiding to 2% to 3% growth in core revenues and 2% CAGR in EBITDA on average for the midterm, which is the next three to five years. Core revenues exclude two very profitable declining profit items, which are telephony and ISP, both very high margin businesses. So when you think about the blend, that explains exactly your question one to one. The non-core revenues are 10% and declining quickly from the revenue, but they were very profitable revenue streams, And the impact, that the delta you see between the numbers in the midterm, the major OPEX items that are being pulled out of the business, putting aside output growth and subscriber growth, is really satellite and employees that you will see run rate full year in 2026, right? Because the end of the satellite will basically happen in Q1 2026. So the major OPEX item will be pulled out only at the end of Q1 2026. You'll see it really impacting the OPEX in 2026 full year. You'll see almost 300 employees leaving the Bezeq fixed-line business, part of the union agreement at the end of this year, which will flow into 2026 as well. And a few other very important items as part of our drivers. But that's kind of, I think, the answer to your question both on the main OPEX items and the explanation between the delta of 2% to 3% growth. We also have salaries still tied to CPI and stuff like that that are impacting our OPEX. But we are working on efficiencies and AI projects across the group, which would support this OPEX reduction as well, non-headcount OPEX reductions across the group. Tobi - you want to touch the CAPEX question?

**Tobi Fischbein:** Sure. On CAPEX, as we said before, and we have now guided for 1.75 billion shekels in 2025, which is roughly the same level we had before. But during this year, as we move along, we will start to see a gradual decline, especially as we complete the fiber deployment and reach 2.9 million households. But the first full year where we will see that decline, is going to be 2026, And that's going to be a gradual

decline, not a full decline, because we still have some CAPEX going into growth areas such as 5G at Pelephone that will continue for some time. Plus the streamers that we need to purchase to allow for the full transition at yes. We are going down, remember, from 20% CAPEX to sales now to 18%, then 17% and then 16%. We are not calling for a specific percentage for a specific year. But take into account that at the same time, revenues are coming down, total revenues, not core revenues, but total revenues as a result of the reduction in interconnect fees. And that results in a higher CAPEX to sales ratio as a mathematic calculation.

**Ondrej Cabejsek (UBS):** Thank you both. If I may follow up with each of you. So, maybe just to follow up on some of the cost items or specifically the subcontractor costs, which obviously have been up quite a bit as a result of the fiber campaign. So, if I just look historically, that's kind of something that's grown by about 100 million shekels over the past two years. Is the level that we should think of going forward similar to the one that we saw in the past? Or is there something that should kind of have the subcontractor costs still above or significantly above say 100 million per year? So, that would be one kind of follow up on the OPEX side. And then maybe Tobi just on CAPEX. So, you guys have clearly achieved more homes passed than you initially guided for with actually even less CAPEX than you initially guided for. So, it would be interesting to just hear from you how you achieved that. Thank you.

**Tobi Fischbein:** Thank you. So, for the first question on subcontractor costs, the ones you are referring to are the costs of actually connecting households to our fiber network, because the costs of deploying are mostly capitalized. And those costs of connection of households are going to come down over time, because although there are still people without fiber and now they are moving to fiber for the first time from copper, we will continue to see that as a cost in our OPEX. But as we move along, there will be more churn from different players that they already come with the fiber connections. So, we don't have to spend that subcontractor cost again. So, over time, we are not getting specifically to a certain amount, but that should go down over time over the years.

As for the second question on the CAPEX, yes, part of the answer is what you just mentioned. We've been able to achieve our deployment goals on fiber at a lower cost than originally expected. We have become more and more efficient here. But to be fully open with you, we have also had some timing differences in CAPEX payments that shift from one year to the other. And that's also a part of the answer. So, you will see some of those components in 2025. Yet, as you've seen in our guidance, we are not increasing the CAPEX for 2025.

**Ondrej Cabejsek (UBS):** Understood. Thank you, Tobi. And best of luck to you again.

**Tobi Fischbein:** Thank you very much. If there are no further questions at this time, I would like to thank you all for taking the time to join us today. Should you have any follow-up questions, please feel free to contact our Investor Relations Department. Thank you and good luck.