Quarterly Report

2020 Q3

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Brussels, 30 October 2020
7.00 (CET)
Regulated Information

- **Strong commercial momentum: Postpaid Mobile +57,000; Internet +14,000 and TV +11,000.**
- **Underlying Domestic revenue of EUR 1,074 million, +0.2% on the prior year.**
- **Underlying Domestic EBITDA of EUR 438 million, +1.9% up on the same period of 2019.**
- **Nearly stable Underlying Group EBITDA of EUR 469 million, -0.2% on the prior year.**
- **Solid year-to-date normalized FCF of EUR 507 million.**
- **Board of Directors approved interim dividend of EUR 0.5 per share, to be paid in December 2020. Upward revising FY 2020 guidance with Group underlying EBITDA-CAPEX expected to be at least EUR 830 million and Group capex below EUR 1 billion.**

1 Highlights Q3 2020

- For its **Domestic operations**, Proximus posted **underlying revenue of EUR 1,074 million, 0.2% above** that of the prior year. Proximus posted a sequentially better revenue trend for its Consumer, Enterprise and Wholesale segment. While roaming revenue showed a sustained impact of the Covid-19 travel restrictions, Proximus benefitted from its growing convergence revenue, traffic revenue driven by higher usage and a growth in ICT revenue, for which the Covid-19 impact was limited so far.

- Proximus' **Domestic operations posted a direct margin of EUR 825 million, -0.3%** on the previous year. With Covid-19-related headwinds softening in the third quarter and the benefit from some good business trends, the Domestic Direct margin sequentially improved from the prior two quarters.

- Proximus' expenses for its **Domestic operations were lowered by -2.6%,** driven by lower workforce expenses down year-on-year by -4.0%. Proximus benefitted from ongoing company-wide cost efficiencies and increased productivity.

- For its **Domestic operations,** Proximus posted for the third quarter of 2020 a solid **EBITDA of EUR 438 million, up by 1.9%** compared to the year before, with the reduction in expenses more than offsetting the minor decline in direct margin. The Covid-19 effect on the third quarter Domestic EBITDA is estimated at about EUR -9 million. The Domestic EBITDA margin as percentage of revenue rose to 40.8%.

- **BICS' EBITDA** for the third quarter of 2020 **totaled EUR 31 million, a decrease of -22.5%** compared to the prior year. This resulted from the pandemic related decrease in travel volume and by the progressive insourcing by MTN. This was somewhat compensated for by a continued strong performance by TeleSign, providing solid growth in the domains of mobile identity and authentication, along with the expansion of BICS' activities in the numbering business.

- Therefore, in aggregate, the **underlying Group EBITDA for the third quarter of 2020 totaled EUR 469 million, remaining nearly stable (-0.2%)** to the prior year, including an estimated net effect from Covid-19 of about EUR -14 million. The underlying Group EBITDA margin improved by 0.9 p.p. to 34.3%.

- Excluding spectrum and football broadcasting rights, **Proximus invested EUR 210 million in the third quarter 2020, bringing its total capex to EUR 628 million over the first nine months of 2020**. Within the mix, the investment level for Fiber is rising. Over the third quarter, Proximus deployed Fiber for an additional 45,000 premises, with its Fiber footprint reaching 391,000 HP by end-September 2020.

- Proximus posted a **solid FCF of EUR 253 million for the third quarter of 2020, bringing the normalized FCF over the first nine months of 2020 to EUR 507 million** (excl. EUR 2 million net cash-out for acquisitions). The FCF of 2020 included EUR 141 million more cash-out related to workforce transformation plans, for a large part offset by less cash needed for capex, lower income tax payments and a favorable year-on-year evolution in Business working capital.

Proximus Group operational results:

+16,000 Convergent customers, total of 1,107,000

+14,000 Fixed Internet lines, total of 2,122,000

+11,000 TV customers, total of 1,663,000

-54,000 Fixed Voice lines, total of 2,273,000

+57,000 Mobile Postpaid cards, total of 4,234,000

-16,000 Mobile Prepaid cards, total of 646,000

+106,000 M2M cards, total of 2,192,000

Market situation

Covid-19 continued to mute the travelling, especially non-EU travel and hence related roaming traffic. Lockdown effects on the one hand and company easing measures on the other hand were no longer in practice. Also, the temporary halt on contract terminations at the request of the regulator ended on 1 July 2020. After a temporary higher customer rotation, the market moved close to a back-to-normal situation.

The **Consumer market** was animated by the seasonal Back to School promotions. Belgium remains a convergent market, with offers addressing all customer segments, from fully-fledged convergent offers including multi-mobile cards and entertainment propositions to skinny bundles. Mobile data allowances remain on the rise, while there is a tendency to keep headline pricing stable. The **Enterprise market** remains very competitive, translated into continued pricing pressure. While legacy Fixed Telecom and IT Infrastructure services face an ongoing erosion, Fiber connectivity and Professional IT services represent growth opportunities.

Guillaume Boutin
CEO Proximus Group

Despite Covid-19 uncertainties, we feel comfortable in raising our full-year guidance, thanks to solid underlying business trends.

The last few days have been marked by a fierce resurgence of the Covid-19 pandemic. At Proximus, we still pay the biggest attention possible to the health and safety of our employees and customers. Therefore, we have decided to close our shops as of Monday. Customers can still make an appointment or interact digitally with our sales staff.

We are also taking different initiatives to support our customers through this crisis, as we have been doing since the start of the crisis. To ensure that we can all study or work from home without worries, we have decided to remove download limits for all our residential fixed internet products and continue the distribution of free WiFi access codes to pupils and students without internet at home. We will also provide an additional 10 GB of mobile data to healthcare workers so that they don't have to worry about staying connected. Next to that, as bars and restaurants are closed, they can get a one-month discount on their unused products. Finally, we are also reaching out to the cultural and media sector to allow them to bring their cultural creativity on dedicated live channels on our Pickx platform.

Although the sanitary situation is alarming, our operations have proved their resilience. For the third quarter we have achieved excellent results. I'm proud of our strong customer growth, capitalizing on our ongoing efforts in terms of customer satisfaction and brand image. We see – for the Proximus brand – a strong commercial traction on the consumer side, boosted by our new convergent offering "Flex", launched on 1 July 2020. This highly adaptable offer, customized to the needs of each family member, accelerated growth in convergent customers. Our Scarlet brand continues to thrive, offering the most compelling no-frills offer in the market for cost conscious customers. Our compelling offers are translating into rising customer bases for Internet, TV and Mobile postpaid. As a result, for the third quarter, our Consumer segment achieved a 2.3% revenue increase showing nice sequential improvement from the previous quarters. Especially our convergent revenue progressed well, with a 4.1% increase over the past year.

The Covid-19 headwinds on roaming revenues continued as we expected, while we contained the total impact on EBITDA thanks to strict cost management. What is more, since the lockdown in March, we have seen a change in customer behavior with a sustained higher usage of telecom services. The consequences of the health crisis on our ICT business remained limited so far, and we continue to support our professional customers by bringing solutions to ensure their business continuity.

Based on our achievements until now and taking into account the volatility caused by Covid-19, we feel comfortable in revising our full-year 2020 guidance upwards and estimate to end the year 2020 with a Group underlying EBITDA-CAPEX of at least EUR 830 million. This includes an estimated Group capex below EUR 1 billion.

Earlier this month, we announced the selection of Nokia and Ericsson as partners for the modernization of our mobile RAN and Core network. Now that this selection process has been completed, we can further embrace the potential of 5G and the innovation that this technology enables. Six months after launch, we are still the only operator in Belgium to have launched a public 5G network. All major smartphone brands have released a device offering 5G connectivity via the Proximus network, with the iPhone 12 being the most recent one. For our Enterprise customers, we have recently launched a dedicated 5G innovation platform in order to further accelerate the development of 5G use cases.

Our fiber roll-out is progressing well and the technology is being deployed today in 14 Belgian cities, having meanwhile reached 400,000 homes and businesses passed. As announced in July, we plan to go even broader and faster. I am very pleased to announce that we have signed the final agreement with Eurofiber, allowing us to connect at least 500,000 homes and businesses to fiber in Wallonia within this collaboration. To this end, a new joint venture between Eurofiber and Proximus will be set up with the aim of designing, building and maintaining the network, which will be open and accessible to all. The file will now be submitted for approval to the competent authorities.

The shift to almost full-time homeworking linked to Covid-19, created a momentum to rethink our day-to-day dynamics and the role of our headquarters and physical offices throughout Belgium. To prepare Proximus for the future, we are kicking off a multi-year workplace program, with the aim to embrace a new dynamic: establishing distant working as the norm even after Covid-19 and adapting our physical offices to primarily facilitate inter-personal contacts and meetings. To support this vision, we will investigate the best scenario to create a greener "campus-like" building in Brussels that is smaller and better suited to collaboration, formal and informal contacts. As a welcome addition, this could bring sizeable CO_2 impact reduction and financial benefits.

2 Proximus Group financial review

2.1 Group financials

Table 1: Underlying Group P&L

(EUR million)	3rd Quarter 2019	3rd Quarter 2020	3rd Quarter % Change	Year-to-date 2019	Year-to-date 2020	Year-to-date % Change
Revenue[1]	1,407	1,368	-2.8%	4,235	4,091	-3.4%
Net Revenue	1,396	1,361	-2.5%	4,198	4,062	-3.2%
Other Operating Income	11	7	-36.6%	37	29	-21.4%
Cost of Sales[2]	-496	-468	-5.6%	-1,475	-1,405	-4.8%
Direct Margin	911	899	-1.2%	2,760	2,686	-2.7%
Direct Margin %	*64.7%*	*65.8%*	*1.0 p.p.*	*65.2%*	*65.7%*	*0.5 p.p.*
Expenses	-441	-430	-2.3%	-1,343	-1,275	-5.0%
EBITDA[3]	470	469	-0.2%	1,417	1,410	-0.5%
EBITDA Margin %	*33.4%*	*34.3%*	*0.9 p.p.*	*33.5%*	*34.5%*	*1.0 p.p.*

[1] Corresponds to "Total Income" excluding Incidentals (see section 7 for the reported figures)
[2] Corresponds to "Cost of materials and charges to revenues" excluding Incidentals (see section 7 for the reported figures)
[3] Corresponds to "Operating income before depreciation and amortization" excluding Incidentals (see section 7 for the reported figures)
See section 8.2 for incidental details

2.1.1 Underlying Group revenue

Q3 2020

For the **third quarter of 2020**, Proximus posted **Domestic underlying revenue of EUR 1,074 million** (tables 2 and 3), **0.2% up from the prior year**. The substantial sequential improvement from the decline in the prior quarter (-4.3%) resulted from a combined better revenue performance across Proximus' Consumer, Enterprise and Wholesale segment.

While the third quarter of 2020 showed a continued impact of Covid-19 on the company's overall Roaming revenue, the quarter was no longer affected by the revenue loss following Proximus' proactive commercial gestures[1] for its customers in times of confinement. On top of that, the third quarter Telecom services revenue, both for Fixed and Mobile, benefited from continued higher customer usage driving an increase in traffic revenue.

The Group **Fixed Services revenue progressed by +2.9%** from the prior year, with the Consumer segment posting a growth of 4.3%, and the Enterprise segment showing a moderation to -2.2%. The Consumer segment also benefited from its increasing Internet and TV base, up respectively by 2.1% and 1.7% from one year back. The good operational results continued in the third quarter, supported by the launch of the new convergent offer Flex. Moreover, year-on-year, the Fixed services revenue continued to be supported by a stable contribution from e-Press[2] and the implemented price indexation since 1 January 2020.

As anticipated, revenue from **Mobile Postpaid Services was noticeably affected by the steep contraction in roaming traffic over the summer**, with reduced traveling impacting especially roaming out for non-EU destinations. The third quarter of 2020 Postpaid revenue erosion of -4.6% was however more limited versus the prior period, with both the Consumer and Enterprise segments showing a more moderate year-on-year decline. In contrast to the prior quarter, the Mobile Postpaid ARPUs benefited from the complete absence of

[1] This included, among other things, an increase in the mobile data allowance free of charge, free calls from Fixed/Mobile to Fixed and expanded access to content.
[2] Launched 1 December 2019

regulatory impacts[3], and there was no revenue loss related to Covid-19 commercial gestures while customers' Mobile data usage remained elevated. At the same time, Proximus realized another strong commercial quarter, adding +57,000 Postpaid cards, as such growing its base over the past 12 months by +152,000.

So far, the impact of the **sanitary crisis on ICT revenue has remained limited, with on Group level a 6.9% year-on-year revenue increase**, including growing revenue from Hybrid Cloud, Advanced Workplace and Smart Networking, involving mostly product revenue.

In contrast to the previous quarter, the overall third-quarter revenue from **terminals** was up year-on-year by 10.1%. This resulted from the Back-to-School Mobile Joint Offers, i.e. selling high-end Mobile terminals with a Mobile subscription.

Revenue from the **Wholesale segment totaled EUR 81 million for the third quarter of 2020, down by -17.0%.** The more moderated decline compared to the prior quarter was the result of a less steep erosion in inbound revenue (neutral on Group direct margin level). Revenue from wholesale roaming remained low in the quarter, showing a continued impact of Covid-19 on travel behavior.

Tango, the Telecom brand of Proximus Luxembourg SA, posted stable revenue, totaling EUR 35 million, of which EUR 29 million was in the Consumer segment, i.e. +0.4% relative to the previous year, despite the sanitary crisis reducing international traveling. The revenue performance was secured through business resilience and Tango's digital strategy.

Similar to the prior quarter, Proximus' carrier services **BICS posted third-quarter revenue of EUR 294 million**, i.e. -12.3% year-on-year. Revenue from non-Voice products was up by 5.3%, including negative Covid-19 effects on signaling, roaming & messaging revenues. Revenue from Voice services was down by -24.1% year-on-year, with the ongoing market pressure re-enforced by negative Covid-19 effects on roaming traffic. The progressive insourcing by MTN of the transport and management of its traffic further explains the year-on-year revenue decline.

Overall, the **Proximus Group** revenue for the third quarter of 2020 totaled EUR 1,368 million, -2.8% down from the prior year.

YTD 2020

Over the first nine months of 2020, the **Proximus Group posted EUR 4,091 million revenue, -3.4%** below that of the same period of 2019, including a significant impact from Covid-19. Proximus' Domestic operations posted revenue of EUR 3,196 million, or -1.7% down from the prior year. The revenue of BICS totaled EUR 894 million, i.e. a 9.1% decline.

Table 2:

Underlying Group Revenue by Segment

	3rd Quarter			Year-to-date		
(EUR million)	2019	2020	% Change	2019	2020	% Change
Group Underlying by Segment	1,407	1,368	-2.8%	4,235	4,091	-3.4%
Domestic	1,071	1,074	0.2%	3,251	3,196	-1.7%
Consumer	657	672	2.3%	1,983	1,987	0.2%
Enterprise	337	335	-0.5%	1,031	1,005	-2.5%
Wholesale	98	81	-17.0%	284	238	-16.0%
Other (incl. eliminations)	-20	-14	28.4%	-46	-35	24.5%
International Carrier Services (BICS)	335	294	-12.3%	983	894	-9.1%

[3] As of mid-May, the regulatory effect on international Calling/SMS fully annualized.

NB: In line with Proximus' strategy, most products are sold through multi-play Packs. The Packs are sales arrangements with multiple deliverables. The revenue is allocated to the different services (fixed and mobile), based on their relative standalone selling prices, i.e. the amount for which the services could be sold separately. The revenue allocation by nature as reported in this report may be impacted by changes in the composition of multi-play offers, for example the launch of e-Press since 1 December 2019.

The resulting ARPUs as reported in this document, and the variances compared to preceding periods, are therefore partly the mere mathematical consequence of the application of this accounting policy to a changed Pack composition.

Table 3:

Underlying Group Revenue by Product nature

	3rd Quarter			Year-to-date		
(EUR million)	2019	2020	% Change	2019	2020	% Change
Group Revenues	1,407	1,368	-2.8%	4,235	4,091	-3.4%
Domestic Revenues	1,071	1,074	0.2%	3,251	3,196	-1.7%
Other Operating Income	9	6	-25.5%	34	28	-17.1%
Net Revenues	1,063	1,067	0.4%	3,218	3,169	-1.5%
Telecom	829	837	0.9%	2,508	2,488	-0.8%
Services	734	735	0.2%	2,213	2,185	-1.3%
From Fixed	482	495	2.9%	1,460	1,476	1.1%
From Mobile	252	240	-5.0%	754	709	-5.9%
Postpaid	241	230	-4.6%	715	677	-5.4%
Prepaid	11	10	-13.5%	39	33	-14.7%
Terminals	61	67	10.1%	192	201	4.8%
Tango	35	35	-0.2%	102	102	-0.3%
ICT	133	142	6.9%	408	421	3.3%
Advanced Business Services	9	10	3.8%	29	29	-0.1%
Other Products	15	13	-13.3%	45	34	-25.2%
Wholesale	98	81	-17.0%	283	238	-15.9%
Other segment (incl. elim)	-22	-15	28.4%	-56	-42	24.0%
BICS Revenues	335	294	-12.3%	983	894	-9.1%
Costs of Sales	-496	-468	-5.6%	-1,475	-1,405	-4.8%
Group Direct Margin	911	899	-1.2%	2,760	2,686	-2.7%
Direct Margin %	*64.7%*	*65.8%*	*1.0 p.p.*	*65.2%*	*65.7%*	*0.5 p.p.*

Table 4:

Group operationals per product

	Park			Net adds	
(in 000's)	Q3 '19	Q3 '20	% Change	Q3 '19	Q3 '20
Fixed Voice	2,440	2,273	-6.8%	-36	-54
Internet	2,079	2,122	2.1%	8	14
TV	1,635	1,663	1.8%	3	11
Mobile postpaid excl. M2M	4,082	4,234	3.7%	23	57
M2M	1,685	2,192	30.0%	113	106
Mobile prepaid	742	646	-13.0%	-11	-16

Group operationals cover Proximus (Consumer and Enterprise), Scarlet, Tango and Wholesale.

2.1.2 Underlying Group direct margin

Table 5: Underlying Group direct margin by segment

	3rd Quarter			Year-to-date		
(EUR million)	2019	2020	% Change	2019	2020	% Change
Group Underlying by Segment	911	899	-1.2%	2,760	2,686	-2.7%
Domestic	827	825	-0.3%	2,518	2,456	-2.4%
Consumer	507	526	3.7%	1,532	1,552	1.3%
Enterprise	231	224	-2.9%	713	679	-4.7%
Wholesale	87	73	-15.4%	256	217	-15.4%
Other (incl. eliminations)	2	1	-37.1%	17	8	-49.1%
International Carrier Services (BICS)	83	74	-10.7%	242	229	-5.3%

Q3 2020

The **third-quarter 2020** underlying direct margin of the **Proximus Group totaled EUR 899 million, a -1.2% decrease** compared to the third quarter of last year. Proximus' **Domestic operations posted a nearly stable direct margin of EUR 825 million, down -0.3% from the prior year.** This included some continued Covid-19 headwinds for an estimated amount of about EUR -13 million, mainly reflecting the loss of roaming Direct margin in all customer segments. With the Covid-19 easing measures for customers no longer impacting the company's direct margin in the third quarter and Proximus showing good underlying business trends, the Domestic Direct margin sequentially improved from the prior two quarters.

For the third quarter of 2020, **BICS posted a direct margin of EUR 74 million, down -10.7%** or EUR -9 million compared to the prior year. Covid-19 effects on BICS direct margin count for about EUR -7 million. The sequential higher decline versus the second quarter resulted from the low travel during the typical summer holiday peak and a progressive impact from MTN's insourcing since mid-2019. This was somewhat compensated for by a continued strong performance by TeleSign, providing solid growth in the domains of mobile identity and authentication, along with the expansion of BICS' activities in the numbering business.

The direct margin as a percentage of revenue improved by 0.5 p.p. from the prior year, reaching 25.3% in the third quarter of 2020.

YTD 2020

Year-to-date September 2020 Proximus Group posted direct margin of EUR 2,686 million, a year-on-year decline of -2.7%, including about EUR -53 million of Covid-19 impacts. The **Domestic direct margin** was down by -2.4% to EUR 2,456 million, negatively impacted by Covid-19 for about EUR -41 million, while the direct margin of BICS was -5.3 % lower, totaling EUR 229 million.

2.1.3 Underlying Group expenses[4]

Table 6: Underlying Group expenses

	3rd Quarter			Year-to-date		
(EUR million)	2019	2020	% Change	2019	2020	% Change
Group Underlying	441	430	-2.3%	1,343	1,275	-5.0%
Workforce expenses	299	288	-3.7%	894	843	-5.7%
Non Workforce expenses	141	142	0.6%	449	432	-3.7%
Domestic Underlying	397	387	-2.6%	1,214	1,148	-5.4%
Workforce expenses	273	262	-4.0%	819	766	-6.4%
Non Workforce expenses	124	124	0.6%	395	382	-3.3%
BICS Underlying	44	44	0.0%	129	127	-1.5%
Workforce expenses	26	26	-0.4%	76	77	2.1%
Non Workforce expenses	18	18	0.5%	54	50	-6.5%

Q3 2020

The Proximus Group reduced its **underlying operating expenses** for the third quarter 2020 to EUR 430 million, **down by -2.3%,** driven by lower Domestic expenses, while BICS' expenses were stable year-on-year.

Proximus' **Domestic operations reduced its expenses by -2.6%** for the third quarter of 2020 benefitting from ongoing company-wide cost efficiencies and increased productivity. The operating expenses continued to be favorably impacted by Covid-19 effects, however more limited in comparison with the prior quarter.

Within the mix, the **Domestic non-workforce expenses remained stable (+0.6%)** at EUR 124 million. The quarter included a limited catch-up of previously delayed expenses.

The **Domestic workforce expenses for the third quarter of 2020 were down year-on-year by -4.0%,** driven by the positive impact from a lower headcount compared to one year ago (-1,766 FTEs), largely resulting from the employees that left the company in the framework the Fit for Purpose plan (FFP, mainly 1 March 2020) and the last wave of leavers in the Early Leave Plan ahead of retirement (1 January 2020). With new hiring over the past 3 months being offset by natural outflow, retirements, and a remaining wave of FFP-leavers, Proximus' workforce remained fairly stable compared to the prior quarter, totaling 10,427 FTEs end-September 2020.

The benefits of the lower headcount from one year ago were partly offset by wage drift, mainly on an inflation-based salary indexation (1 April 2020) and higher external workforce costs to support amongst other things an increased volume of inbound calls driven by the launch of Flex.

The addressable base for the company's cost reduction ambitions are the **indirect expenses of Proximus' Domestic operations**. This is the Domestic cost base excluding the billable ICT workforce expenses in the B2B segment, given the company's growth ambitions in this area. For the third quarter of 2020, the **indirect[5] Domestic expenses were year-on-year down by -3.4%.**

YTD 2020

Over the first nine months of 2020, the Proximus Group reduced its expenses by -5.0%, including a -5.4% or EUR -66 million decrease for its Domestic operations. About EUR 40 million of this is related to structural cost benefits, largely the result of the decrease in headcount and efficiency savings. The remainder is mainly related to non-recurring cost benefits (Covid-19 effects and one-off media efficiencies reported in the second quarter of 2020). Excluding the billable ICT workforce Proximus reduced its indirect domestic expenses by -6.1% or EUR -70 million.

[4] Before D&A; excluding Cost of Sales; excluding incidentals.

[5] Domestic expenses excluding Enterprise ICT billable workforce expenses

2.1.4 Group EBITDA - reported and underlying

Table 7:

From reported to underlying EBITDA

(EUR million)	3rd Quarter 2019	3rd Quarter 2020	3rd Quarter % Change	Year-to-date 2019	Year-to-date 2020	Year-to-date % Change
Group reported EBITDA	477	490	2.9%	1,452	1,486	2.4%
Lease depreciations	-21	-19	nr	-64	-60	nr
Lease interest	-1	-1	nr	-2	-2	nr
Incidentals	15	-1	nr	31	-14	nr
Group Underlying EBITDA	470	469	-0.2%	1,417	1,410	-0.5%
Domestic	430	438	1.9%	1,304	1,308	0.3%
BICS	40	31	-22.5%	113	102	-9.6%

Q3 2020

Underlying Group EBITDA

The **underlying Group EBITDA for the third quarter of 2020 totaled EUR 469 million, remaining nearly stable (-0.2%) compared to the prior year.** The Covid-19 headwind for the Group over the third quarter of 2020 remained sequentially fairly equal about EUR -14 million. In comparison to the prior quarter, the third quarter direct margin impact of Covid-19 was more contained, while some of the Covid-19-related cost benefits continued, however at a lower degree.

For its **Domestic operations**, Proximus posted for the third quarter of 2020 a solid **EBITDA of EUR 438 million, up by 1.9% on the prior year**, with the continued reduction in expenses more than offsetting the minor decline in direct margin. The Covid-19 effect on the third quarter Domestic EBITDA is estimated at about EUR -9 million. The Domestic EBITDA margin as percentage of revenue rose to 40.8%, up from 40.2% one year back.

BICS' EBITDA for the third quarter of 2020 totaled EUR 31 million, a decrease of -22.5% compared to the prior year, fully driven by its lower direct margin. This included a negative Covid-19 impact of about EUR -6 million. The EBITDA margin as a percentage of revenue was 10.5%, -1.4 p.p. on the prior year.

Total Reported Group EBITDA

With incidentals included and operating lease expenses excluded, the Proximus Group reported EBITDA for the third quarter of 2020 was EUR 490 million, positive by 2.9% on the prior year. In the third quarter of 2020, the incidentals recorded by the Proximus Group resulted in a net positive impact of EUR 1 million. This compares to EUR 15 million negative incidentals for the same period of 2019 (see section 8.2 for an overview of the incidentals).

YTD 2020

Year-to-date September 2020, the **Proximus Group posted underlying EBITDA of EUR 1,410 million**, -0.5% or EUR -7 million below that of the comparable period of 2019. The impact from Covid-19 on the year-to-date Group EBITDA is estimated at about EUR -33 million, driven by roaming direct margin, easing measures and an impact on the BICS margin, partially off-set by OPEX savings.
In spite of the Covid-19 headwinds, **Proximus' Domestic EBITDA evolved favorably year-on-year by +0.3%** to EUR 1,308 million. BICS' EBITDA decreased by -9.6% to EUR 102 million.

With incidentals included and operating lease expenses excluded, the **Proximus Group's reported EBITDA** for the first nine months of 2020 was **EUR 1,486 million,** positive by 2.4% on the prior year.

2.1.5 Net income

Q3 2020/ YTD 2020

Depreciation and amortization

The depreciation and amortization over the first nine months of 2020 amounted to EUR 775, or **EUR 835 million including lease depreciation,** slightly lower than the EUR 840 million for the same period of 2019.

Net finance cost

The year-to-date September 2020 **net finance cost** totaled **EUR 36 million including lease interests,** slightly down from one year back, resulting from a reassessment of tax on pylon accruals following a favorable court decision.

Tax expenses

The tax expenses over the first nine months of 2020 were EUR 146 million, leading to **an effective tax rate of 23.7%.**

Net income (Group share)

The net income over the first nine months totaled **EUR 454 million i.e. a 12.9% increase** from the prior year. This results mainly from a positive year-on-year impact from incidentals and income tax partially offset by the -0.5% erosion in underlying Group EBITDA.

Table 8: From Group EBITDA to net income

	3rd Quarter			Year-to-date		
(EUR million)	2019	2020	% Change	2019	2020	% Change
Group reported EBITDA	477	490	2.9%	1,452	1,486	2.4%
Depreciation and amortization	-256	-252	-1.4%	-776	-775	-0.1%
Lease depreciation	-21	-19	-9.9%	-64	-60	-6.4%
Operating income (EBIT)	199	219	9.8%	612	651	6.5%
Net finance costs (including lease interest)	-12	-13	5.9%	-37	-36	-3.9%
Share of loss on associates	0	0	n.r.	-1	-1	39.3%
Income before taxes	187	206	10.2%	574	614	7.1%
Tax expense	-51	-46	-11.2%	-157	-146	-7.4%
Net income	136	160	18.2%	416	469	12.5%
Non-controlling interests	6	4	-36.6%	14	15	2.4%
Net income (Group share)	130	157	20.8%	402	454	12.9%

2.1.6 Investments

Excluding spectrum and football broadcasting rights, **Proximus invested EUR 210 million in the third quarter of 2020, bringing its total capex to EUR 628 million over the first nine months of 2020**. The year-to-date decrease by EUR -59 million on the comparable base of 2019 resulted from the combination of an outstanding Covid-19 impact on capex, the company managing down copper investments and some of the anticipated 2020 Mobile investments that have been put on hold, awaiting Proximus' new vendor choice for the Radio Access Network. The announced renewal with Nokia, Proximus' selected vendor for the RAN, will start in 2021. Moreover, a number of investment projects have been completed earlier in 2020, such as Fiber to the Business in large industrial zonings.

The investment level for Fiber is rising. Over the third quarter, Proximus deployed Fiber for an additional 45,000 premises, with its Fiber footprint reaching 391,000 HP by end-September 2020. In October, the 400,000 Homes Passed milestone was reached.

In July 2020 Proximus reached an agreement with Eleven Sports for the distribution of the new Pro League channels covering all live Belgian football matches (Jupiler Pro League and D1B) on all screens via Pickx and this for the next 5 seasons. According to Proximus' accounting policies, the renewal of the Belgian Football Broadcasting rights are capitalized. See section 7.1.

2.1.7 Cash flows

Table 9:

Cash flows

(EUR million)	3rd Quarter 2019	3rd Quarter 2020	% Change	Year-to-date 2019	Year-to-date 2020	% Change
Cash flows from operating activities	517	539	4.1%	1,369	1,306	-4.6%
Cash paid for Capex (*)	-257	-269	4.3%	-793	-747	-5.8%
Cash flows used and provided in other investing activities	2	2	5.2%	-32	4	>100%
Cash flow before financing activities	262	272	3.9%	544	564	3.6%
Lease payments	-21	-19	-11.9%	-63	-59	-6.6%
Free cash flow	240	253	5.3%	482	505	4.9%
Cash flows used and provided in financing activities other than lease payments	-192	-301	57.0%	-479	-366	-23.5%
Exchange rate impact	1	-1	<-100%	1	-1	<-100%
Net increase/(decrease) of cash and cash equivalents	49	-49	<-100%	4	138	>100%

*Cash paid for acquisitions of intangible assets and property, plant and equipment.

Proximus posted a solid **FCF of EUR 253 million for the third quarter of 2020**, bringing the **FCF over the first nine months of 2020 to EUR 505 million, or EUR 507 million excluding net cash-out for acquisitions**[6] , compared to EUR 517 million for the comparable period of 2019. The FCF of 2020 included EUR 141 million more cash-out related to workforce transformation plans, mainly related to the 2020 Fit for Purpose transformation plan. This was for a large part offset by less cash needed for capex, lower income tax payments and a favorable year-on-year evolution in Business working capital.

2.1.8 Balance sheet and shareholders' equity

Compared to year-end 2019, the goodwill decreased by EUR -6 million to EUR 2,471 million due to the USD/EUR conversion of the TeleSign goodwill.

Tangible and intangible fixed assets amounted to EUR 4,108 million and decreased by EUR 99 million as the depreciation and amortization charge of the year is higher than the investments.

The shareholders' equity increased from EUR 2,856 million end of December 2019 to EUR 2,972 million end of September 2020 as the Total Comprehensive Income (Group Share) of EUR 454 million was higher than the payments of dividends (EUR 323 million).

End-September 2020, Proximus' outstanding long-term debt (excluding lease liabilities) amounted to EUR 2,510 million, and its adjusted net financial position to EUR -2,041 million. Proximus was granted a new 20-year Private Placement Note of EUR 150 million starting 14 May 2020 with an annual fixed coupon of 1.5%.

[6] Earn out paid for Codit in Q2 2020

Table 10: Net financial position

(EUR million)	As of 31 December 2019	As of 30 September 2020
Investments, Cash and cash equivalents	327	464
Derivatives	5	5
Assets	332	469
Non-current liabilities (*)	-2,603	-2,740
Current liabilities (*)	-220	-70
Liabilities	-2,824	-2,810
Net financial position (*)	-2,492	-2,340
of which Leasing liabilities	-307	-299
Adjusted net financial position (**)	-2,185	-2,041

(*) Including derivatives and leasing liabilities
(**) The adjusted financial position excludes leasing liabilities

2.2 Regulation

Review of the EU Telecom framework – new caps on intra-EU call and SMS prices

In the context of the EU Telecom review adopted end-2018, the European legislators adopted a regulation inserting caps on intra-EU call and SMS prices (calls and texts to another EU country). The new caps took effect on 15 May 2019 for Consumers at 19 eurocents/minute for calls and 6 eurocents/text. The 2020 impact until mid-May on revenue and on margin amounted to EUR -7 million.

Cable and broadband regulation and pricing

Concerning the wholesale fiber pricing, in a draft decision published on 30 September 2020, BIPT concludes that the rates that Proximus currently applies are fair, i.e. they do not exceed the costs of an efficient operator including a reasonable margin and in line with the regulation it set in 2018. The market had time to react until 30 October 2020. A final decision is expected in the first half of 2021.

Spectrum

The multi-band spectrum auction which should include the renewal of the existing 2G/3G spectrum licenses (900MHz, 1800MHz and 2100MHz) as well as the granting of new 5G spectrum (700MHz, 1400MHz and 3500MHz) are still on hold.

In the meantime, on 15 June 2020, BIPT granted temporary licenses in the 3600-3800 MHz frequency band to five operators: Proximus, Orange, Telenet, Cegeka & Entropia, each operator receiving 40MHz. After the subsequent drop out of Entropia, BIPT redistributed the spectrum among the other actors on 13 October 2020.

Proximus, Orange & Telenet have now each been granted a block of 50MHz TDD and Cegeka received a block of 40MHz TDD. Each operator may decide when they want to start their license (between 1 August and 1 December 2020) and these rights will run until new rights are granted following the upcoming multiband auction. Operators have the obligation to put their spectrum in service before 1 March 2021. Operators have to pay a yearly fee of EUR 105,000 per block of 10 MHz. No unique fee is due and these rights are not subject to any specific coverage obligation. Given the importance of 5G to build a digital Belgium, Proximus welcomes the BIPT's initiative related to temporary licenses; however, a prompt decision on the definitive allocation of the spectrum in the framework of an auction remains a necessity. An association of users has appealed the BIPT allocation decision.

Concerning the current 2G (900MHz and 1800MHz) and 3G (2100MHz) licenses which will expire in March 2021, BIPT proposes to foresee the possibility of extending these licenses by six-month periods until the future multiband auction is finalized and the new rights are attributed.

2.3 Outlook and Shareholder return

The impact of Covid-19 on the company's Group underlying EBITDA for the third quarter of 2020 was less severe than anticipated in prior company projections. What is more, a number of supporting business trends in the Domestic operations drove a better Domestic EBITDA. This resulted amongst other things from fixed and mobile services positively impacted by changed customer behavior in terms of usage, and a solid customer growth supported by the launch of the new Flex offering.

While remaining vigilant for the volatility caused by Covid-19, and anticipating a tougher fourth quarter, **Proximus feels comfortable in revising its full-year 2020 guidance upwards, estimating to end the year 2020 with a Group underlying EBITDA-CAPEX of at least EUR 830 million. This includes an estimated Group capex below EUR 1 billion.**

Proximus' full-year 2020 estimates include a negative impact of Covid-19 on Group EBITDA for about EUR -45 million, improving from the initial estimation of about EUR -60 million. The positive revision of the Covid-19 impact is based on a mix of favorable cost effects, and a lower than anticipated impact on Direct margin.

Table 11: Outlook

Guidance metric (EUR million)	FY19 Actuals	YTD20 Actuals	FY20 Previous guidance	FY20 Revised guidance
EBITDA - CAPEX	844	782	780-800	At least 830
Group underlying EBITDA	1,870	1,410	-	-
Capex (excluding Spectrum & football rights)	1,027	628	-	Below 1,000

Proximus reiterates its intention to return over the result of 2020, 2021 and 2022 an annual gross dividend of EUR 1.2 per share, to be considered as a floor.

On 28 October 2020 the Proximus Board of Directors approved to return to the shareholders a gross interim dividend of EUR 0.50 per share.

<u>Coupon 31:</u>
Gross interim dividend: EUR 0.50/share
Net dividend (30% withholding tax assumed): EUR 0.35/share

- Ex-coupon date: 9 December 2020
- Record date: 10 December 2020
- Payment date: 11 December 2020

3 Consumer

- Strong commercial momentum for both the Proximus and Scarlet brand
- Successful launch of Flex boosted Mobile postpaid net adds to +47,000 and combined with attractive Scarlet back to school campaign supported a strong growth for Internet (+13,000) and TV (+11,000)
- Consumer revenue up year-on-year by +2.3%.
- Convergent revenue grew by 4.1%, driven by the uptake of Flex; convergence rate rising to 59.3% and ARPC +1.3%, in spite of lower roaming revenue.
- Direct margin up by 3.7% YoY to reach EUR 526 million.

3.1 Consumer revenue

Q3 revenue up by 2.3% in spite of continued roaming loss due to Covid-19.

Proximus posted a solid Consumer revenue of EUR 672 million, 2.3% above the prior year, a sequential improvement from the prior quarters. The main growth driver is the rising customer base for Internet, TV, and Mobile postpaid, with Proximus capitalizing on the initiatives taken in terms of customer satisfaction and brand image, and the successful launch on 1 July 2020 of the new convergent offering "Flex". Moreover, Scarlet's promotional campaign, exceptionally offering free installation over the summer, convinced many customers.

Besides the continued benefit from the 1 January 2020 price indexation and e-Press, the Consumer revenue was also supported by a sustained higher usage of telecom services after the confinement period, driving out-of-bundle traffic for Fixed Voice and Mobile Data. This partly offset the negative Covid-19 effect on the typical summer roaming-peak. Furthermore, revenue from Terminals increased year-on-year, supported by the successful Back-to-School promotion driving the uptake of high-end devices in Joint-Offer, combining the device with a mobile subscription.

+4.3% Fixed services revenue, supported by growing subscriber base.

The Fixed Services revenue came in strong for the Consumer segment, posting EUR 392 million revenue for the third quarter of 2020, up by 4.3% from the prior year and showing further improvement on the prior two quarters. The positive trend in Fixed Services revenue reflects the benefit from Proximus' growing base for Internet and TV and Fixed voice traffic usage picking up since the lock-down in March. In contrast to the prior quarter, this usage was no longer covered by the company's Covid-19 easing measures. Moreover, revenue from Fixed Services continued to benefit from a stable contribution from e-Press and the 1 January 2020 price indexation.

The sound operational trend for Fixed services continued in the third quarter, supported by the strong customer traction on the newly launched Flex offering, and the success of Scarlet's free installation campaign. Both brands benefited from firm gross customer gains, compensating for a temporary higher company-initiated churn with the normal collection process reintroduced since 1 July 2020[7]. This resulted in Proximus' overall Internet base growing in the third quarter by +13,000 and its TV base by +11,000, increasing its total Internet base by 2.1% in one year to 1,952,000 and its TV subscriber base by 1.7% to 1,652,000. After a more modest decline in Fixed Voice lines during the confinement period, the third quarter Fixed Voice line erosion amounted to -45,000 lines, bringing the total Fixed Voice line base to 1,755,000 by end-September 2020.

[7] As of mid-March, upon request of the regulator, Proximus engaged itself not to disconnect telecom services in case of non-payment, except in case of fraud or other malpractice. The normal collection process was reintroduced since 1 July 2020.

+47,000 Postpaid net adds in Q3. ARPU pressured by limited non-EU roaming traffic.

The traction for the joint offers, the revamped mobile offer (1 January), and especially the strong commercial dynamic following the launch of the new convergent multi-mobile offer Flex, resulted in a firm increase in Mobile Postpaid customers. All in all, Proximus' Consumer segment added a solid number of 47,000 SIMs over the third quarter 2020, bringing the total Postpaid base to 2,876,000[8] SIM cards by end-September 2020, up by +4.0% from the prior year. In the third quarter Proximus' Postpaid churn level was 13.8%, remaining 1p.p. below the prior year.

The benefit from the strong Postpaid customer growth could partially offset the lower ARPU. Whereas the travel restrictions impacted the seasonally high roaming revenue, a sequential higher consumption of national Mobile Data and the complete absence of regulatory impacts somewhat limited the ARPU decline to -6.7% year-on-year, bringing the third quarter Postpaid ARPU to EUR 18.8. Moreover, the ARPU is ongoingly impacted by accounting allocation rules for revenue of Mobile Joint Offers, Mobile subscriptions in a Pack and e-Press[9].

Overall, this led to Consumer revenue from **Postpaid mobile services of EUR 161 million for the third quarter 2020, down year-on-year by -3.4%.**

The Proximus prepaid base decreased by a net -15,000 Prepaid cards in the third quarter 2020, rebounding somewhat from a highly Covid-19 impacted second quarter. This led to a total of 618,000 Prepaid cards, with an ARPU of EUR 5.2, down by -1.1% year-on-year following the erosion in usage.

Following the more limited revenue decline for both Postpaid and Prepaid, the total overall **Mobile service revenue decrease remained contained to -4.0%** for the third quarter of 2020, totaling **EUR 171 million**.

+4.1% Convergent revenue, in spite of Covid-19 related roaming revenue loss.

Of the EUR 672 million Consumer revenue in the third quarter of 2020, **EUR 556 million was X-Play service revenue** generated by a total of 3,136,000 Proximus customers/small offices. This is a 1.3% revenue increase from the prior year, in spite of the negative effect Covid-19 had on the usual summer peak in non-EU roaming traffic. The favorable total Customer revenue evolution resulted from a 4.1% increase in Convergent revenue, more than offsetting the lower revenue from both Fixed-only and Mobile-only customers.

End-September 2020, Proximus counted 1,107,000 convergent customers. As such, it continued to increase its convergence rate to 59.3% on the total of Multi-Play customers, +2.4 p.p. up on the prior year.

The convergence revenue benefitted especially from the launch of Flex, driving a solid 16.3% growth in 3-Play convergent revenue, and a 4.6% revenue growth from convergent 2-Play offers. Part of the 3-Play customer growth resulted from migrating 4-Play customers, prompted by a Flex offering better answering their needs. The 4-Play revenue remained relatively stable year-on-year (-0.1%), with the 4-Play ARPC up by 0.7%, offsetting the decline in the 4-Play customer base (-12,000 in the third quarter), totaling 700,000 customers end-September.

Proximus' upselling and reinforced multi-mobile strategy through Flex led to a further year-on-year improvement in the average number of RGUs, for the third quarter up by 0.8% to 2.63 for the overall customer base. This benefited the overall ARPC, up by 1.3% to reach EUR 59.0.

3.2 Consumer direct margin

For the third quarter of 2020, the Consumer segment posted a +3.7% increase in **direct margin to reach EUR 526 million.** This resulted from an increase in Fixed Services direct margin, and lower mobile SMS interconnect[10] and roaming costs offsetting the Mobile revenue pressure.
The direct margin as a percentage of revenue was 78.3% for the third quarter, 1.0 p.p. above that of the year before.

[8] Excluding M2M cards

[9] As of 1 December 2019, offered in Proximus' Internet packs

[10] Interconnect/Inbound revenue is part of Wholesale. Interconnect costs are reported within the Consumer and Enterprise segments. On Group level, inbound margin is fairly neutral.

Table 12:

Consumer revenue by nature and direct margin

(EUR million)	3rd Quarter 2019	3rd Quarter 2020	3rd Quarter % Change	Year-to-date 2019	Year-to-date 2020	Year-to-date % Change
Revenue	657	672	2.3%	1,983	1,987	0.2%
Other Operating Income	5	4	-28.1%	19	16	-16.7%
Net Revenue	652	668	2.5%	1,964	1,972	0.4%
Of Which X-Play Revenue	*549*	*556*	*1.3%*	*1,646*	*1,652*	*0.3%*
Service Revenue	554	563	1.6%	1,667	1,669	0.2%
From Fixed	376	392	4.3%	1,135	1,167	2.8%
From Mobile	178	171	-4.0%	531	502	-5.5%
Postpaid	167	161	-3.4%	493	469	-4.8%
Prepaid	11	10	-13.5%	39	33	-14.7%
Terminals (fixed and mobile)	49	57	15.6%	153	166	8.5%
*Of which revenue from joint offer devices (IFRS15 impact) **	*18*	*23*	*27.1%*	*53*	*70*	*31.7%*
Tango	29	29	0.4%	84	85	0.5%
ICT	7	7	4.7%	22	22	-1.9%
Other Products	13	12	-5.2%	37	30	-20.5%
Costs of sales	-150	-146	-2.4%	-450	-436	-3.2%
Direct Margin	507	526	3.7%	1,532	1,552	1.3%
Direct Margin %	*77.2%*	*78.3%*	*1.0 p.p.*	*77.3%*	*78.1%*	*0.8 p.p.*

NOTE - In order to reconcile X-play revenues with Product net revenues, terminal sales, Tango, Prepaid, Fixed & Mobile other revenues and some smaller items need to be added.

Table 13:

Consumer operationals by nature

	3rd Quarter			Year-to-date		
	2019	2020	% Change	2019	2020	% Change
Park (000's)						
Fixed voice lines	1,889	1,755	-7.1%	1,889	1,755	-7.1%
Broadband lines	1,912	1,952	2.1%	1,912	1,952	2.1%
TV unique customers	1,625	1,652	1.7%	1,625	1,652	1.7%
Mobile postpaid cards excl. M2M	2,766	2,876	4.0%	2,766	2,876	4.0%
M2M	3	2	-15.5%	3	2	-15.5%
Mobile prepaid cards	710	618	-13.0%	710	618	-13.0%
Net adds (000's)						
Fixed voice lines	-26	-45		-80	-103	
Broadband lines	5	13		19	31	
TV unique customers	3	11		14	22	
Mobile postpaid cards excl. M2M	14	47		33	97	
M2M	-2	0		-1	-1	
Mobile prepaid cards	-11	-15		-61	-68	
ARPC - all Plays (EUR)	58.2	59.0	1.3%	58.0	58.5	1.0%
ARPU (EUR)						
Mobile postpaid	20.1	18.8	-6.7%	20.0	18.5	-7.3%
Mobile prepaid	5.3	5.2	-1.1%	5.9	5.6	-4.3%
Annualized churn rate						
Mobile postpaid	14.8%	13.8%	-1.0 p.p.	15.3%	11.9%	-3.5 p.p.
Mobile prepaid	38.3%	40.6%	2.2 p.p.	35.7%	38.5%	2.9 p.p.
Average Mobile data usage/user/month (Mb)	3,454	4,662	35.0%	na	na	na

Note:

Following an improved alignment of the IFRS 15 allocation in the subcategories in the X-Play customer reporting, the figures for 2019 and Q1 2020 have been adjusted accordingly to keep a meaningful comparable base.

Table 14:

Consumer X-Play view

	3rd Quarter			Year-to-date		
	2019	2020	% Change	2019	2020	% Change
Revenues x - play (EUR million)	549	556	1.3%	1,646	1,652	0.3%
Fixed-only	171	167	-2.2%	521	504	-3.3%
Mobile-only	73	71	-2.5%	215	207	-3.5%
Convergent	305	317	4.1%	910	940	3.3%
4-Play	215	215	-0.1%	644	647	0.5%
3-Play	158	168	5.9%	475	492	3.6%
Convergent	73	85	16.3%	217	242	11.6%
Fixed	85	82	-3.0%	258	250	-3.2%
2-Play	67	67	0.2%	202	200	-1.2%
Convergent	17	18	4.6%	50	51	3.1%
Fixed	50	49	-1.2%	152	148	-2.6%
1-Play	109	107	-2.1%	325	313	-3.8%
1P Fixed Voice	20	18	-10.6%	64	55	-14.1%
1P internet	16	17	10.4%	46	51	9.1%
1P Mobile	73	71	-2.5%	215	207	-3.5%
Customers per Play - Total (000's)	3,143	3,136	-0.2%	3,143	3,136	-0.2%
4-Play	714	700	-1.9%	714	700	-1.9%
3-Play	756	785	3.8%	756	785	3.8%
Convergent	259	318	22.8%	259	318	22.8%
Fixed	497	467	-6.0%	497	467	-6.0%
2-Play	388	380	-2.0%	388	380	-2.0%
Convergent	84	89	5.2%	84	89	5.2%
Fixed	304	292	-4.0%	304	292	-4.0%
1-Play	1,285	1,271	-1.1%	1,285	1,271	-1.1%
1P Fixed Voice	249	212	-14.8%	249	212	-14.8%
1P internet	170	187	9.7%	170	187	9.7%
1P Mobile	866	872	0.7%	866	872	0.7%
ARPC x - play (in EUR)	58.2	59.0	1.3%	58.0	58.5	1.0%
4-Play	100.5	101.2	0.7%	100.6	101.1	0.4%
3-Play	69.8	71.9	2.9%	69.9	71.3	2.0%
Convergent	95.4	93.6	-1.9%	96.3	93.6	-2.9%
Fixed	56.7	58.0	2.2%	56.8	58.0	2.1%
2-Play	56.9	58.4	2.6%	57.1	58.2	1.9%
Convergent	66.8	65.7	-1.6%	67.3	65.2	-3.0%
Fixed	54.3	56.2	3.5%	54.4	56.1	3.1%
1-Play	28.2	27.8	-1.4%	27.9	27.2	-2.4%
1P Fixed Voice	26.8	28.0	4.8%	27.0	27.2	0.8%
1P internet	31.2	31.0	-0.5%	31.3	31.0	-1.1%
1P Mobile	28.1	27.1	-3.5%	27.5	26.5	-3.9%
Average #RGUs per Customer - Total	2.60	2.63	0.8%	2.60	2.63	0.8%
4-Play	4.78	4.80	0.5%	4.78	4.80	0.5%
3-Play	3.25	3.30	1.4%	3.25	3.30	1.4%
Convergent	3.69	3.71	0.3%	3.69	3.71	0.3%
Fixed	3.03	3.03	0.0%	3.03	3.03	0.0%
2-Play	2.15	2.15	-0.1%	2.15	2.15	-0.1%
Convergent	2.45	2.43	-0.9%	2.45	2.43	-0.9%
Fixed	2.07	2.06	-0.2%	2.07	2.06	-0.2%
1-Play	1.15	1.15	0.3%	1.15	1.15	0.3%
1P Fixed Voice	1.06	1.05	-0.4%	1.06	1.05	-0.4%
1P internet	1.00	1.00	0.0%	1.00	1.00	0.0%
1P Mobile	1.21	1.22	0.4%	1.21	1.22	0.4%
Annualized full churn rate (Customer) - Total	15.0%	15.5%	0.5 p.p.	15.0%	12.8%	-2.2 p.p.
4-Play	4.4%	4.9%	0.5 p.p.	4.4%	4.0%	-0.3 p.p.
3-Play	11.9%	12.0%	0.1 p.p.	11.9%	10.2%	-1.7 p.p.
2-Play	14.1%	14.2%	0.1 p.p.	14.4%	12.6%	-1.8 p.p.
1-Play	23.0%	23.8%	0.8 p.p.	22.9%	19.3%	-3.6 p.p.
Convergent Customers - Total (000's) *	1,057	1,107	4.7%	1,057	1,107	4.7%
% Convergent Customers - Total *	56.9%	59.3%	2.4 p.p.	56.9%	59.3%	2.4 p.p.
4-Play	100.0%	100.0%	0.0 p.p.	100.0%	100.0%	0.0 p.p.
3-Play	34.2%	40.5%	6.3 p.p.	34.2%	40.5%	6.3 p.p.
2-Play	21.7%	23.3%	1.6 p.p.	21.7%	23.3%	1.6 p.p.

* (i.e. % of Customers having Mobile + Fixed component)

4 Enterprise

- Revenue decline limited to -0.5% thanks to higher ICT product revenue, and a contained erosion in Fixed and Mobile services revenue.
- Mobile Postpaid customer base grew further by a net +5,000 cards, Mobile ARPU down on decreased roaming traffic and continued competitive price pressure.
- ICT revenue +7.0% YoY, with Covid-19 impacts limited so far.
- Direct margin decline mitigated at -2.9% YoY, following the revenue trend.

4.1 Enterprise revenue

Q3 revenue erosion limited, -0.5% YoY.

The third quarter 2020 revenue of the **Enterprise segment totaled EUR 335 million, i.e. a limited decrease of -0.5%** on the same period of the prior year. The segment posted a sequential improvement on the revenue decline for the second quarter, largely driven by a strong revenue increase in ICT, a rise in Fixed Voice usage limiting the decline in Fixed Voice revenue, and Fixed Data revenue remaining stable in contrast to the erosion in the first-half of 2020. Moreover, the Mobile Services posted a more limited revenue decline in spite of the Covid-19 effect on roaming.

Solid growth in Mobile base, ARPU impacted by roaming drop and price pressure.

Over the third quarter 2020, the **Mobile Services revenue totaled EUR 69 million**, down year-on-year by 7.3%. In contrast to the second quarter, the commercial gestures were no longer applicable[11]. This slowed the Mobile ARPU decline to -9.9% (from -13% for the prior quarter) to EUR 20.2. The Mobile ARPU was significantly impacted by a negative Covid-19 effect on roaming and an ongoing competitive pricing pressure.

Over the past three months, the Enterprise segment once again achieved a strong net growth in its mobile base, up by +5,000 Mobile cards to a total of 1,086,000 cards, M2M excluded (+2.6% compared to the prior year). The third-quarter churn level remained below the prior year, at 9.3%, including a positive Covid-19 effect on customer stickiness.

+106,000 M2M cards activated.

The Enterprise segment posted another **strong increase in M2M** for the third quarter of 2020, with an additional 106,000 M2M cards activated. This was mainly related to the Smart metering[12] project with Fluvius, in addition to an ongoing growth in regular M2M cards. This brought the total number of M2M cards to 2,181,000 at end-September 2020, or a 30.1% increase from the prior year.

The total revenue from **Fixed Telecom Services,** including Voice and Data**, totaled EUR 103 million,** posting a sequentially more limited decline of -2.2% year-on-year.

Higher traffic leading to YoY increase in Fixed Voice ARPU.

The **Fixed Voice revenue was down by -5.2%** for the third quarter. An increase in traffic volumes (especially Fixed to Mobile and call routing via VAS[13] numbers) partly offset the park erosion. The continued higher traffic post the lockdown commercial gesture[14], was reflected in the Fixed Voice ARPU, up by 1.5% to EUR 29.7 for the third quarter. With the third quarter 2020 Voice line erosion at -9,000 lines, the total Fixed Voice base totaled 475,000 by end-September, i.e. a steady year-on-year line loss of -6.8%.

Stable Fixed data revenue. Steady Internet customer base, ARPU lower.

The Enterprise revenue from **Fixed Data services totaled EUR 61 million, stable (-0.1%)** on the prior year. The revenue was supported by the contract signed with Eleven Sports, with Proximus providing

[11] Proximus' Covid-19 commercial gesture included free Fixed/Mobile to Fixed national traffic from mid-March 2020 till mid-May and free mobile data.

[12] As announced on 8 May 2018, Proximus launched its NB-IoT network for the connection of the digital meters of Fluvius. Commissioned by IBM and Sagemcom, Proximus will connect 1.3 million digital meters for gas and electricity, which Fluvius intends to roll out in Flanders by the end of 2022.

[13] VAS – Value Added Services, e.g. 0800 numbers and VMS – Value Managed Services, i.e. call routing to ensure business continuity

[14] Proximus' Covid-19 commercial gesture included free Fixed/Mobile to Fixed national traffic from mid-March 2020 till mid-May.

the connectivity between the stadiums of the Jupiler Pro League and 1B (second division) with the production facilities of Proximus Media House. This aside, the usual trend continued with a growing Fiber park for Business customers, supporting Proximus' Explore solutions, being more than offset by the ongoing legacy out phasing and more attractive customer pricing in a competitive market.

Internet followed its slightly eroding revenue trend. In a competitive setting, Proximus' Enterprise segment kept its Internet park stable at 132,000 lines end-September 2020, with an ARPU of EUR 43.2, -2.3% year-on-year.

ICT revenue up by 7.0%.

With limited Covid-19 impacts so far, and on a low comparable base, the Enterprise segment reported a **7.0% increase in its ICT revenue**, reaching **EUR 135 million** for the third quarter of 2020. This included growing revenue from Hybrid Cloud, Advanced Workplace and Smart Networking, involving mostly product revenue. Proximus' specialized ICT companies continued to provide support by bringing digital transformation solutions for professional customers and, as such, they also help to secure core connectivity services.

Smart-mobility services recovering from Covid-19 impact.

Proximus' Enterprise segment posted **EUR 10 million revenue from Advanced Business Services** for the third quarter of 2020. This contains Proximus' convergent solutions, and Smart mobility revenue from Be-Mobile[15]. The latter saw its parking revenues improving after a significant Covid-19 impact in the prior quarter.

4.2 Enterprise direct margin[16]

The third-quarter 2020 direct margin totaled EUR 224 million, down -2.9% on the comparable base of 2019, largely following the revenue trend. The direct margin as a percentage of revenue for the third quarter was 67.0%, -1.6 p.p. below that of the prior year due to a less favorable product mix.

[15] As from November 2019, the inorganic contribution from Mediamobile in Be-Mobile has been annualized.

[16] Note that headcount costs related to ICT-services which are charged to Enterprise customers are included in the Operational expenses reported on Group level.

Table 15: Enterprise revenue by nature and direct margin

(EUR million)	3rd Quarter 2019	3rd Quarter 2020	3rd Quarter % Change	Year-to-date 2019	Year-to-date 2020	Year-to-date % Change
Revenue	**337**	**335**	**-0.5%**	**1,031**	**1,005**	**-2.5%**
Other Operating Income	**1**	**1**	**-10.1%**	**5**	**4**	**-7.6%**
Net Revenue	**335**	**334**	**-0.5%**	**1,026**	**1,001**	**-2.5%**
Telecom Revenue	198	188	-4.8%	603	568	-5.9%
Service Revenue	180	172	-4.4%	547	516	-5.7%
Fixed Services	106	103	-2.2%	324	308	-4.9%
Voice	45	43	-5.2%	141	129	-8.2%
Data	61	61	-0.1%	184	179	-2.4%
Mobile Services	74	69	-7.3%	222	207	-6.8%
Terminals (fixed and mobile)	12	10	-12.6%	39	35	-9.8%
Tango	6	6	-3.0%	18	17	-3.8%
ICT	126	135	7.0%	386	400	3.6%
Advanced Business Services	9	10	3.8%	29	29	-0.1%
Other Products	2	1	-59.0%	8	4	-46.4%
Costs of Sales	**-106**	**-110**	**4.7%**	**-318**	**-326**	**2.4%**
Direct Margin	**231**	**224**	**-2.9%**	**713**	**679**	**-4.7%**
Direct Margin %	*68.7%*	*67.0%*	*-1.6 p.p.*	*69.1%*	*67.6%*	*-1.6 p.p.*

Table 16: Enterprise operationals

	3rd Quarter 2019	3rd Quarter 2020	3rd Quarter % Change	Year-to-date 2019	Year-to-date 2020	Year-to-date % Change
Park (000's)						
Fixed voice lines	509	475	-6.8%	509	475	-6.8%
Broadband lines	132	132	0.5%	132	132	0.5%
Mobile postpaid cards excl. M2M	1,059	1,086	2.6%	1,059	1,086	2.6%
M2M cards	1,676	2,181	30.1%	1,676	2,181	30.1%
Net adds (000's)						
Fixed voice lines	-10	-9		-31	-26	
Broadband lines	3	0		0	1	
Mobile postpaid cards excl. M2M	6	5		30	23	
M2M cards	116	106		350	404	
ARPU (EUR)						
Fixed voice	29.2	29.7	1.5%	29.8	29.4	-1.1%
Boadband	44.2	43.2	-2.3%	44.3	43.2	-2.3%
Mobile postpaid	22.4	20.2	-9.9%	22.6	20.4	-9.6%
Annualized mobile postpaid churn rate	10.4%	9.3%	-1.0 p.p.	11.0%	9.8%	-1.2 p.p.
Average Mobile data usage/user/month (Mb)	2,591	2,956	14.1%	na	na	na

5 Wholesale

Table 17: Wholesale revenue and direct margin

	3rd Quarter			Year-to-date		
(EUR million)	2019	2020	% Change	2019	2020	% Change
Revenue	98	81	-17.0%	284	238	-16.0%
Net Revenue	98	81	-17.0%	283	238	-15.9%
Other Operating Income	0	0	-48.1%	0	0	-35.1%
Costs of Sales	-11	-8	-29.7%	-27	-21	-21.7%
Direct Margin	87	73	-15.4%	256	217	-15.4%
Direct Margin %	*88.7%*	*90.5%*	*1.7 p.p.*	*90.3%*	*91.0%*	*0.7 p.p.*

Lower mobile inbound and roaming impacting revenue & direct margin.

For the third quarter of 2020, Proximus' **Wholesale segment reported revenue of EUR 81 million, -17.0% lower than in 2019**. The variance sequentially improved from the prior quarter. This resulted from the erosion in mobile inbound[1] returning to a somewhat normalized level from a highly Covid-19 impacted second quarter, which showed a temporary accelerated shift from SMS to OTT alternatives. Revenue from visitor and instant roaming revenues continued to be impacted by Covid-19-driven travel reluctance and bans.

The **direct margin for the third quarter of 2020 totaled EUR 73 million, a -15.4%** decline compared with the prior year, following the revenue trend. Over half of the decline is related to lower inbound margin, which is neutral on Domestic level.

[1] See section 8.1 for reporting changes

6 BICS (International Carrier Services)

- **Direct margin impacted by Covid-19 travel restrictions and progressive MTN insourcing more than offsetting a continued strong performance by TeleSign.**
- **Stable operating expenses.**
- **Ebitda of EUR 31 million, down by 22.5% YoY driven by lower direct margin.**
- **Ebitda margin of 10.5%, -1.4p.p. YoY.**

6.1 BICS revenue

For the third quarter of 2020, BICS posted a -12.3% decline in its revenue, totaling EUR 294 million. In line with the ongoing market trend, BICS' revenue mix continued to move from Voice to Data.

Revenue from non-Voice products was up by 5.3% reaching EUR 141 million, including negative Covid-19 effects on signaling, roaming & messaging revenues. These services have a significant exposure to the world-wide travel restrictions, magnified for the third quarter by the seasonal summer peak.

Revenue from Voice services was down by -24.1% year-on-year, similar to the prior quarter. The Voice market remains under pressure leading to lower volumes, further reinforced by negative Covid-19 effects on roaming traffic. The progressive insourcing by MTN of the transport and management of its traffic further explains the year-on-year revenue decline.

6.2 BICS direct margin

For the third quarter of 2020, **BICS posted a direct margin of EUR 74 million, down -10.7%** or EUR -9 million compared to the prior year. Covid-19 effects on BICS' direct margin count for about EUR -7 million. The sequential higher impact versus the second quarter results from the low travel during the typical summer holiday peak.

The **Voice direct margin** was down by -9.6% year-on-year following the structural Voice revenue decline, and a progressive impact from MTN's insourcing of services since mid-2019.

Non-Voice direct margin was down by -11.4%, carrying the largest impact from the pandemic related travel restrictions. The resulting direct margin loss in signaling, mobile data roaming & messaging was somewhat compensated for by a continued strong performance by TeleSign, providing solid growth in the domains of mobile identity and authentication, along with the expansion of BICS' activities in the numbering[17] business. In addition, the non-Voice direct margin was also affected to some extent by MTN's insourcing.

The overall direct margin as a percentage of revenue improved by 0.5 p.p. from the prior year to reach 25.3% in the third quarter of 2020.

6.3 BICS EBITDA

BICS' EBITDA for the third quarter of 2020 totaled EUR 31 million, down by 22.5% compared to the prior year, explained by the decrease in Direct Margin. Operating expenses were stable year-on-year, including a favorable Covid-19 impact. The slightly lower third quarter 2020 workforce expenses were (-0.4%) offset by slightly higher non-workforce expenses (+0.5%).

The EBITDA margin as a percentage of revenue decreased to 10.5%, -1.4 p.p year-on-year.

[17] Numbering refers to the sale of local dial-in numbers to cloud players (Skype, Zoom, Twillio…).

Table 18: BICS P&L

	3rd Quarter			Year-to-date		
(EUR million)	2019	2020	% Change	2019	2020	% Change
Revenue	335	294	-12.3%	983	894	-9.1%
Net Revenue	333	294	-11.9%	980	893	-8.9%
Other Operating Income	2	0	-83.0%	3	1	-68.8%
Costs of Sales	-252	-220	-12.9%	-741	-665	-10.3%
Direct Margin	83	74	-10.7%	242	229	-5.3%
Direct Margin %	*24.9%*	*25.3%*	*0.5 p.p.*	*24.6%*	*25.7%*	*1.0 p.p.*
Expenses	-44	-44	0.0%	-129	-127	-1.5%
Workforce Expenses	-26	-26	-0.4%	-76	-77	2.1%
Non Workforce Expenses	-18	-18	0.5%	-54	-50	-6.5%
EBITDA	40	31	-22.5%	113	102	-9.6%
Contribution Margin	*11.9%*	*10.5%*	*-1.4 p.p.*	*11.5%*	*11.4%*	*-0.1 p.p.*

Table 19: BICS revenue by nature

	3rd Quarter			Year-to-date		
(EUR million)	**2019**	**2020**	**% Change**	**2019**	**2020**	**% Change**
Total revenue	335	294	-12.3%	983	894	-9.1%
Voice	201	153	-24.1%	631	497	-21.3%
Non-Voice	134	141	5.3%	352	397	12.7%

Table 20: BICS direct margin by nature

	3rd Quarter			Year-to-date		
(EUR million)	**2019**	**2020**	**% Change**	**2019**	**2020**	**% Change**
Total direct margin	83	74	-10.7%	242	229	-5.3%
Voice	31	28	-9.6%	99	88	-11.4%
Non-Voice	52	46	-11.4%	143	142	-1.1%

7 Consolidated Financial Statements

These condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union. They have not been subject to a limited review by the independent auditor.

7.1 Accounting policies

The accounting policies and methods of the Group used as of 2020 are consistent with those applied in the 31 December 2019 consolidated financial statements, with the exception that the Group applied the new standards, interpretations and revisions that became mandatory for the Group on 1 January 2020. These have only a limited impact.

Broadcasting rights of sport seasons

Proximus' accounting policy is to capitalize such broadcasting rights as intangible asset at the start of each new season as this is the moment at which the license becomes available for broadcasting to air.
The amortization is classified as part of "Depreciation and Amortization" i.e. outside EBITDA and the cash flow is presented within investing activities. Future payment commitments related to future seasons will be disclosed as contractual commitments in the notes of the annual accounts. The company continues to monitor the related accounting rules and guidance in this domain where there is limited authoritative literature. As a reminder, the capex related to Football broadcasting rights and Spectrum are not included in Proximus guidance.

7.2 Judgements and estimates

In the context of Covid-19, the Group reassessed judgements and estimates in preparing these condensed consolidated financial statements. It concluded that Covid-19 had limited impact on the significant judgements mentioned under note 2 in the 31 December 2019 consolidated financial statements and that no new judgements and estimates are to be reported other than those mentioned below in this report.

Management assesses that the position with respect to the "Excess Profit" decision as recognized in the financial statements still reflects the best estimate of the probable outcome. On 11 January 2016, the European Commission announced its decision to consider Belgian tax rulings granted to multinationals with regard to "Excess Profit" as illegal state aid. BICS has applied such tax ruling for the period 2010-2014. BICS has paid the deemed aid recovery assessments. Furthermore, both BICS and the Belgian State filed an appeal against the decision of the European Commission before the European Court. The EU General Court ruled in its decision of 14 February 2019 in favor of the Belgian State against the European Commission based on the argument that there is no "state aid scheme". The European Commission filed an appeal against the aforementioned decision with the European Court of Justice (ECJ) on 24 April 2019. In addition, on 16 September 2019, the European Commission opened a separate in-depth investigation into 39 individual excess profit rulings including the excess profit rulings obtained by BICS. The individual opening decisions were eventually published on 31 August 2020. BICS submitted its comments to the Commission on 29 September 2020.

7.3 Significant events or transactions in 2020

Covid- 19

The main impacts of Covid-19 on the underlying EBITDA, operational activities, the major projects, and forward-looking assessments are disclosed in section 2.3.

Proximus reassessed the extent to which, amongst other facts, the high degree of uncertainty and any sudden changes in the short-term economic outlook are expected to result in impacts for the Group. In this context, the expected credit loss for the outstanding trade receivables was reassessed mainly based on the following criteria: the sector in which the customers operate, the relationship with the customers and their respective ageing. This review led to a limited increase of the bad debt provision.

EUR 150 million Private Placement Note

Proximus was granted a new 20-year Private Placement Note (under EMTN) of EUR 150 million starting 14 May 2020 with an annual fixed coupon of 1.5%.

Mwingz - Joint operation

In November 2019, Proximus and Orange Belgium entered into a strategic agreement to share a part of their mobile access networks. The shared mobile access network is planned, built and operated by a joint company, owned 50/50 by Proximus and Orange Belgium named MWingz which started its services to the shareholders in April.

The agreement is based on the following principles:

- The operators contractually share control of the agreement, i.e. decisions about the relevant activities require unanimous consent of the parties
- Mwingz exclusively delivers services to the parents.

In its consolidated financial statements, the Group consolidates Mwingz as a joint operation and recognizes its share in the assets and liabilities based on its ownership interest and its share in Mwingz costs from third parties. Revenues from the sale of joint operation services to Proximus and Orange Belgium are eliminated.

Tax on pylons

Evolutions in jurisprudence in the first half year of 2020 led the Group to reassess the liabilities related to Taxes on Pylons. This resulted in a positive impact of EUR 11 million in operating income (and more particularly as “incidental”, (see section 8.2) and a positive impact of EUR 2 million in net finance cost.

Fit for Purpose transformation plan (FFP)

Following the call for voluntary leaves in the Fit for Purpose (FFP) transformation plan, employees working in impacted domains have chosen to voluntarily leave the company. In this context, 1,347 FTEs are leaving Proximus, with the majority having left in the first quarter of 2020. In the first nine months of 2020 the balance of the FFP-related provisions was reassessed and decreased by EUR 19 million. This impact is reported as incidental together with other FFP-related costs (see section 8.2).

Football Broadcasting Rights

In July 2020, Proximus and Eleven entered into an agreement whereby Proximus acquired the right to broadcast to its customers Eleven’s Pro League specific channels (national). The contract is signed for a duration of 5 years. The contract with Eleven related to international football events was extended until 2025.
An intangible asset is capitalized for the broadcasting rights related to the season 2020/2021.

7.4 Consolidated income statement

(EUR million)	3rd Quarter 2019	3rd Quarter 2020	3rd Quarter % Change	Year-to-date 2019	Year-to-date 2020	Year-to-date % Change
Net revenue	1,396	1,361	-2.5%	4,198	4,062	-3.2%
Other operating income	11	7	-30.7%	41	29	-27.4%
Total income	**1,407**	**1,368**	**-2.7%**	**4,239**	**4,091**	**-3.5%**
Costs of materials and services related to revenue	-502	-467	-7.0%	-1,479	-1,403	-5.1%
Workforce expenses	-308	-283	-8.1%	-920	-832	-9.6%
Non workforce expenses	-120	-128	6.6%	-388	-370	-4.4%
Total operating expenses before depreciation & amortization	**-930**	**-878**	**-5.6%**	**-2,787**	**-2,605**	**-6.5%**
Operating income before depreciation & amortization	**477**	**490**	**2.9%**	**1,452**	**1,486**	**2.4%**
Depreciation and amortization (excluding lease depreciation)	-256	-252	-1.4%	-776	-775	-0.1%
Lease depreciation	-21	-19	-9.9%	-64	-60	-6.4%
Operating income	**199**	**219**	**9.8%**	**612**	**651**	**6.5%**
Finance income	3	1	-78.3%	7	2	-76.2%
Finance costs	-14	-13	-9.3%	-43	-36	-16.0%
Lease interest	-1	-1	-3.6%	-2	-2	7.2%
Net finance costs	**-12**	**-13**	**5.9%**	**-37**	**-36**	**-3.9%**
Share of loss on associates	0	0	-93.2%	-1	-1	39.3%
Income before taxes	**187**	**206**	**10.2%**	**574**	**614**	**7.1%**
Tax expense	-51	-46	-11.2%	-157	-146	-7.4%
Net Income	**136**	**160**	**18.2%**	**416**	**469**	**12.5%**
Attributable to:						
Equity holders of the parent (Group share)	130	157	20.8%	402	454	12.9%
Non-controlling interests	6	4	-36.6%	14	15	2.4%
Basic earnings per share	0.40	0.49	20.9%	1.25	1.41	12.9%
Diluted earnings per share	0.40	0.49	20.9%	1.25	1.41	13.0%
Weighted average number of outstanding shares	322,992,849	322,657,632	-0.1%	322,877,359	322,783,638	0.0%
Weighted average number of outstanding shares for diluted earnings per share	323,015,410	322,657,632	-0.1%	322,950,456	322,788,776	-0.1%

7.5 Consolidated statements of other comprehensive income

	3rd Quarter		Year-to-date	
(EUR million)	2019	2020	2019	2020
Net income	136	160	416	469
Other comprehensive income:				
Items that may be reclassified to profit and loss:				
Exchange differences on translation of foreign operations	11	-11	12	-10
Cash flow hedges:				
Transfer to profit or loss for the period	0	0	-1	-1
Other	-1	0	-1	-1
Total before related tax effects	10	-11	10	-13
Income tax relating to items that may be reclassified	0	0	1	0
Total of items that may be reclassified to profit and loss, net of related tax effects	10	-11	11	-12
Total comprehensive income	146	149	427	456
Attributable to:				
Equity holders of the parent	135	150	408	446
Non-controlling interests	10	-1	19	10

7.6 Consolidated balance sheet

(EUR million)	As of 31 December 2019	As of 30 September 2020
ASSETS		
Non-current assets	**7,160**	**7,029**
Goodwill	2,477	2,471
Intangible assets with finite useful life	1,080	1,042
Property, plant and equipment	3,127	3,066
Right-of-use asset	307	298
Lease receivable	6	5
Contract costs	113	108
Investments in associates	2	0
Equity investments	0	1
Deferred income tax assets	16	8
Other non-current assets	31	28
Current assets	**1,818**	**1,790**
Inventories	133	139
Trade receivables	985	931
Lease receivable	3	3
Contract assets	97	104
Current tax assets	139	14
Other current assets	134	135
Investments	3	3
Cash and cash equivalents	323	461
TOTAL ASSETS	8,978	8,819

LIABILITIES AND EQUITY		
Equity	**2,998**	**3,098**
Shareholders' equity	**2,856**	**2,972**
Issued capital	1,000	1,000
Reserves	-500	-513
Retained earnings	2,356	2,485
Non-Controlling interests	**142**	**126**
Non-Current liabilities	**3,616**	**3,641**
Interest-bearing liabilities	2,360	2,510
Lease liabilities	243	230
Liability for pensions, other post-employment benefits and termination benefits	639	561
Provisions	137	130
Other non-current payables	127	103
Deferred income tax liabilities	110	107
Current liabilities	**2,363**	**2,080**
Interest-bearing liabilities	157	0
Lease liabilities	64	69
Liability for pensions, other post-employment benefits and termination benefits	225	98
Trade payables	1,284	1,245
Contract liabilities	116	115
Tax payables	28	28
Other current payables	490	525
TOTAL LIABILITIES AND EQUITY	8,978	8,819

7.7 Consolidated cash flow statement

(EUR million)	3rd Quarter 2019	3rd Quarter 2020	3rd Quarter Change	Year-to-date 2019	Year-to-date 2020	Year-to-date Change
Cash flow from operating activities						
Net income	136	160	18.2%	416	469	12.5%
Adjustments for:						
Depreciation and amortization	277	271	-2.1%	840	835	-0.6%
Increase of impairment on intangible assets and property, plant and equipment	0	0	<-100%	1	0	-93.3%
Increase/(decrease) of provisions	1	-3	<-100%	-2	-7	>100%
Deferred tax expense	3	3	-15.3%	3	4	67.5%
Loss from investments accounted for using the equity method	0	0	-93.2%	1	1	39.3%
Loans amortization	0	0	3.1%	1	1	3.1%
Gain on disposal of consolidated companies and remeasurement of previously held interest	-2	0	<-100%	-5	0	<-100%
Gain on disposal of property, plant and equipment	0	-1	>100%	-1	-2	>100%
Operating cash flow before working capital changes	**416**	**431**	3.6%	**1,253**	**1,302**	3.8%
Decrease/(increase) in inventories	-5	0	-98.0%	-8	-6	-29.6%
Decrease/(increase) in trade receivables	4	30	>100%	23	51	>100%
Decrease/(increase) in contract costs	1	-2	<-100%	5	5	7.9%
Decrease/(increase) in contract asset	-1	-1	87.4%	-1	-7	>100%
Decrease/(increase) in current income tax assets	2	47	>100%	55	125	>100%
Decrease/(increase) in other current assets	7	14	>100%	-14	-1	-92.4%
(Decrease/increase in trade payables	19	18	-7.4%	-7	9	>100%
(Decrease)/increase in contract liability	0	-11	<-100%	3	-1	<-100%
(Decrease)/increase in income tax payables	36	6	-82.3%	26	0	-99.5%
(Decrease)/increase in other current payables	44	47	7.1%	58	37	-35.7%
(Decrease)/increase in net liability for pensions, other post-employment benefits and termination benefits	-6	-40	>100%	-25	-204	>100%
(Decrease)/increase in other non-current payables and provisions	1	0	-74.1%	2	-3	<-100%
(Decrease)/increase in working capital, net of acquisitions and disposals of subsidiaries	**101**	**107**	**6.3%**	**116**	**5**	**-95.8%**
Net cash flow provided by operating activities (1)	**517**	**539**	**4.1%**	**1,369**	**1,306**	**-4.6%**
Cash flow from investing activities						
Cash paid for acquisitions of intangible assets and property, plant and equipment	-257	-269	4.3%	-793	-747	-5.8%
Cash paid for acquisition of consolidated companies, net of cash acquired	0	0	-	-41	-2	-95.6%
Cash received for sales of consolidated companies, net of cash disposed of	2	0	<-100%	9	0	<-100%
Cash received from sales of intangible assets and property, plant and equipment	0	2	>100%	1	4	>100%
Net cash received from other non-current assets	0	0	-29.6%	-1	2	>100%
Net cash used in investing activities	**-256**	**-267**	**4.3%**	**-825**	**-743**	**-10.0%**
Cash flow before financing activities	**262**	**272**	**3.9%**	**544**	**564**	**3.6%**
Lease payments	-21	-19	**-11.9%**	-63	-59	**-6.6%**
Free cash flow (2)	**240**	**253**	**5.3%**	**482**	**505**	**4.9%**
Cash flow from financing activities other than lease payments						
Dividends paid to shareholders	0	0	<-100%	-325	-323	-0.5%
Dividends to and transactions with non-controlling interests	0	0	-	-29	-26	-11.5%
Net sale of treasury shares	0	-3	<-100%	9	-8	<-100%
Decrease of shareholders' equity	0	-1	>100%	0	-1	>100%
Cash received from cash flow hedge instrument related to long term debt	-1	0	-74.9%	-1	-2	24.5%
Issuance of long term debt	0	0	-	100	149	49.4%
Issuance/(repayment) of short term debt	-191	-297	55.6%	-231	-156	-32.5%
Cash flows used in financing activities other than lease payments	**-192**	**-301**	**57.0%**	**-479**	**-366**	**-23.5%**
Exchange rate impact	1	-1	<-100%	1	-1	<-100%
Net increase/(decrease) of cash and cash equivalents	**49**	**-49**	**<-100%**	**4**	**138**	**>100%**
Cash and cash equivalents at 1 January			-	340	323	-4.9%
Cash and cash equivalents at the end of the period			-	344	461	34.1%
(1) Net cash flow from operating activities includes the following cash movements :						
Interest paid				-33	-32	
Interest received				0	0	
Income taxes paid				-75	-16	
(2) Free cash flow: cash flow before financing activities and after lease payments						

7.8 Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Equity instruments and hedge reserve	Other remeasurement reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Shareholders' Equity	Non-controlling interests	Total Equity
Balance at January 1, 2019	1,000	-427	100	6	-155	3	4	2,474	3,005	148	3,153
Total comprehensive income	0	0	0	-1	0	7	0	402	408	19	427
Dividends to shareholders (relating to 2018)	0	0	0	0	0	0	0	-324	-324	0	-324
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-29	-29
Business combination	0	0	0	0	0	0	0	-2	-2	2	0
Changes in shareholders' equity	0	0	0	0	0	0	0	-6	-6	0	-6
Treasury shares											
Sale of treasury shares	0	4	0	0	0	0	0	2	6	0	6
Stock options											
Exercise of stock options	0	2	0	0	0	0	0	0	2	0	2
Total transactions with equity holders	0	6	0	0	0	0	0	-329	-324	-28	-352
Balance at 30 September 2019	1,000	-421	100	5	-155	10	4	2,546	3,089	139	3,228
Balance per 1 January 2020	1,000	-421	100	6	-194	5	4	2,356	2,856	142	2,998
Total comprehensive income	0	0	0	-2	0	-6	0	454	446	10	456
Dividends to shareholders (relating to 2019)	0	0	0	0	0	0	0	-323	-323	0	-323
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-26	-26
Treasury shares											
Sale of treasury shares	0	-6	0	0	0	0	0	-2	-8	0	-8
Total transactions with equity holders	0	-5	0	0	0	0	0	-325	-331	-26	-357
Balance at 30 September 2020	1,000	-426	100	4	-194	-1	3	2,485	2,972	126	3,098

7.9 Segment reporting

See reconciliation of reported and underlying figures in section 8.2

	As of 30 September 2020									
	Group Proximus				Underlying by segment					
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	4,062	0	0	4,062	893	3,169	1,972	1,001	238	-42
Other revenues	29	0	-1	29	1	28	16	4	0	8
Total income	**4,091**	**0**	**-1**	**4,091**	**894**	**3,196**	**1,987**	**1,005**	**238**	**-35**
Costs of materials and services related to revenue	-1,403	-2	0	-1,405	-665	-740	-436	-326	-21	43
Direct margin	**2,689**	**-2**	**-1**	**2,686**	**229**	**2,456**	**1,552**	**679**	**217**	**8**
Workforce expenses	-832	0	-12	-843	-77	-766				
Non workforce expenses	-370	-60	-2	-432	-50	-382				
Total other operating expenses	**-1,202**	**-60**	**-14**	**-1,275**	**-127**	**-1,148**				
Operating income before depreciation & amortization	**1,486**	**-62**	**-14**	**1,410**	**102**	**1,308**				
Depreciation and amortization	-835									
Operating income	**651**									
Net finance costs	-36									
Share of loss on associates	-1									
Income before taxes	**614**									
Tax expense	-146									
Net income	**469**									
Attributable to :										
Equity holders of the parent (Group share)	454									
Non-controlling interests	15									

	As of 30 September 2019									
	Group Proximus				Underlying by segment					
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	4,198	0	0	4,198	980	3,218	1,964	1,026	283	-56
Other revenues	41	0	-4	37	3	34	19	5	0	10
Total income	**4,239**	**0**	**-4**	**4,235**	**983**	**3,251**	**1,983**	**1,031**	**284**	**-46**
Costs of materials and services related to revenue	-1,479	-4	7	-1,475	-741	-734	-450	-318	-27	63
Direct margin	**2,760**	**-4**	**4**	**2,760**	**242**	**2,518**	**1,532**	**713**	**256**	**17**
Workforce expenses	-920	0	26	-894	-76	-819				
Non workforce expenses	-388	-62	1	-449	-54	-395				
Total other operating expenses	**-1,308**	**-62**	**27**	**-1,343**	**-129**	**-1,214**				
Operating income before depreciation & amortization	**1,452**	**-66**	**31**	**1,417**	**113**	**1,304**				
Depreciation and amortization	-840									
Operating income	**612**									
Net finance costs	-37									
Share of loss on associates	-1									
Income before taxes	**574**									
Tax expense	-157									
Net income	**416**									
Attributable to :										
Equity holders of the parent (Group share)	402									
Non-controlling interests	14									

7.10 Disaggregation of revenue

(EUR million)	As of 30 September 2020						
	Group	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	4,062	893	3,169	1,972	1,001	238	-42
Net revenue (incidentals)	0	0	0	0	0	0	0
Net revenue (reported)	**4,062**	**893**	**3,169**	**1,972**	**1,001**	**238**	**-42**
Other operating income (underlying)	29	1	28	16	4	0	8
Other operating income (incidentals)	1	0	1	0	0	0	1
Other operating income (reported)	**29**	**1**	**28**	**16**	**4**	**0**	**8**
Total income (underlying)	4,091	894	3,196	1,987	1,005	238	-35
Total income (incidentals)	1	0	1	0	0	0	1
Total income (reported)	**4,091**	**894**	**3,197**	**1,987**	**1,005**	**238**	**-34**

(EUR million)	As of 30 September 2019						
	Group	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	4,198	980	3,218	1,964	1,026	283	-56
Net revenue (incidentals)	0	0	0	0	0	0	0
Net revenue (reported)	**4,198**	**980**	**3,218**	**1,964**	**1,026**	**283**	**-56**
Other operating income (underlying)	37	3	34	19	5	0	10
Other operating income (incidentals)	4	0	4	0	4	0	0
Other operating income (reported)	**41**	**3**	**37**	**19**	**9**	**0**	**10**
Total income (underlying)	4,235	983	3,251	1,983	1,031	284	-46
Total income (incidentals)	4	0	4	0	4	0	0
Total income (reported)	**4,239**	**983**	**3,255**	**1,983**	**1,035**	**284**	**-46**

7.11 Group financing activities related to interest-bearing liabilities

(EUR million)	As of 31 December 2019	Cash flows	Non-cash changes	As of 30 September 2020
Long-term				
Unsubordinated debentures	1,953	149	1	2,104
Credit institutions	402	0	0	402
Derivatives held for trading	5	0	0	4
Current portion of amounts payable > one year				
Credit institutions held to maturity	1	-1	0	0
Other financial debts				
Credit institutions	0	0	0	0
Other loans	156	-156	0	0
Total liabilities from financing activities excluding lease liabilities	2,517	-7	1	2,511
Lease liabilities current and non current	307	-59	51	299
Total liabilities from financing activities including lease liabilities	2,824	-66	52	2,810

(EUR million)	As of 1 January 2019 IFRS 16	Cash flows	Non-cash changes	As of 30 September 2019
Long-term				
Unsubordinated debentures	1,852	100	1	1,953
Credit institutions	403	0	0	403
Other loans	0	0	0	0
Derivatives held for trading	4	0	1	5
Current portion of amounts payable > one year				
Unsubordinated debentures	0	0	0	0
Credit institutions held to maturity	1	-1	0	0
Other financial debts				
Credit institutions	0	0	0	0
Other loans	232	-231	0	1
Total liabilities from financing activities excluding lease liabilities	2,492	-132	2	2,362
Lease liabilities current and non current	290	-63	107	335
Total liabilities from financing activities including lease liabilities	2,782	-195	109	2,697

7.12 Financial instruments

IAS 34 16 A (j) requires the interim reporting to provide specific fair value disclosures and in particular the following information:

- The carrying amounts and fair values of the financial instruments;
- The categorization of the fair valued financial instruments within the fair value hierarchy;
- The fair valuation techniques used.

The Group's main financial instruments comprise unsubordinated debentures, trade receivables and trade payables. The Group has an interest rate and currency swap (IRCS) to manage its exposure to interest rate risk and to foreign currency risk on its remaining non-current interest-bearing liability yielded in foreign currency. The typical financial instruments used to hedge foreign currency risk are forward foreign exchange contracts and currency options.

Fair Value and Fair Value Hierarchy

The following table shows the measurement categories under IFRS 9 for each class of assets and financial liabilities. It also includes the fair value hierarchy of the financial instruments and the valuation levels.

(EUR million)	As of 30 September 2020			
	Classification	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Equity instruments	FVTOCI	1	1	
Other non-current assets				
Derivatives held for trading	FVTPL	5	5	Level 2
Other financial assets	Amortized cost	7	7	
Current assets				
Trade receivables	Amortized cost	931	931	
Interest bearing				
Other receivables	Amortized cost	2	2	
Non-interest bearing				
Other receivables	Amortized cost	11	11	
Investments	Amortized cost	3	3	
Cash and cash equivalents				
Short-term deposits	Amortized cost	203	203	
Cash at bank and in hand	Amortized cost	258	258	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	Amortized cost	2,104	2,263	Level 2
Credit institutions	Amortized cost	402	426	Level 2
Derivatives held for trading	FVTPL	4	4	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	103	103	
Current liabilities				
Trade payables	Amortized cost	1,245	1,245	
Other current payables				
Other debt	FVTPL	6	6	Level 3
Other amounts payable	Amortized cost	282	282	

FVTPL : fair value through profit and loss
FVTOCI : fair value through other comprehensive income

Disclosures on financial instruments

(EUR million)	As of 30 September 2019			
	Classification	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Equity instruments	FVTOCI	1	1	
Other non-current assets				
Derivatives held for trading	FVTPL	6	6	Level 2
Other financial assets	Amortized cost	11	11	
Current assets				
Trade receivables	Amortized cost	1,012	1,012	
Interest bearing				
Other receivables	Amortized cost	5	5	
Non-interest bearing				
Other receivables	Amortized cost	2	2	
Investments	Amortized cost	4	4	
Cash and cash equivalents				
Short-term deposits	Amortized cost	93	93	
Cash at bank and in hand	Amortized cost	251	251	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	Amortized cost	1,953	2,125	Level 2
Credit institutions	Amortized cost	403	424	Level 2
Derivatives held for trading	FVTPL	5	5	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	141	141	
Current liabilities				
Interest-bearing liabilities				
Other loans	Amortized cost	1	1	
Trade payables	Amortized cost	1,242	1,242	
Other current payables				
Other debt	FVTPL	14	14	Level 3
Other amounts payable	Amortized cost	281	281	

FVTPL : fair value through profit and loss
FVTOCI : fair value through other comprehensive income

Valuation technique

The Group holds financial instruments classified in Level 1, 2 and 3.

The valuation techniques for fair value measuring the Level 2 & 3 financial instruments are:

Other derivatives in Level 2

Other derivatives include the interest rate swaps (IRS) and interest rate and currency swaps (IRCS) the Group entered into to reduce the interest rate and currency fluctuations on some of its long-term debentures (including their current portion). The fair values of these instruments are determined by discounting the expected contractual cash flows using interest rate curves in the corresponding currencies and currency exchange rates, all observable on active markets.

Unsubordinated debentures

The unsubordinated debentures are recognized at amortized costs.

In case of anticipated settlement, in the context of the Group portfolio restructuring, those debentures are measured at their transaction price once the transaction is binding for the Group. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at period end for similar debentures with the same remaining maturities.

Other debts in level 3

Level 3 financial instruments valuation is not based on observable market data. Instead, its fair value is derived using financial models and other valuation methods. To the extent possible, the underlying assumptions take into account market pricing information. Valuation changes due to new information could impact the income statement.

7.13 Contingent liabilities

Compared to the 2019 annual accounts, no change occurred in the first nine months of 2020 in the contingent liabilities other than those mentioned below:

BICS received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS in the period 1 April 2007 to 31 March 2011. BICS filed appeals against the assessments for the period 1 April 2007 to 31 March 2011 with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. Furthermore, BICS is opposing the assessments in relation to the periods from 1 April 2008 to 31 March 2011 on procedural grounds. The amount of the contingent liability including late payment interest relating to this case should not exceed EUR 29 million. BICS has not paid the assessed amounts and has not recorded a tax provision. Management assesses that the position as recognized in the financial statements reflects the best estimate of the probable outcome.

7.14 Post balance sheet events

There are no post balance sheet events to be reported for the third quarter 2020 other than the following events.

On 26 October 2020, Proximus signed a new Sustainable Revolving Credit Facility of EUR 700 million for a period of three years with the option to extend twice by further one-year periods.

On 28 October 2020, Proximus signed the final agreement with Eurofiber allowing to connect at least 500,000 homes and businesses to fiber in Wallonia within this collaboration. To this end, a new joint venture between EuroFiber and Proximus will be set up with the aim of designing, building, maintaining and upgrading the network, which will be open and accessible to interested wholesale customers. The file will now be submitted for approval to the competent authorities.

7.15 Others

There has been no material change to the information disclosed in the 2019 annual consolidated financial statements in connection with related parties that would require disclosure under the Financial Reporting Framework.

8 Additional information

8.1 Rounding

In general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

8.2 From Reported to Underlying

	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
(EUR million)	Q3 '19	Q3 '20	Q3 '19	Q3 '20	YTD '19	YTD '20	YTD '19	YTD '20
Reported	1,407	1,368	477	490	4,239	4,091	1,452	1,486
Lease Depreciations	0	0	-21	-19	0	0	-64	-60
Lease Interest	0	0	-1	-1	0	0	-2	-2
Incidentals	0	-1	15	-1	-4	-1	31	-14
Underlying	1,407	1,368	470	469	4,235	4,091	1,417	1,410
Incidentals	0	-1	15	-1	-4	-1	31	-14
Capital gains on building sales		-1		-1		-1		-1
Early Leave Plan and Collective Agreement			5	-1			17	
Fit For Purpose Transformation Plan			1	-5			3	-12
Shift to Digital plan*			7				7	
M&A-related transaction costs			3	5			8	9
Change in M&A contingent consideration					-4		-4	
Pylon Tax provision update (re. past years)			-1				-1	-11

*The incidental costs related the to the Shift to Digital plan represent mainly exceptional costs linked to the optimization of Proximus' sales channel footprint following its increased focus on e-Sales.

8.3 Definitions

Adjusted Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus short-term investments, cash and cash equivalents, including related derivatives and excluding lease liabilities.

Advanced Business Services: new solutions offered aside from traditional Telecom and ICT, such as Road User Charging, converging solutions, Big Data and smart mobility solutions.

Annualized full churn rate of X-play: a cancellation of a customer is only taken into account when the household cancels all its plays.

Annualized Mobile churn rate: the total annualized number of SIM cards disconnected from the Proximus Mobile network (including the total number of port-outs due to Mobile number portability) during the given period, divided by the average number of customers for that same period.

ARPC: Average underlying revenue per customer (including Small Offices).

ARPU: Average Revenue per Unit.

Average Mobile data usage: calculated by dividing the total data usage of the quarter by the number of data users of the quarter.

Broadband access channels: ADSL, VDSL and Fiber lines. For Consumer this also includes Scarlet.

Broadband ARPU: total Internet underlying revenue, excluding activation and installation fees, divided by the average number of Internet lines for the period considered, divided by the number of months in that same period.

BICS: international carrier activities, a joint venture of Proximus, Swisscom and MTN in which Proximus owns 57.6%.

Capex: this corresponds to the acquisitions of intangible assets and property, plant and equipment, excluding Right of Use assets (leasing).

Consumer: segment addressing the residential and small businesses (< 10 employees) market, including the Customer Operations Unit.

Convergence rate: convergent customers/small offices take both Fixed and Mobile services of Proximus. The convergence rate refers to the percentage of convergent customers/small offices on the total of multi-play customers/small offices.

Cost of Sales: the costs of materials and charges related to revenues.

Direct margin: the result of cost of sales subtracted from the revenues, expressed in absolute value or in % of revenues.

Domestic: defined as the Proximus Group excluding BICS.

EBITDA: Earnings Before Interest, Taxes, Depreciations and Amortization; corresponds to Revenue minus Cost of sales, workforce and non-workforce expenses.

EBIT: Earnings Before Interest & Taxes, corresponds to EBITDA minus depreciations and amortizations.

Enterprise: segment addressing the professional market including small businesses with more than 10 employees.

Fixed Services Revenue: total underlying revenue from Fixed services (Fixed Voice, Broadband and TV).

Fixed Voice access channels: PSTN, ISDN and IP lines. For Enterprise specifically, this also contains the number of Business Trunking lines (solution for the integration of Voice and Data traffic on one single Data network).

Free Cash Flow: this is cash flow before financing activities, but after lease payments as from 2019.

ICT: Information and Communications Technology (ICT) is an extended term for information technology (IT) which stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information. Proximus' ICT solutions include, but are not limited to, Security, Cloud, "Network & Unified Communication", "Enterprise Mobility Management" and "Servicing and Sourcing".

Incidental: adjustments for material (**) items including gains or losses on the disposal of consolidated companies, fines and penalties imposed by competition authorities or by the regulator, costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, and other items that are outside the scope of usual business operations. These other items include divestments of consolidated activities, gains and losses on disposal of buildings, transaction costs related to M&A (acquisitions, mergers, divestments etc.), deferred M&A purchase price, pre-identified one-shot projects (such as rebranding costs), changes of accounting treatments (such as the application of IFRIC 21), financial impacts of litigation files, fines and penalties, financial impact of law changes (one-off impact relative to previous years), recognition of previously unrecognized assets and impairment losses.

(**) The materiality threshold is met when exceeding individually EUR 5 million. No materiality threshold is defined for costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, divestments of consolidated companies, gains and losses on disposal of buildings and M&A-related transaction costs. No threshold is used for adjustments in a subsequent quarter if the threshold was met in a previous quarter.

Instant roaming: reselling of wholesale roaming agreements to third parties in order to allow them to have roaming coverage without negotiating individual local agreements per country.

Mobile customers: refers to active Voice and Data cards, excluding free Data cards. Postpaid customers paying a monthly subscription are by default active. Prepaid customers are considered active when having made or received at least one call and/or sent or received at least one SMS message in the last three months. An M2M card is considered active if at least one Data connection has been made in the last month.

Mobile ARPU: monthly ARPU is equal to total Mobile Voice and Mobile Data revenues (inbound and outbound, visitor roaming excluded), divided by the average number of Active Mobile Voice and Data customers for that period, divided by the number of months of that same period. This also includes MVNOs but excludes M2M.

Multi-play customer (including Small Offices): two or more Plays, not necessarily in a Pack.

Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus short-term investments, cash and cash equivalents, including related derivatives.

Non-workforce expenses: all operating expenses excluding workforce expenses and excluding depreciation and amortization and non-recurring expenses.

Other Operating Income: this relates to income from, for example, reimbursements from damages, employees, insurances, gain on disposal, etc.

Play: a subscription to either Fixed Voice, Fixed Internet, dTV or Mobile Postpaid (paying Mobile cards). A 4-Play customer subscribes to all four services.

Revenue-Generating Unit (RGU): for example, a customer with Fixed Internet and 2 Mobile Postpaid cards is considered as a 2-Play customer with 3 RGUs.

Reported Revenues: this corresponds to the TOTAL INCOME.

Terminals: this corresponds to devices for Fixed Voice, Data, Mobile and related accessories. This excludes PABX, ICT products and TV CPE.

Underlying: refers to Revenue and EBITDA (Total Income and Operating Income before Depreciation and Amortization) adjusted for lease depreciations and interest as from 2019 and for incidentals in order to properly assess the ongoing business performance.

Wholesale: Proximus' unit addressing the telecom wholesale market including other telecom operators (incl. MVNOs) and ISPs.

Workforce expenses: expenses related to own employees (personnel expenses and pensions) as well as to external employees.

X-Play: the sum of single play (1-play) and multi-play (2-play + 3-play + 4-play).

8.4 Management statement

The Proximus Executive Committee declares that to the best of its knowledge, the interim condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, give a true and fair view of the assets, financial position and results of Proximus and of the entities included in the consolidation. The financial report gives an accurate overview of the information that needs to be disclosed. The Executive Committee is represented by Guillaume Boutin, Chief Executive Officer, Katleen Vandeweyer, Chief Financial Officer a.i., Anne-Sophie Lotgering, Chief Enterprise Market Officer, Jim Casteele, Chief Consumer Market Officer, Geert Standaert, Chief Technology Officer, Renaud Tilmans, Chief Customer Operations Officer, Jan Van Acoleyen, Chief Human Resources Officer, and Dirk Lybaert, Chief Corporate Affairs Officer.

8.5 Financial calendar

(dates could be subject to change)

11 December 2020	Payment of interim dividend
18 January 2021	Start of quiet period ahead of Q4 2020 results
26 February 2021	Announcement of Q4 2020 results
12 April 2021	Start of quiet period ahead of Q1 2021 results
21 April 2021	Annual General Meeting of Shareholders (AGM)
30 April 2021	Announcement of Q1 2021 results
12 July 2021	Start of quiet period ahead of Q2 2021 results
30 July 2021	Announcement of Q2 2021 results
11 October 2021	Start of quiet period ahead of Q3 2021 results
29 October 2021	Announcement of Q3 2021 results

8.6 Contact details

Investor relations
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8.7 Investor and Analyst Conference Call

Analyst conference call details	
Proximus will host a conference call for investors and analysts on Friday 30 October 2020.	
Time: 02:00pm Brussels – 01:00pm London – 08:00am New York	
Dial-in UK	+44 20 7194 3759
Dial-in USA	+1 646 722 4916
Dial-in Europe	+32 2 403 5816
Code	38351434#