2015 Q4

Quarterly Report

proximus

The Proximus Executive Committee declares that to the best of its knowledge, the condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), 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 Dominique Leroy, Chief Executive Officer, Sandrine Dufour, Chief Financial Officer, Phillip Vandervoort, Chief Consumer Market Officer, Bart Van Den Meersche, Chief Enterprise Market Officer, Geert Standaert, Chief Technology Officer, Renaud Tilmans, Chief Customer Operations Officer, Michel Georgis, Chief Human Resources Officer and Dirk Lybaert, Chief Corporate Affairs Officer.

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Highlights Q4 2015

Brussels, 26 February 2016
7.00 (CET)
Regulated Information

- **FY guidance achieved: underlying Core[1] Revenue +2.1% and Group EBITDA +4.9%**
- **Strong commercial performance in Q4 further improving market position**
- **Q4 Underlying Group EBITDA +8.4% YoY on higher Direct margin and lower expenses**
- **Q4 FCF impacted by payment litigation settlement, full-year FCF of EUR 408 million**
- **Dividend of EUR 1.50 gross per share over the result of 2015**

In the last quarter of 2015, the Proximus Group generated underlying revenue of EUR 1,502 million, 0.3% lower than the comparable quarter of 2014.

- **Proximus Core revenue of EUR 1,117 was up by 0.5% year-on-year**. The sustained revenue growth from Fixed Internet, TV and Mobile services was mitigated in the fourth quarter by lower revenue from mobile devices and flat ICT revenue, both on a high comparable basis .
- **BICS posted revenue of EUR 385 million, or 2.7% lower** compared to the prior year, driven by a negative volatility of the voice business, which was partly compensated for by a beneficial currency effect. The revenue from non-Voice however continued to grow.

Proximus' Group Direct Margin increased by 1.9% to a total of EUR 896 million for the fourth quarter 2015. This increase resulted mainly from an **ongoing favorable evolution for the Core business Direct Margin, up year-on-year by 1.7%,** driven by the increase of higher-margin Fixed and Mobile services revenue. In spite of a lower fourth quarter revenue, **BICS posted a 4.7% increase** in Direct Margin.

Proximus' **fourth-quarter 2015 underlying Group EBITDA totaled EUR 414 million, a 8.4% year-on-year improvement,** including the positive timing impact from the provisioned Walloon Region Pylon tax. The main driver of the EBITDA growth was the further improving underlying Core EBITDA, driven by a solid Direct Margin growth, and lower HR and non-HR costs. **BICS posted a 5.8% EBITDA increase for the last quarter of 2015.**

The fourth-quarter Capex totaled EUR 303 million, a.o. invested in both Fixed and Mobile networks to further improve customer experience. By end-2015, Vectoring reached 43% coverage, with about 1/3 of the population getting speeds of 100 Mbps. Accelerated mobile investments led to a 4G outdoor coverage of 98.8% and indoor coverage of 93.4%, while the 4G+ coverage increased to 30% by end-2015.

The fourth quarter 2015 Free Cash Flow (EUR -114 million) was impacted by the payment of the litigation settlement[2] for an amount of EUR 120 million, higher income tax payments, higher cash used for the acquisition of non-controlling interests. This was partly offset by the underlying EBITDA growth compared to 2014. This led to a **full-year 2015 Free Cash Flow of EUR 408 million**.

[1] Defined as Proximus Group excluding BICS, consisting of Proximus Benelux activities

[2] Settlement agreement signed in October 2015 between KPN, BASE Company, Mobistar and Proximus.

In the fourth quarter 2015, the Proximus Group **continued to grow its customer base for its two main brands Proximus and Scarlet**, achieving strong net adds for TV, Mobile Postpaid and Fixed Internet.

+44,000[3] TV subscriptions, total of 1,759,000

+28,000 Fixed Internet lines, total of 1,856,000

-19,000 Fixed Voice Lines, total of 2,781,000 lines

+144,000 Mobile cards, total base at 6,027,000[4],

- +50,000 Mobile Postpaid Voice cards
- +129,000 M2M & Internet Everywhere
- -35,000 Mobile Prepaid cards

+20,000 3 & 4-Play HH/SO[5], total of 1,191,000, i.e. 43% of total base

55.9% Convergent HH/SO, +2.6 p.p. year-on-year

The Proximus Board of directors approved to propose to the Annual Shareholder meeting of 20 April 2016 to return over the result of 2015 a total gross dividend of EUR 1.50 per share, of which EUR 0.50 interim dividend was paid in December 2015. The Board of Directors also confirmed their intention to return a stable total gross dividend of EUR 1.50 per share over the result of 2016. For the upcoming normal dividend of EUR 1.00 gross per share:

- 27 April 2016: Ex-coupon date
- 28 April 2016: Record date
- 29 April 2016: Payment date

Dominique Leroy, CEO of Proximus Group:

With a solid fourth quarter we have closed a successful year in which we achieved our growth ambition one year ahead of plan.

We transformed Proximus into a growing company, thanks to our customer focus and the strong commitment of our employees.

The many initiatives taken for the benefit of our customers in terms of improving our networks, simplifying our operations, enhancing our customer experience and enriching our products and solutions, resulted in a continued solid growth of our customer base in the last quarter of 2015. By adding another 50,000 Voice postpaid cards, 44,000 TV subscriptions and 28,000 Fixed Internet customers, we were able to close 2015 with an encouraging improvement in our market position.

Through a value-based approach we managed to grow the fourth-quarter Direct Margin for all segments. This, combined with our focus on cost efficiencies, led to a strong Group EBITDA of EUR 414 million for the last quarter of 2015. As a result, the full-year 2015 EBITDA grew by 4.9%.

For 2016, we aim for continued sustainable revenue and EBITDA growth through the execution of our Fit-for-Growth strategy. We expect to end the year 2016 with slightly growing Core[1] underlying revenue and Group EBITDA, in spite of BICS' high comparable base, the Roam-Like-At-Home regulation and a new, tougher competitive landscape in Belgium. To sustain long-term growth, we decided to raise investments in the Fixed network, focusing especially on Fiber to the Business. We therefore expect the 2016 capex level to be around EUR 950 million. In line with our previously announced 2014 to 2016 commitment, we expect to return a total gross dividend per share of €1.50 over the year 2016.

[3] Total number of settop boxes.

[4] Including Voice and Data Mobile cards sold through CBU, and M2M cards in EBU, Mobile cards from the Tango, MVNO and TEC&W segment are included as well.

[5] Households/Small Office, with Small Office being all customers of CBU-SE. These are small enterprises with 10 employees or less.

2. Financial review Proximus Group

- **Q4'15 Group underlying revenue -0.3% YoY; BICS offsetting Core growth**
- **Solid revenue growth in Fixed Services leading to continued Direct margin growth**
- **Q4'15 underlying Group EBITDA[6] up 8.4% mainly on further improving Core EBITDA**
- **FY 2015 Free Cash Flow of EUR 408 million, including litigation settlement payment**

2.1. Group Financials

From underlying Group Revenue to EBITDA

Quarterly financials as of page 32

(EUR million)	4th Quarter 2014	4th Quarter 2015	% Change	Year-to-date 2014	Year-to-date 2015	% Change
TOTAL INCOME	1,506	1,502	-0.3%	5,864	5,994	2.2%
Costs of materials and charges to revenues (*)	-627	-605	-3.4%	-2,330	-2,377	2.0%
TOTAL DIRECT MARGIN	879	896	1.9%	3,533	3,617	2.4%
Direct margin %	*58.4%*	*59.7%*	*1.3 p.p.*	*60.3%*	*60.3%*	*0.1 p.p.*
TOTAL EXPENSES	-498	-482	-3.1%	-1,880	-1,884	0.2%
Personnel expenses and pensions (**)	-243	-241	-0.8%	-1,014	-1,011	-0.2%
Other operating expenses (***)	-255	-242	-5.3%	-867	-873	0.7%
TOTAL EBITDA	382	414	8.4%	1,653	1,733	4.9%
Segment EBITDA margin %	*25.3%*	*27.6%*	*2.2 p.p.*	*28.2%*	*28.9%*	*0.7 p.p.*

(*) referred to as "Cost of sales" in the document
(**) referred to as "HR costs" in the document
(***) referred to as "Non-HR costs" in the document

Group Revenue per Business Unit

(EUR million)	4th Quarter 2014	4th Quarter 2015	% Change	Year-to-date 2014	Year-to-date 2015	% Change
Group Reported	1,515	1,509	-0.4%	6,112	6,012	-1.6%
Incidentals	*-9*	*-7*		*-248*	*-17*	
Group underlying per Business Unit	1,506	1,502	-0.3%	5,864	5,994	2.2%
Core underlying revenue	1,111	1,117	0.5%	4,287	4,379	2.1%
Consumer	724	732	1.1%	2,803	2,889	3.0%
Enterprise	345	350	1.4%	1,311	1,338	2.1%
Technology and Carrier & Wholesale	58	52	-11.0%	242	220	-8.9%
Staff & Support	8	7	-15.8%	29	25	-13.6%
Inter-segment eliminations	-25	-24	2.9%	-98	-93	5.3%
International Carrier Services revenue	395	385	-2.7%	1,577	1,616	2.5%

In the last quarter of 2015, the **Proximus Group** generated underlying revenue of EUR 1,502 million, 0.3% lower than in the comparable quarter of 2014. This includes a **0.5% increase in Proximus' Core revenue**, with revenue growth from Fixed Internet (+6.4%), TV (+11.4%) and Mobile services (+2.1%) mitigated in the fourth quarter by lower revenue from mobile devices and flat ICT revenue, both on a high comparable basis .
The Proximus Group fourth quarter revenue variance was tempered by **BICS which posted 2.7% lower revenue** compared to the prior year.

[6] Earnings Before Interests, Taxes, Depreciation and Amortization

More precisely, the fourth-quarter Group revenue variance was the result of the following segment changes:

- **A 1.1% underlying revenue increase for the Consumer segment**[7], resulting from revenue growth for Fixed Internet (+8.5%), TV (+11.4%) and solid revenue from the Luxembourg subsidiary Tango (+13.8%). This was in part offset by lower revenue from Mobile devices (-20.7%) on a high comparable base. Furthermore, revenue from Mobile services in the fourth quarter 2015 was slightly lower, -0.4% compared to the previous year, driven by lower Prepaid revenue.
- **A 1.4% underlying revenue growth from the Enterprise Business segment,** with an especially good progression of Mobile services (+10.6%) on the back of a larger Mobile customer base and higher revenue from national and roaming data usage, with the year-on-year variance no longer impacted by the EU Roaming regulation. Revenue from Fixed data also contributed to the growth. These favorable variances were in part offset by continued erosion in Fixed Voice revenue, and lower Mobile device sales.

- **An 11% revenue decline from the Technology & Wholesale Business Unit**, with the Wholesale revenue continuing to be impacted by a decline in traditional wholesale volumes, and the outphasing of Snow after the decision of BASE to stop its Fixed triple-play offer. However, during the first half of 2015, the larger part of the former Snow customers opted for Scarlet's Trio offer, thus benefiting Proximus' retail offer.

- **A 2.7% decrease in BICS' fourth-quarter 2015 underlying revenue**, driven by the volatility of the voice business, partly compensated for by a positive currency impact. The revenue from non-Voice continued to show growth, up by 13.1% year-on-year, strengthened by the increase in Mobile data.

For **full-year 2015**, **Proximus Group posted underlying revenue of EUR 5,994 million, 2.2% up from the prior year**. The positive evolution of the Group underlying revenue resulted from both Proximus' core operations (+2.1%) as well as from BICS, Proximus' International Carrier business unit (+2.5%).

Direct Margin per Business Unit

	4th Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Group Reported	882	903	2.4%	3,692	3,635	-1.6%
Incidentals	*-3*	*-7*		*-159*	*-18*	
Group underlying per Business Unit	879	896	1.9%	3,533	3,617	2.4%
Core underlying direct margin	817	831	1.7%	3,286	3,340	1.6%
Consumer	528	544	3.1%	2,131	2,196	3.1%
Enterprise	239	241	1.1%	943	950	0.7%
Technology and Carrier & Wholesale	49	44	-11.9%	206	186	-9.6%
Staff & Support	8	7	-15.4%	29	25	-13.5%
Inter-segment eliminations	-7	-5	25.4%	-23	-18	21.9%
International Carrier Services	62	65	4.7%	247	278	12.3%

The **underlying Group Direct Margin increased by 1.9%** to a total of EUR 896 million for the **fourth quarter 2015**. This increase resulted mainly from an ongoing favorable evolution for the **Core business Direct Margin, up year-on-year by 1.7%**, driven by the increase of higher-margin Fixed and Mobile services revenue. The Core Direct margin as percent of revenue was 74.4%, i.e. slightly up from the prior year.
In spite of the lower recorded revenue, **BICS posted a 4.7% increase in Direct Margin** for the fourth quarter. BICS' Direct Margin as percent of revenue increased by 1.2 p.p. to 16.9%.

For full-year 2015, the underlying **Group Direct Margin totaled EUR 3,617 million, 2.4% more** than for 2014. The Core Direct Margin grew by 1.6% in 2015, while BICS' Direct Margin grew by 12.3%.

[7] As of 2015 also including Small Offices. The 2014 figures have been restated.

Expenses (excluding CoS)

(EUR million)	4th Quarter 2014	4th Quarter 2015	4th Quarter % Change	Year-to-date 2014	Year-to-date 2015	Year-to-date % Change
Group Reported	526	483	-8.3%	1,938	1,989	2.6%
Incidentals	*-28*	*0*		*-57*	*-105*	
Group Underlying Operating Expenses	498	482	-3.1%	1,880	1,884	0.2%
Personnel expenses and pensions (*)	243	241	-0.8%	1,014	1,011	-0.2%
Other operating expenses (**)	255	242	-5.3%	867	873	0.7%

(*) Personnel expenses and pensions are referred to as "HR costs" in the document
(**) Other operating expenses are referred to as "Non-HR costs" in the document

Fourth quarter underlying HR expenses -0.8%

The Proximus Group posted EUR 241 million underlying HR-expenses for **the last quarter of 2015**, 0.8% lower versus the prior year. The reduced headcount compared to last year continued to lower the HR-expenses, especially for Proximus' Core business. This was in part offset by some higher HR-expenses for BICS following hirings to support growing segments and a provision for performance-driven incentives.
Compared to end- 2014, natural attrition reduced Proximus' underlying headcount by -97 FTEs. As a result, the Proximus Group headcount decreased to 14,090 FTEs by end- 2015.

For full-year 2015, the HR-expenses totaled EUR 1,011 million, fairly stable (-0.2%) compared to 2014. This includes an increase in BICS HR expenses to EUR 53 million, i.e. 14% or EUR 7 million more versus 2014 due to higher headcount and results-driven HR expenses.

Underlying non-HR expenses 5.3% lower including timing impact of pylon tax provision

On an underlying basis, the Proximus Group recorded EUR 242 million non-HR expenses in the **fourth quarter of 2015**, which was 5.3% less than for the same period in 2014. The non-HR expenses include the provisioned Walloon Region Pylon tax, spread over the year 2015, though compared to a last quarter of 2014 which included the full-year provision.
This impact excluded, non-HR expenses decreased year-on-year, showing benefits from Proximus' cost efficiency initiatives, offsetting a negative impact from a bad debt correction, and higher volume expenses, including an ongoing decoder migration to the latest version.

Over the 2015, the non-HR expenses totaled EUR 873 million, up 0.7% compared to 2014.

EBITDA per Business Unit

Operating income before depreciation and amortization

(EUR million)	4th Quarter 2014	4th Quarter 2015	4th Quarter % Change	Year-to-date 2014	Year-to-date 2015	Year-to-date % Change
Group Reported	356	421	18.1%	1,755	1,646	-6.2%
Incidentals	*25*	*-7*		*-102*	*87*	
Group underlying per Business Unit	382	414	8.4%	1,653	1,733	4.9%
Core underlying EBITDA	350	380	8.7%	1,518	1,573	3.6%
Consumer	336	346	2.9%	1,392	1,440	3.5%
Enterprise	148	153	3.9%	583	596	2.2%
Technology and Carrier & Wholesale	-57	-48	16.8%	-165	-183	-10.9%
Staff & Support	-76	-71	6.9%	-290	-279	3.9%
International Carrier Services	32	34	5.8%	135	160	19.1%

Proximus' **fourth-quarter 2015 underlying Group EBITDA totaled EUR 414 million, a EUR 32 million or 8.4% improvement** compared to the same period of 2014. This included a positive timing impact from the provisioned Walloon Region Pylon tax. The majority of the year-on-year EBITDA growth came however from a sequentially improvement for Proximus' Core business.
For the fourth quarter 2015, **Proximus core business posted EUR 380 million EBITDA, up 8.7%** from the comparable period of 2014. The favorable timing impact from the Walloon

pylon tax excluded, the Core EBITDA showed further improvement from prior quarters driven by a solid Direct Margin growth, and lower HR and non-HR costs.
BICS too posted a growing EBITDA for the last quarter of 2015, up by 5.8% from the comparable period of 2014.

The full-year 2015 Group underlying EBITDA totaled EUR 1,733 million, up by 4.9% from the previous year, driven by Proximus' Core business, up by 3.6%, and by BICS, closing a very strong year with a full-year EBITDA increase of 19.1%.

From Reported Group EBITDA to Underlying EBITDA

Incidentals included, the Proximus Group reported EUR 421 million EBITDA for the **last quarter 2015**. This includes a EUR 7 million gain from the sale of technical buildings.
For full-year 2015, the reported Group EBITDA totaled EUR 1,646 million, compared to EUR 1,755 million reported for 2014. Whereas 2014 was positively impacted by incidentals for a total amount of EUR 102 million, 2015 was negatively impacted by an amount of EUR 87 million, mainly driven by the litigation settlement agreement[8]. The negative impact on the year-on-year variance by incidentals was partly offset by Proximus' growing Group EBITDA on an underlying basis, up by EUR 80 million.

Depreciation and amortization

The **fourth-quarter 2015** depreciation and amortization totaled EUR 221 million bringing the **full-year 2015** total to EUR 869 million. This compares to EUR 821 million for 2014, with the increase mainly due to a higher asset base to depreciate, partially offset by the divestment of consolidated subsidiaries in 2014[9].

Net finance cost

The full-year 2015 net finance cost was EUR 24 million up year-on-year to EUR 120 million, mainly as a result of the premium paid for partial buybacks of bonds settled in April and October 2015. Moreover the 2014 net finance cost was positively impacted by interest received from incidental settlements of disputes.

Tax expense

The **full-year 2015** tax expenses amounted to EUR 156 million, representing an effective tax rate of 23.8%, up from 18.4% for 2014. The ETR increase resulted from lower tax deductions in 2015 than in 2014 and a provision for the estimated net cash outflow resulting from discussions with authorities.

Net income (Group share)

Proximus reported a net income (Group share) of EUR 139 million for the **last quarter 2015**, bringing the total Net income (Group share) of 2015 to EUR 482 million. This compares to EUR 654 million reported for 2014. The year-on-year decline is mainly explained by recorded incidentals, partly offset by higher underlying EBITDA.

From EBITDA as reported to Net Income

	4th Quarter			Full Year		
(EUR million)	2014 - restated	2015	% Change	2014	2015	% Change
EBITDA	356	421	18.1%	1,755	1,646	-6.2%
Depreciation and amortization	-212	-221	4.7%	-821	-869	5.8%
Operating income (EBIT)	145	199	37.7%	933	777	-16.8%
Net finance costs	-24	-24	0.3%	-96	-120	25.1%
Income before taxes	120	175	46.0%	835	655	-21.6%
Tax expense	-15	-38	152.7%	-154	-156	1.4%
Non-controlling interests	5	-3	-157.6%	27	17	-38.0%
Net income (Group share)	100	139	39.6%	654	482	-26.3%

[8] Settlement agreement signed in October 2015 between KPN, BASE Company, Mobistar and Proximus.
[9] Divestment of Telindus France in May 2014 and Telindus UK in December 2014

Investments

For the **fourth quarter of 2015**, **Proximus' Group Capex totaled EUR 303 million**, EUR 67 million less from a high comparable base. The amount of Capex in fourth quarter of 2014 was particularly high due to the acquisition of additional spectrum in the 900Mhz/1800Mhz band (EUR 16 million) and accelerated investments in the LTE-network.

Proximus Group total invested amount over the **year 2015 was EUR 926 million**, excluding EUR 75 million capex for the renewal of the 900Mhz/1800Mhz spectrum. This compares to EUR 978 million for 2014, excluding EUR 16 million spectrum capex, yet including the three-year broadcasting rights of Belgian Jupiler Pro league football capitalized in the second quarter 2014.

In view of continuously improving its customer experience, Proximus invested during 2015 heavily in both its Fixed and Mobile networks, simplification and in content enrichment.

The continued investments in 4G, together with in-depth network analysis and optimization resulted in a superior mobile Voice and Data customer experience. Dropped calls improved to 0.4% while LTE investments resulted in a 4G outdoor coverage of 98.8% and indoor coverage of 93.4%[10] by end-2015. Furthermore, as a solution for suboptimal local indoor coverage, Proximus offers its customers the Mobile Coverage Extender, a simple plug & play solution based on FemtoCell technology. As such Proximus Fixed internet customers can get always the best mobile in-house experience.

Besides coverage, Proximus also offers also the best possible mobile data experience, with an average download speed of 22.8[11] Mbps on a 4G capable device. Therefore, Proximus continuous to deliver its customers a premium quality, combining a ubiquitous footprint with a great mobile surfing experience.

Proximus continues to innovate for its customers, and launched as first operator in Belgium the 4G+ technology. Proximus started to roll-out this technology on a larger scale, reaching 30% population coverage. With an increasing number of compatible devices on the market today, more and more customers will have access to Mobile data speeds of up to 225 Mbps.

Proximus accelerated the roll-out of Vectoring in 2015, bringing its coverage by end-2015 to 43%, as such being one of few operators reaching such large scale. Thanks to these investments, Proximus brings its customers high quality streaming video, and increasing speeds with the average VDSL speed now reaching 52 Mbps. We can connect one third of the Belgian population to 100 Mbps on copper.

Proximus was also the first to roll out the LoRa™ Network in Belgium, allowing low power connections over a long distance. On top of the LoRa connectivity, Proximus is building a whole ecosystem allowing the end-to-end management of IoT services like smart cities, smart mobility and industry 4.0.

Besides building best-in-class network capabilities, Proximus kept a high focus on simplification in view of becoming a more lean, flexible and cost effective company. In 2015, the outphasing of the legacy telephony-switching network and technical buildings continued, while internal IT systems were transformed. Another investment priority was, and remains the creation of a more Digital Proximus. A new TV experience was developed, the company website was revamped, and the MyProximus app was upgraded with more valuable interactions.

Furthermore, fitting its content aggregator strategy, Proximus continued to invest in the accessibility of content for its customers. In 2015 Proximus TV was enriched with easy access to Netflix, an expanded sports offering and a national cooperation agreement for Wanagogo, Studio 100's digital offering for children, not just at home, but also on the go.

[10] Based on Q4 2015 Comm Scquare drive tests

[11] Based on Q4 2015 Comm Square drive tests.

Cash flows

(EUR million)	4th Quarter 2014 - restated (*)	2015	% Change	Full Year 2014 - restated (*)	2015	% Change
Cash flows from operating activities	318	149	-53%	1,447	1,386	-4%
Cash paid for Capex (**)	-258	-266	2.9%	-916	-1,000	9.1%
Cash flows from other investing activities	21	3	-	180	22	-
Cash flow before financing activities (FCF)	**81**	**-114**	**-240%**	**711**	**408**	**-43%**
Net cash provided by / (used in) financing activities (***)	-153	-204	33%	-364	-608	67%
Net increase / (decrease) of cash and cash equivalents	**-71**	**-317**	**344%**	**347**	**-200**	**-**

(*) 2014 restated to include in "Cash paid for Capex" all changes in working capital relating to Capex
(**) Cash paid for acquisitions of intangible assets and property, plant and equipment (*)
(***) Cash used to repurchase bonds and related derivatives is included in the 'cash flow used for financing activities' in the cash flow statement.

In the **fourth quarter 2015**, the Group Free Cash Flow was impacted by the payment of the litigation settlement[12]with Base Company, Mobistar and KPN for an amount of EUR 120 million. Furthermore, the fourth quarter 2015 included the impact of higher income tax payments and higher cash used for acquisition of non-controlling interests partly offset by growth in underlying EBITDA compared to 2014.

Over the full-year **2015, the Free Cash Flow of the Proximus Group** totaled EUR 408 million. This compares to a Free Cash Flow of EUR 711 million generated in 2014. Year-over-year, the positive impact from the higher underlying EBITDA was more than offset by less cash received from the sale of consolidated companies and buildings, the payment of the litigation settlement mentioned above, the acquisition of non-controlling interests and higher cash paid for Capex.

Balance sheet and shareholders' equity

The intangible and tangible fixed assets increased by EUR 111 million to EUR 3,971 as a consequence of the invested Capex which was higher than the amount of depreciation and amortization. The shareholders' equity increased from EUR 2,779 million end 2014 to EUR 2,801 per end of 2015. This mainly results from the net income (Group share) generated in 2015 exceeding the 2014 dividend and 2015 interim dividend for a total of EUR 483 million. Compared to end 2014, the net financial debt increased by EUR 119 million to EUR 1,919 million end -2015. The outstanding long-term debt amounted to EUR 2,435 million.

(EUR million)	As of 31 December 2014	As of 31 December 2015
Cash and cash equivalents (*)	710	510
Derivatives	38	6
Assets	748	516
Non-current liabilities (**)	-2,386	-1,761
Current liabilities (**)	-162	-674
Liabilities	-2,548	-2,435
Net financial position	**-1,800**	**-1,919**

(*) investments included
(**) LT bonds related derivatives included

[12] Settlement agreement signed in October 2015 between KPN, BASE Company, Mobistar and Proximus. For more information, see third quarter 2015 result release or issued press release on this topic, published on the company website.

2.2. Regulation

Estimated negative impact on YoY variance

		2015 (First 6 months)	2016 (as of May'16)
Roaming	Revenue	€ -13m	€ -28m
	EBITDA	€ -13m	€ -28m
MTR	Revenue	€ -1m	
	EBITDA	€ -1m	
Total	**Revenue**	**€ -14m**	**€ -28m**
	EBITDA	**€ -14m**	**€ -28m**

Definition: Volumes of year-1 multiplied by the price decrease as set by the regulator. 2015 estimated impact re-calculated accordingly.

2015

Regulated Roaming rates negatively impacted Proximus' 2015 revenue and EBITDA year-on-year variance in the first semester of 2015. As these measures annualized, there was no additional impact as from July 2015 onwards.

2016

As from 30 April 2016, the transitory period towards 'Roam-like-at Home' starts, which is estimated to have a negative impact on Proximus' Revenue and EBITDA for an amount of EUR -28 million.
It is however expected that the net impact will be lower due to a positive elasticity effect on usage.

As for national regulation, the draft decisions on FTR and MTR are not yet final. It is however expected that there will be an additional though limited negative impact on Proximus' Margin when the new rates are adopted.

Mobile Termination Rates (MTR)

The Belgian regulator (BIPT) consulted the market from September to November 2015 on a draft decision on the third round analysis of the mobile termination market, including the results of the Pure LRIC cost model for the period 2016-2018. A final decision is expected in the course of 2016.

In Luxembourg, final MTR have been set by the regulator, ILR, at 0.97 eurocent/min as from 1 April 2015. Tango appealed this decision. The MTR had already been set provisionally at 0.98 eurocent/min by a decision of ILR of 6 January 2014. This decision was annulled by the Luxembourg Administrative Court following an appeal launched by Tango. However ILR appealed this ruling and the Court eventually decided on 17 December 2015 to uphold the provisional MTR.

Fixed Termination Rates (FTR)

From July to September 2015, the BIPT consulted the market on a draft decision implementing its new Pure LRIC method and setting the FTR for all fixed operators holding a significant market power for the period 2016-2019. A final decision is expected in the course of 2016.

International Roaming

The last decrease of the roaming rates under the Roaming III Regulation of 2012 entered into force on 1 July 2014.

EU roaming regulation	01-Jul-11	01-Jul-12	01-Jul-13	01-Jul-14
Voice roaming rates (in euro cent per minute)				
Retail Outgoing	35	29	24	19
Retail Incoming	11	8	7	5
Wholesale	18	14	10	5
SMS roaming rates (in euro cent per minute)				
Retail SMS	11	9	8	6
Wholesale SMS	4	3	2	2
Data roaming rates (in euro cent per minute)				
Retail data	-	70	45	20
Wholesale data	50	25	15	5

The Telecom Single Market Regulation of 25 November 2015 lays down the future rules for roaming.

As from June 2017, provided that the legislative act on the wholesale roaming review is applicable on this date, 'Roam-Like-At-Home' will be implemented in the EU zone with the obligation to charge retail roaming within the EU at domestic retail price, except for the consumption beyond the Fair Use Policy to be defined by December 2016 by the European Commission.

During the transitory period from April 2016 until June 2017, operators will be able to apply a surcharge up to the current regulated wholesale rates. For calls received, the (retail) price was set by the Commission at 1.14 eurocent/min (calculated based the weighted average of maximum mobile termination rates across the EU).

Cable wholesale prices

In 2015, the regulated wholesale prices (for analogue TV, digital TV and broadband) of the cable operators were reviewed (calculated on a retail minus basis). These rates were set for the first time on 12 December 2013. The revision leads to a decrease of the wholesale cable prices. It concerns only the monthly rental fees (one off implementation costs have not been reviewed) and proposes to apply, during 2 years, lower prices to new entrants in the TV and broadband markets. The final decision was taken on 19 February 2016. New prices will enter into force on 1 May 2016.

Spectrum

After a first extension covering the period 2010-2015, the second extension of the 2G license started on 8 April 2015 (valid until 15 March 2021). Proximus has to pay a total of EUR 75.1 million for this extension and has opted for yearly instalments.

As from 27 November 2015, the 900 MHz spectrum holdings of Proximus, Mobistar and BASE were reduced from 12 MHz to 10 MHz duplex. However, following Telenet Tecteo Bidco (TTB) decision to renounce to their option to acquire spectrum in the 900/1800 MHz band (4.8 MHz duplex in the 900 MHz band and 15 MHz duplex in the 1800 MHz band), Proximus, Mobistar and KPN/BASE have been able to acquire additional spectrum in these bands effective as from 27 November 2015. This spectrum is granted until 15 March 2021. The one-off fee for the additional spectrum acquired by Proximus in the 900MHz-band (2.4 MHz duplex) is EUR 15.8 million. Proximus opted for payments through annual installments. The 1800 MHz spectrum was granted at no additional cost except for the usage fees.

Tax on mobile sites

On 16July, 2015 the Constitutional Court annulled the Walloon decree which introduced for 2014 a regional tax on GSM infrastructure of 8,000 euro per site and which gave the Walloon municipalities the possibility to impose an additional surtax for an equivalent amount. Nevertheless, the Constitutional Court deemed that the tax could be upheld for the previous years, "given the financial problems that the annulment decision would entail".

Per 16/12/2015 the Walloon Region sent out a notification of change of the tax return referring to the judgment of the Constitutional Court. A reaction against this notification has been filed per 15 January 2016.
A procedure before the Constitutional Court is still pending with respect to the (similar) decree applicable for 2015 and for which a liability is recognized.

On 6 October 2015, the European Court of Justice concluded in a KPN/Base vs Ville de Mons case that a tax on pylons is not, per se, in contradiction with European law.

This position was confirmed by the Court in two Proximus cases, on 17 December 2015. Nevertheless, Proximus will continue to use other arguments in its legal proceedings against similar taxes.

On-net legal case versus Base and Mobistar

See 9.3 Significant events or transactions page 38.

2.3. 2015 full-year guidance achieved

Guidance metrics	FY 2014	FY 2015	Revised Outlook 2015	Achievement 2015
Core underlying revenue	**4,287 million**	**4,379 million**	**Around 2% growth**	**2.1% growth**
BICS underlying revenue	**1,577 million**	**1,616 million**	**Slightly positive**	**2.5% growth**
Group underlying EBITDA	**1,653 million**	**1,733 million**	**4% - 5% growth**	**4.9% growth**
Capex (excl. spectrum license)	**978 million**	**926 million**	**About 900 million**	**926 million**

2.4. 2016 outlook and shareholder return

We will continue to execute our Fit-for-Growth strategy in 2016, aimed at delivering sustainable revenue and EBITDA growth for Proximus.

We expect to end the year 2016 with slightly growing Domestic[13] underlying revenue, and a slightly growing Group EBITDA, despite BICS' high comparable base in 2015.

2016 is expected to bring some additional challenges. Regulation will have an adverse impact on the financials, with especially the EU roaming regulation negatively impacting the EBITDA of Proximus' Domestic business whilst operating in a more competitive environment.

To sustain long-term growth, we decided to raise investments in the Fixed network, with special focus on Fiber to the Business. Therefor we expect the 2016 capex level to be around EUR 950 million.

We expect to return over 2016 a total gross dividend per share of €1.50, in line with our previous announced 3-year commitment.

Guidance metrics	Outlook 2016
Domestic underlying revenue	**Slight growth**
Group underlying EBITDA	**Slight growth**
Capex	**Around 950m**

[13] Group excluding BICS

3. Consumer Business Unit – CBU[14]

- Q4 Underlying revenue +1.1% YoY on the back of rising revenue from Fixed
- Growth mitigated by less revenue from low-margin Mobile devices and prepaid
- Continuously growing customer base: +28,000 BB; +44,000 TV; +44,000 Postpaid
- Value-driven customer growth leading to 3.1% Direct margin increase
- Household base + 6,000; incl. +20.000 in 3- or 4-Play, now 43% of HH/SO base.

P&L Consumer Business Unit (underlying)

	4th Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
TOTAL SEGMENT INCOME	724	732	1.1%	2,803	2,889	3.0%
Costs of materials and charges to revenues	-196	-187	-4.5%	-672	-692	3.0%
TOTAL SEGMENT DIRECT MARGIN	528	544	3.1%	2,131	2,196	3.1%
Direct margin %	*72.9%*	*74.4%*	*1.5 p.p.*	*76.0%*	*76.0%*	*0.0 p.p.*
TOTAL EXPENSES	-192	-199	3.4%	-739	-756	2.3%
Personnel expenses and pensions	-95	-92	-3.2%	-400	-391	-2.2%
Other operating expenses	-97	-107	9.9%	-339	-365	7.6%
TOTAL SEGMENT RESULT	336	346	2.9%	1,392	1,440	3.5%
Segment contribution margin %	*46.4%*	*47.2%*	*0.9 p.p.*	*49.6%*	*49.8%*	*0.2 p.p.*

CBU quarterly financial and operational results: page 33

Revenue

CBU 's **fourth quarter 2015 underlying revenue progressed by 1.1%** compared to the same period of 2014 to EUR 732 million. The year-on-year revenue increase was largely driven by the revenue growth from **Fixed services, up by 4.1%** from the previous year. Both Internet and TV continued to show solid progress in revenue, which more than offset the lower Fixed Voice revenue. CBU's fourth quarter revenue variance was however negatively impacted by less **Mobile device sales**, leading to 21% lower revenue from a high comparable base. Revenue from **Mobile services was almost stable (-0.4%)** in relation to the prior year, showing impact from lower Prepaid revenue. With the Postpaid/Prepaid customer mix improving, the prepaid erosion was for a large part compensated for by the growth in Postpaid.

CBU's revenue trend is largely driven by its convergence strategy. By end-2015, 1,411,000 Households/Small Offices had at least one Pack. This means that 85% of CBU's household base having multiple services, combine these in a Pack. In addition, CBU's fourth quarter 2015 revenue was well supported by Tango, Proximus' Luxembourgish subsidiary. With a solid 13.8% year-on-year revenue growth, Tango reported its best quarter of 2015.

CBU's **2015 full-year revenue** totaled EUR 2,889 million, **3.0% higher year-on-year**. This was mainly driven by the revenue progress from Fixed services, up by 4.2%, while revenue from Mobile services was up by 1%. This was further supported by Tango's full-year revenue increase of 11.1%.

[14] As of 2015 the Small Offices are segmented in the Consumer Business Unit. 2014 figures are adjusted to allow for a year-on-year comparison.

Note

In line with Proximus' strategy, most products are sold through multi-play Packs. Therefore, the revenue and ARPU of standalone products as described below, are largely the result of the allocation of revenue and discounts to the respective products included in the Packs, as required by IFRS rules. The Average Revenue per Household, as described on page 21, is therefore more relevant.

	4th Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
Revenues	724	732	1.1%	2,803	2,889	3.0%
From Fixed	364	379	4.1%	1,430	1,490	4.2%
Voice	143	137	-3.9%	572	552	-3.5%
Data (Internet & Data Connectivity)	132	144	8.5%	520	558	7.3%
TV	76	85	11.4%	286	328	14.5%
Terminals (excl. TV)	6	6	3.5%	22	23	2.6%
ICT	7	8	7.9%	29	30	1.5%
From Mobile	298	287	-3.5%	1,142	1,154	1.0%
Mobile Services	252	251	-0.4%	1,000	1,010	1.0%
Terminals	46	37	-20.7%	143	144	0.9%
From Subsidiaries	31	35	13.8%	117	130	11.1%
Tango	31	35	13.8%	117	130	11.1%
Other	31	30	-3.3%	114	114	0.0%
Of which Installation & Activation	*5*	*4*	*-13.0%*	*21*	*20*	*-1.4%*

-9,000

CBU Fixed Voice lines in Q4. Revenue -3.9%

By the end of 2015, CBU's **Fixed Voice** customer base totaled 2,112,000, i.e. a net loss of 9,000 lines in the **last quarter of 2015**. This was somewhat better than in the same period of 2014 (-11,000) owing to both brands, Proximus and Scarlet, being positively impacted by attractive year-end promotions and ongoing sales focus on multi-play Packs.
The Fixed Voice ARPU for the fourth quarter 2015 was EUR 21.6, i.e. fairly stable in relation to prior quarters, though 3.3% down from the prior year, due to a higher multi-play Pack penetration, with customers benefiting from a discount. This was in part offset by the adjusted prices on 1 July 2015[15]
The lower Fixed Voice customer base combined with the lower ARPU resulted in a **-3.9% year-on-year revenue decline for Fixed Voice**, ending the fourth quarter of 2015 with EUR 137 million.
For full-year 2015, CBU generated EUR 552 million Fixed voice revenue, a 3.5% decline from the previous year.

+28,000

Internet customers in Q4. Revenue growth of +8.5%

CBU's **fourth-quarter** 2015 revenue from **Fixed Data totaled EUR 144 million, an 8.5% growth** compared with the prior year, including a positive impact from the 1 July 2015 price adjustments. The positive Fixed Data revenue trend was driven by the growing customer base, up by 120,000 or 7.5% in a one-year period to reach a total of 1,718,000 Fixed Internet customers by end-2015. CBU continued to grow its Fixed Internet customer base in the last quarter for its two main brands Proximus and Scarlet, positively impacted by attractive year-end promotions and multi-play Packs. In total, 28,000 Internet lines were added, better than in the same period of 2014 (+22,000). The fourth quarter Broadband ARPU of EUR 28.0 was a 1.0% improvement compared to the same period in 2014, and fairly stable in relation to the prior quarter, as of when the price increase started to be reflected in the ARPU. This more than offset the impact of discounts following a higher Pack penetration.
Over full-year 2015, the revenue from Fixed data totaled EUR 558 million, a 7.3% increase from the prior year mainly driven by the growing customer base.

[15] On 1 July 2015 prices increased for standalone Fixed Voice and Internet, as well as for old Packs.

+44,000

TV net adds in Q4. Revenue up 11.4% from prior year

Revenue from **TV totaled EUR 85 million** for the **last quarter of 2015**, 11.4% up from the same period of 2014. CBU's TV revenue continued to do well, driven by the continued subscriber growth, with both the Proximus and Scarlet brands increasing their customer base. CBU ended 2015 with a total TV customer base of 1,759,000[16], up by 167,000 customers or +10.5% from the prior year. In the last quarter 2015, 44,000 TV subscribers in total were added, of which 30,000 unique customers and 14,000 multi settop boxes. The recurring TV ARPU grew 1.3% year-on-year to EUR 20.1 driven by the increased uptake of TV options, slightly offset by the TV Replay option which has been offered for free in Packs since July 2015.
For full-year 2015, the revenue from TV was EUR 328 million, up by 14.5%.

+ 44,000

Postpaid net adds in Q4. Mobile service revenue -0.4% on lower Prepaid revenue

In the last quarter of 2015, CBU added 44,000 mobile Postpaid cards, or +37,000 excluding Internet Everywhere data cards. This was CBU's best net Mobile postpaid customer gain in the year. The net Mobile customer growth showed improvement since mid-2015, driven by successful promotion campaigns and the mobile portfolio revamp since mid-August. By end-2015, CBU counted a total of 2,939,000 Postpaid cards, up by 5.9% from end-2014. While the revamped mobile pricing supported customer growth, it provides more data abundance and hence slightly lowered the Postpaid ARPU, down year-on-year by 0.6% to EUR 29.1.
At the same time, the loss in Prepaid cards for the fourth quarter was limited to -34,000. The revenue from Prepaid was however pressured by a 14.9% decrease in Prepaid ARPU to EUR 10.0, mainly due to lower year-on-year SMS usage.
As a result, the **2015-fourth quarter revenue from Mobile Services was 0.4% lower versus the prior year**, totaling EUR 251 million.
When combining Prepaid and Postpaid, CBU's Mobile customer base ended 2015 with a total of 4,246,000 cards, 0.3% higher versus one year ago.
The Postpaid/Prepaid customer mix improved to 69%/31% from 66%/34% one year ago, and the blended Mobile ARPU remained stable at EUR 22.3.
In the last quarter 2015, the growth in average data usage per customer persisted, resulting from a higher smartphone penetration, and in particular an increasing number of customers with a 4G-device. 4G users used 945Mb[17]per month on average, up by 14%. This increased the blended data usage to 627 Mb, up 58% from one year ago. The average data consumption of 4G users was over 3.7 times greater than that of non-4G users.
For full-year 2015, the revenue from Mobile services was EUR 1,010 million, up by 1%.

13.8%

Revenue growth for Tango on Mobile Postpaid

Tango's revenue for the **last quarter 2015 totaled EUR 35 million**, **up by 13.8%** from the previous year. This increase is mainly explained by Mobile postpaid revenue, including offers dedicated to the needs of cross-border workers. Thanks to a growth of smartphone subscriptions, the fourth quarter ARPU has sustained a year-on-year increase by 6.3 %.

For full-year 2015, the revenue from Tango was EUR 130 million, up by 11. 1%.This was mostly on the mobile division thanks to an increasing customer base by around 5,000 customers and a growth of smartphone subscriptions generating a higher ARPU, up by 5.6 %. TV, Internet and Fixed voice are also contributing to the positive trend of 2015, more specifically with the revamp of Tango's TV offer.

[16] Incl. multi-settop boxes

[17] on the 4G and 3G networks

(EUR million)	2014	2015	% Change	2014	2015	% Change
Revenue (in EUR mio) (1)	31	35	13.8%	117	130	11.1%
Total active mobile customers (in '000)	283	288	1.7%	283	288	1.7%
Blended mobile net ARPU (EUR/month)	29	31	6.3%	28	30	5.6%

(1) Total Tango revenues (i.e. Fixed and Mobile revenues)

Segment Direct Margin

3.1% year-on-year segment Direct Margin growth

The solid revenue growth for CBU's Fixed products in the fourth quarter of 2015, resulted in a continued positive Direct Margin evolution compared with last year. For the **last quarter of 2015 the Direct Margin totaled EUR 544 million, i.e. 3.1% more** than for the same period in 2014. The Cost of Sales for the fourth quarter was EUR 187 million. This is 4.5% lower year-on-year, mainly as a result of a lower volume of Mobile devices (at low margin) sold in the fourth quarter 2015.
In the fourth quarter 2015 the underlying Direct Margin was 74.4% of revenue, a 1.5 p.p. increase year-on-year due to a better overall Fixed and Mobile product mix.
For full-year 2015, CBU posted a Direct Margin of EUR 2.196 million, 3.1% higher versus the previous year.

Expenses

HR expenses 3.2% lower, benefitting from lower headcount

HR expenses for the **fourth quarter 2015** totaled EUR 92 million, i.e. 3.2% lower versus the prior year. The decline for the quarter was mainly the result of a lower personnel base.
For the full-year 2015, CBU posted HR expenses of EUR 391 million, down 2.2% compared to 2014.

Non-HR expenses 9.9% higher on the back of bad debt correction, decoder migration and volume-driven costs

CBU's fourth-quarter 2015 non-HR expenses of EUR 107 million were up 9.9% from the same period of 2014, largely due to the negative impact from a bad debt correction and higher volume expenses, including an ongoing decoder migration to the latest version.

For the year 2015, CBU's non-HR expenses totaled EUR 365 million, up 7.6% versus 2014. This increase was largely explained by provisions for litigations and bad debt, in addition to higher volume driven expenses.

CBU segment result (underlying)

For the **fourth quarter 2015**, CBU posted an underlying segment result of EUR 346 million, i.e. a year-on-year increase of 2.9%. The segment contribution margin was 47.2%, +0.9p.p. versus the previous year.
For the full-year 2015, CBU grew its segment result by 3.5% to EUR 1,440 million resulting from a 3.1% growth in Direct Margin, only partly offset by some higher expenses.

CBU operationals

	Q4'14	Q4'15	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**3,724**	**3,830**	**106**
Voice	2,126	2,112	-14
Broadband	1,598	1,718	120
TV (thousands)	**1,593**	**1,759**	**167**
Unique Customers	1,288	1,414	126
of which multiple settop boxes	304	345	41
ARPU (EUR)			
ARPU Voice	22.3	21.6	-0.7
ARPU broadband	27.7	28.0	0.3
ARPU TV	19.9	20.1	0.3
From Mobile			
Number of active customers (thousands)	4,233	4,246	14
Prepaid	1,457	1,307	-150
Postpaid	2,775	2,939	164
Among Which Paying cards	2,306	2,430	124
Among Which Internet Everywhere cards	469	509	40
Annualized churn rate			
Prepaid	32.8%	35.4%	2.6 p.p.
Postpaid	18.3%	15.6%	-2.7 p.p.
Blended	24.3%	23.0%	-1.3 p.p.
Net ARPU (EUR)			
Prepaid	11.7	10.0	-1.7
Postpaid	29.3	29.1	-0.2
Blended	22.3	22.3	0.0
Average Mobile data usage user/month (Mb)			
4G	826	945	119
Blended	396	627	230

CBU X-play household reporting

This chapter explains CBU's operational and financial results through metrics that are better aligned with Proximus' long-term convergence and value strategy. In this strategy the focus is not on individual products but on the number of Plays[18] and RGUs[19] per household/small office, with the aim of gradually moving households/small offices up the value chain.

Operational X-play performance

By end-December 2015, Proximus serviced 2,783,000 households/small offices, this is an increase from the prior quarter by 6,000. This mainly resulted from the growth in 3- and 4-play.

In the fourth quarter 2015, Proximus' household mix further improved, with its 3-play customer base growing by 8,000 households/small offices and its 4-play customer base by 12,000. As such, Proximus ended the fourth quarter with 662,000 households/small offices having 3-play (+3.2% YoY) and 529,000 4-play households/small offices (+ 10.2% YoY). As a consequence, Proximus strengthened its customer base with households/small offices having typically a lower churn rate, i.e. a full churn rate of 9% for 3-play, and 2.7% for 4-play.

The average RGU continued to show progress in the fourth quarter 2015, with the average across all X-play households/small offices rising to 2.58, up by 3.6% from the previous year.

Furthermore, the number of households/small offices having both Proximus Fixed and Mobile services, i.e. convergent households/small offices, grew to 55.9%, up 2.6 p.p. versus a year ago.

An important enabler for CBU to increase the number of multi-play households/small offices and the number of plays per household is selling Plays in a Pack. The success of bundling plays in a Pack, giving customers attractive pricing and value for money, also continued in the fourth quarter of 2015. CBU added 27,000 households/small offices with Packs; as such, the number of households/ small offices with at least one Pack totaled 1,411,000 end-December 2015.

	CBU Households/Small Offices per Play & Net adds of the Quarter										Variance YoY		
	Q4 2014					Q4 2015					Q4 2015		
HH/SO in ('000)	Fixed Voice	Fixed Internet	TV	Mobile Post-paid	Sum #HH/SO	Fixed Voice	Fixed Internet	TV	Mobile Postpaid	Sum #HH/SO	Average #RGUs/ HH SO	Annualized full churn rate of HH/SO (**)	% Fixed + Mobile Postpaid (***)
1-Play	479	77	N/A(*)	665	1,221	415	86	N/A(*)	653	1,154	1.23	20.0%	
	-18	*2*		*5*	-11	*-15*	*2*		*5*	-9	*0.01*	*-2.6p.p.*	
2-Play	●	●	●	●	462	●	●	●	●	438	2.22	10.4%	24.3%
					-11					-5	*0.00*	*-1.4p.p.*	*0.6p.p.*
3-Play	●	●	●	●	641	●	●	●	●	662	3.38	9.0%	41.5%
					4					8	*0.00*	*0.2p.p.*	*1.9p.p.*
4-Play	●	●	●	●	480	●	●	●	●	529	4.84	2.7%	100.0%
					16					12	*0.02*	*-0.3p.p.*	
Total					2,804					2,783	2.58	12.6%	55.9%
					-2					6	*0.09*	*-1.7p.p.*	*2.6p.p.*

(*) TV is not sold standalone, only in combination with Fixed Internet and/or Fixed Voice
(**) Cancellation is only taken into account when the household/small office cancels all its plays
(***) % multi-play HH that have at least one Mobile component; i.e. a convergent household/small office

[18] A Play is defined as a subscription to either Fixed Voice, Fixed Internet, Fixed TV or Mobile postpaid (paying Mobile cards)

[19] Revenue-Generating Unit. For example, a household with Fixed Internet and 2 Mobile postpaid cards is considered as a 2-play household with 3 RGUs.

Financial X-play performance

In the fourth quarter 2015, CBU generated EUR 732 million revenue, of which EUR 551 million[20] came from X-play households/small offices. The revenue generated through X-play households/ small offices increased by 2.3% versus the previous year. This was driven by an uptiering in the X-play customer base and a higher average revenue per household (ARPH), rising year-on-year by 3.1% to EUR 66.0.

The revenue from 3-play and 4-play households/small offices continued to show good growth. The 4-play revenue in particular remained strong for the fourth quarter with EUR 181 million, up by 9.6% from the prior year. This resulted from the favorable evolution in the number of 4-play households/small offices. The average revenue per 4-play household (ARPH) for the fourth quarter 2015 was EUR 115.3. This is 1% lower from the prior year as the increased uptake of mobile components (increasing RGU) and TV options was more than offset by the impact of the postpaid portfolio revamp this summer, where customers are benefitting from more abundance.

Revenues (*) per x-play in EUR million

	4th quarter		YoY change	
	Q414	Q415	€ million	%
Total	**539**	**551**	**12**	**2.3%**
1-Play	130	126	-3	-2.4%
2-Play	83	78	-4	-5.2%
3-Play	162	166	4	2.3%
4-Play	165	181	16	9.6%

Average revenue in EUR per x-play (EUR)

	4th quarter		YoY change	
	Q414	Q415	€	%
Total	**64.1**	**66.0**	2.0	**3.1%**
1-Play	35.2	36.3	1.1	3.2%
2-Play	59.0	59.2	0.2	0.4%
3-Play	84.5	84.0	-0.5	-0.6%
4-Play	116.5	115.3	-1.2	-1.0%

(*) unaudited revenue, might be subject to small changes

[20] The following are excluded from the X-play revenue reporting: revenue from Mobile Prepaid, sales of terminals, revenue of subsidiaries and other..

4. Enterprise Business Unit - EBU[21]

- Underlying Q4 revenue +1.4%, driven by a 10.6% revenue growth for Mobile Services
- EBU Direct Margin +1.1%, growth from Mobile Services partly offset by ICT revenue mix
- Expenses 3.3% lower including the benefit of efficiency gains
- Solid segment result of EUR 153m, 3.9% higher year-on-year

P&L Enterprise Business Unit (underlying)

	4th Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
TOTAL SEGMENT INCOME	345	350	1.4%	1,311	1,338	2.1%
Costs of materials and charges to revenues	-107	-109	2.1%	-368	-388	5.4%
TOTAL SEGMENT DIRECT MARGIN	239	241	1.1%	943	950	0.7%
Direct margin %	*69.1%*	*68.9%*	*-0.2 p.p.*	*72.0%*	*71.0%*	*-0.9 p.p.*
TOTAL EXPENSES	-91	-88	-3.3%	-361	-355	-1.6%
Personnel expenses and pensions	-65	-65	0.2%	-268	-272	1.3%
Other operating expenses	-26	-23	-12.2%	-92	-83	-10.0%
TOTAL SEGMENT RESULT	148	153	3.9%	583	596	2.2%
Segment contribution margin	*42.8%*	*43.8%*	*1.0 p.p.*	*44.5%*	*44.5%*	*0.1 p.p.*

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Revenue

For the fourth quarter 2015, the underlying revenue of the Enterprise segment (EBU) improved by 1.4% compared to the previous year to EUR 350 million. This increase resulted from a strong quarter for Mobile Services, up by 10.6% to EUR 83 million, driven by a larger customer base and an improving ARPU resulting from higher national and roaming data usage. Revenue from Fixed Data also contributed to the growth, up by 2.0% from the prior year, strengthened by the improvement on both Internet & data connectivity.
These favorable variances were in part offset by continued erosion in Fixed Voice revenue, and lower Mobile device sales.
EBU posted a solid EUR 127 million ICT revenue for the fourth quarter 2015, fairly stable in relation to the high comparable base of last year.

For the full-year 2015, the underlying revenue from EBU totaled EUR 1,338 million, a 2.1% increase from 2014. This was largely driven by higher revenue from Mobile Services, ICT and Road User Charging (included in other revenues).

[21] As of 2015 the Small Offices are segmented in the Consumer Business Unit. The 2014 figures are adjusted to allow for a correct year-on-year comparison.

(EUR million)	4th Quarter 2014	4th Quarter 2015	% Change	Year-to-date 2014	Year-to-date 2015	% Change
Revenues	345	350	1.4%	1,311	1,338	2.1%
From Fixed	257	256	-0.7%	971	971	0.1%
Voice	64	61	-3.8%	259	248	-4.2%
Data (Internet & Data Connectivity)	62	63	2.0%	248	250	0.8%
Terminals (excl. TV)	5	5	-2.2%	20	19	-1.0%
ICT	127	127	-0.3%	444	455	2.3%
From Mobile	83	89	6.8%	326	342	5.0%
Mobile Services	75	83	10.6%	307	324	5.6%
Terminals	9	6	-26.3%	19	18	-4.5%
Other	5	6	23.4%	14	24	70.4%
Of which Installation & Activation	*1*	*1*	*-17.1%*	*4*	*3*	*-8.8%*

Lower Fixed Voice revenue due to Fixed Voice customer base erosion

For the **fourth quarter 2015**, EBU reported EUR 61 million revenue in Fixed Voice, showing a year-on-year decline of 3.8%. The fourth quarter 2015 Fixed Line erosion totaled 10,000 lines triggered by companies rationalizing on Fixed line connections, the technology migration to VoIP and competitive pressure. This brought the EBU total Fixed Voice Line customer base to 660,000 by end- 2015, i.e. a year-on-year line loss of -5.0%.
The fourth quarter Fixed Voice ARPU of EUR 30.7 was up 1.2% from the previous year strengthened by price changes since 1 July 2015.

Over the full-year 2015, EBU's Fixed Voice revenue totaled EUR 248 million, or a 4.2% decline from the prior year.

Fixed Data revenue up 2.0% driven by continued growth from data connectivity services

The **fourth-quarter 2015** revenue from Fixed Data, consisting of Fixed Internet and Data Connectivity revenue, totaled EUR 63 million, 2.0% higher than the same period of 2014.

This was driven by the favorable revenue trend from Data Connectivity services following the roll-out of a number of large customer projects on the Proximus Explore platform and the newly acquired large customers in the last quarter of 2015.

The fourth-quarter revenue from Fixed Internet was slightly up, driven by a higher ARPU. The ARPU for the last quarter of 2015 increased year-on-year by 4.2%[22] to reach EUR 43.7, including the positive effect from the 1 July 2015 price adjustments. EBU's broadband base remained stable in the fourth quarter, counting a total of 137,000 Fixed Internet customers.

For the full-year 2015, EBU's revenue from Fixed Data totaled EUR 250 million, up by 0.8% compared to the previous year.

ICT revenue stable in relation to the prior year

In the **fourth quarter** 2015, EBU generated EUR 127 million revenue from ICT, fairly stable in relation to the high comparable base of 2014, and up versus the prior quarters of 2015.

While the revenue remained fairly steady, the new orders in the fourth quarter shifted the revenue mix to more revenue from Products whereas revenue from Services was reduced by some major ICT contracts being terminated earlier this year.

Over the year 2015, EBU's ICT revenue totaled EUR 455 million, i.e. 2.3% above that of 2014.

[22] Includes the positive impact on ARPU from the cleaning of the Internet base in Q1 2015, which reduced the base at that time by 3,000

Solid Mobile Service revenue, up 10.6% driven by a growing customer base and ARPU
In the **last quarter 2015**, EBU's Mobile Service revenue of EUR 83 million was up by 10.6% from a low comparable base, continuing the accelerated growth seen in the prior quarters. An important driver is EBU's higher customer base compared to end-2014. In a one-year timeframe, EBU's mobile customer base grew by 3.6%, M2M and free data cards excluded, or +26.7% including them, reaching 1,470,000 cards by end- 2015.

In the last quarter of 2015, EBU added 9,000 mobile cards other than M2M or free data cards. The fourth-quarter Mobile churn remained well under control at 10.3%, reflecting customers' good experience of the Proximus mobile network and service levels, increasing customer satisfaction and stickiness. In addition, the number of M2M cards activated was again boosted by 123,000 with the roll-out of the Road User Charging[23] project.

Besides a positive customer impact, the Mobile Service revenue continues to benefit from an improved tiering in the Medium Enterprise segment, high-end pricing plans gaining traction, and increased data usage. This results from a greater smartphone penetration and a growing number of 4G-users, up by 80% compared to one year ago. In the fourth quarter 2015, EBU customers with a 4G-device had an average monthly data consumption of 862 MB, 30% more versus the same period of 2014. Customers with a 4G device use nearly 3 times as much data per month than customers with a non-4G device.

With these beneficial usage evolutions, the uptake of Roaming options (e.g. travel mobile Internet) in the last quarter, and the absence of a roaming regulation impact, the ARPU[24] grew 6.4% year-on-year to EUR 30.0.

Over the year 2015, EBU's revenue from Mobile Services totaled EUR 324 million, i.e. 5.6% more than for 2014.

Segment Direct Margin

For the **fourth quarter 2015**, EBU posted a Direct Margin of EUR 241 million, i.e. a 1.1% improvement over the same period of 2014. This was mainly attributable to the higher revenue from Mobile Services, more than offsetting the impact from the lower margin ICT product deals.

The **full-year 2015** Direct Margin of EUR 950 million, was up 0.7% compared to 2014.

Expenses

Stable underlying HR expenses

EBU ended the fourth **quarter 2015** with fairly stable HR Expenses of EUR 65 million. This led to **full-year** HR-expenses for EBU of EUR 272 million, 1.3% more than for 2014 including additional hiring for ICT international.

Underlying non-HR expenses lower

For the **fourth quarter 2015**, EBU posted EUR 23 million non-HR expenses, 12.2% less than for the comparable period of 2014 including some efficiency gains.
Over the **full-year 2015**, EBU's non-HR expenses totaled EUR 83 million, i.e. a 10.0% decrease.

[23] Road User Charging is a project in which Proximus acts as a subcontractor for "Satellic" offering data center, M2M and Explore services to implement distance-based road charging in Flanders, Wallonia and Brussels for trucks as from April 2016.

[24] ARPU excludes M2M and free data cards

EBU segment result (underlying)

EBU's **fourth-quarter 2015** underlying segment result totaled EUR 153 million, i.e. 3.9% more than for the same period of 2014. This mainly resulted from the strong Direct Margin, and the lower expenses. In the fourth quarter 2015, the underlying contribution margin was 43.8%.

For the full-year 2015, EBU's segment result totaled EUR 596 million, up by 2.2% from the previous year.

EBU operationals

	Q4'14	Q4'15	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**837**	**798**	**-39**
Voice	695	660	-35
Broadband	141	137	-4
ARPU (EUR)			
ARPU Voice	30.3	30.7	0.4
ARPU Broadband	41.9	43.7	1.7
From Mobile			
Number of active customers (thousands)	1,161	1,470	310
Among which voice and data cards	863	894	31
Among which M2M	289	566	277
Among which Internet Everywhere card	9	10	1
Annualized churn rate (blended)	10.0%	10.3%	
Net ARPU (EUR)			
Postpaid	28.2	30.0	1.8
Average Mobile data usage user/month (Mb)			
4G	664	862	198
Blended	414	645	231

5. Technology & Wholesale – TEC&W

P&L Technology & Wholesale (underlying)

(EUR million)	4th Quarter			Year-to-date		
	2014	2015	% Change	2014	2015	% Change
TOTAL SEGMENT INCOME	58	52	-11.0%	242	220	-8.9%
Costs of materials and charges to revenues	-9	-8	-5.8%	-36	-34	-5.2%
TOTAL SEGMENT DIRECT MARGIN	49	44	-11.9%	206	186	-9.6%
Direct margin %	*84.7%*	*83.8%*	*-0.9 p.p.*	*85.1%*	*84.5%*	*-0.6 p.p.*
TOTAL EXPENSES	-107	-91	-14.5%	-371	-370	-0.4%
Personnel expenses and pensions	-40	-40	-0.6%	-168	-167	-0.5%
Other operating expenses	-67	-52	-22.8%	-204	-203	-0.4%
TOTAL SEGMENT RESULT	-57	-48	16.8%	-165	-183	-10.9%

TEC&W quarterly financial and operational results: page 36

Revenue

TEC&W reported EUR 52 million revenue for the **fourth quarter of 2015**, or -11.0% year-on-year mainly due to lower wholesale revenue. This included the impact from the outphasing of Snow customers following the decision of BASE to stop its Fixed triple-play offer. However, the reduction in Wholesale lines was largely compensated for through the Proximus retail offer as the larger part of the former Snow customers opted for Proximus' low-cost brand Scarlet. Furthermore, the wholesale revenue was pressured by the decline in traditional wholesale business.

For full-year 2015, the revenue of TEC&W totaled EUR 220 million,-8.9% versus 2014. This was largely driven by the
Snow outphasing, and continued decline of the traditional Wholesale business.

Expenses

For the **last quarter of 2015**, TEC&W posted EUR 91 million in Expenses, 14.5% less compared to the prior year. The decrease was fully within non-HR expenses, which were down year-on-year by EUR 15 million or -22.8% to EUR 52 million. The fourth quarter benefitted from a favorable timing impact from the provisioned Walloon Region Pylon tax which was booked in its entirety in the last quarter of 2014, whereas it was spread over the year in 2015. Furthermore, the non-HR expenses benefitted from the ongoing cost optimization projects.

For full-year 2015, the Expenses of TEC&W were slightly down year-on-year, totaling EUR 370 million, or -0.4%. The lower expenses following the cost optimization projects were partly offset by higher tax provisions.

6. Staff & Support – S&S

P&L Staff and Support (underlying)

(EUR million)	4th Quarter 2014	4th Quarter 2015	4th Quarter % Change	Year-to-date 2014	Year-to-date 2015	Year-to-date % Change
TOTAL SEGMENT INCOME	8	7	-15.8%	29	25	-13.6%
TOTAL SEGMENT DIRECT MARGIN	8	7	-15.4%	29	25	-13.5%
TOTAL EXPENSES	-84	-78	-7.7%	-319	-304	-4.7%
Personnel expenses and pensions	-31	-29	-4.4%	-132	-129	-2.1%
Other operating expenses	-53	-48	-9.6%	-187	-175	-6.6%
TOTAL SEGMENT RESULT	-76	-71	6.9%	-290	-279	3.9%

S&S quarterly financial results: page 36

For the fourth quarter 2015, Staff and Support recorded underlying revenue of EUR 7 million. This brought the total over the full year 2015 to EUR 25 million.

In aggregate, the S&S expenses for the fourth quarter 2015 totaled EUR 78 million, 7.7% less from a high comparable base. This was mainly due to a positive year-on-year variance on non-HR related provisions. The fourth quarter 2014 non-HR expenses included a EUR 4 million negative impact from the re-measurement to fair value of financial instruments related to commodities.
Over the full year 2015, the total expenses for S&S totaled EUR 304 million, 4.7% less than for the same period of 2015, including some efficiency gains which benefitted both HR and non-HR expenses.

7. International Carrier Services – BICS

- Q4'15 Direct Margin of EUR 65 million, +4.7% year-on-year
- Direct margin continued to benefit from volume effect for Mobile data, Voice margin flat
- Last quarter expenses up, including higher headcount and results-driven HR costs
- Underlying segment result +5.8% YoY with margin rising 0.7 p.p. to 8.7%

P&L International Carrier Services (underlying)

	4th Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
TOTAL SEGMENT INCOME	395	385	-2.7%	1,577	1,616	2.5%
Costs of materials and charges to revenues	-333	-320	-4.0%	-1,330	-1,338	0.6%
TOTAL SEGMENT DIRECT MARGIN	62	65	4.7%	247	278	12.3%
Direct margin %	*15.7%*	*16.9%*	*1.2 p.p.*	*15.7%*	*17.2%*	*1.5 p.p.*
TOTAL EXPENSES	-30	-32	3.6%	-113	-118	4.2%
Personnel expenses and pensions	-12	-15	20.3%	-47	-53	14.4%
Other operating expenses	-18	-17	-7.5%	-66	-64	-2.9%
TOTAL SEGMENT RESULT	32	34	5.8%	135	160	19.1%
Segment contribution margin	*8.0%*	*8.7%*	*0.7 p.p.*	*8.5%*	*9.9%*	*1.4 p.p.*

ICS quarterly financial and operational results: page 37

Revenue

The **fourth-quarter 2015** underlying revenue from BICS totaled EUR 385 million, down -2.7% compared to the previous year. The revenue decrease was driven by the volatility of the voice business, with, in the fourth quarter, less Voice traffic to certain regions. This was only partly compensated for by a positive currency effect, leading to a Voice revenue decrease of 5.4%. The revenue from non-Voice, however, continued to grow, up +13.1% YoY, strengthened by the increase in Mobile data volumes.

For full-year 2015, BICS generated EUR 1,616 million revenue, i.e. 2.5% more than for 2014. This includes revenue growth from Non-Voice of +15.4% and a 0.2% growth for Voice

	4th Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
Voice	336	318	-5.4%	1,344	1,347	0.2%
Non Voice	59	67	13.1%	233	269	15.4%
Total revenues	395	385	-2.7%	1,577	1,616	2.5%

Segment Direct Margin

BICS posted for the **fourth quarter 2015** a Direct Margin of EUR 65 million, 4.7% up from the comparable period of 2014. This resulted from Non-Voice Direct Margin which grew 9.5%, benefitting from the Mobile Data volume while the Voice margin remained fairly stable. **For full-year 2015**, BICS posted a strong increase in Direct Margin, up by 12.3% to a total of EUR 278 million.

	4th Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
Voice	31	30	-0.3%	118	133	12.8%
Non Voice	32	35	9.5%	130	145	11.9%
Total Direct margin	62	65	4.7%	247	278	12.3%

BICS segment result

BICS' underlying segment result totaled EUR 34 million for the **fourth quarter of 2015**, a 5.8% increase from the same period of 2014. The increase in Direct Margin was in part offset by higher Expenses in the quarter. BICS' HR expenses were up in the fourth quarter (+20.3%), impacted by increased headcount to support investments in growing segments, and performance-driven incentive provisions. This was partly offset by a decrease in Non-HR costs on the back of positive foreign exchange effects and decreased bad debt provision.
The underlying segment margin rose to 8.7%, 0.7 p.p. higher compared to the year before.

BICS closed a very strong year, growing its **full-year 2015** segment result by 19.1% to a record total of EUR 160 million. Its full-year segment result margin of 9.9% was 1.4 p.p. above that of 2014.

BICS operationals

	4th Quarter			Year-to-date		
Volumes (in million)	2014	2015	% Change	2014	2015	% Change
Voice	6,675	6,552	-1.9%	27,158	26,313	-3.1%
Non Voice (SMS/MMS)	654	851	30.1%	2,365	3,002	26.9%

8. Additional information

8.1. Reporting Changes applied since Q1 2015

Changes in Group reporting

As from 1 January 2015 IFRIC 21 is applicable, with retrospective effect. Therefore 2014 quarterly Group expenses and EBITDA were restated. This new IFRS rule requires a tax liability to be recognized in the period during which the criteria triggering the tax are met.
As a consequence for taxes with triggering event on January 1st, the liability and related cost is recognized at that date, whereas in the past such costs were spread over the year.

Changes in Segment reporting

As part of its "Fit-for-Growth" strategy, aiming for more efficiency and simplification, Proximus installed a new organization structure at the start of 2015. This also resulted in a new customer segmentation. The main change resides in Small Enterprise customers ('Small Offices') being reported within the new Consumer Business Unit and no longer in the Enterprise Business Unit. To allow an appropriate year-on-year comparison, the 2014 quarterly figures on Segment-level were revised (unaudited).

Main drivers for this decision:

- More focus on the Medium Enterprise segment.
- A better customer approach by clearly separating "account managed" customers from "mass market" customers. In the new organization, EBU mainly focuses on the professional market in an account managed approach.
- Residential and Small Offices share significant similarities in terms of products and sales channels. A large majority of Small offices use the same Telecom operator for their residential usage.
- Addressing customers in their corresponding CBU and EBU segments contributes to the company's simplification and synergy gains programs.

Other changes since 2015

Revenue related to installation and connection fees for Fixed products is reported under "other revenue", whereas before this was part of the respective product group revenue and ARPU (Fixed Voice, Fixed Internet and TV).

Scarlet revenue is now integrated in the different Consumer Business Unit product lines – aligning revenue with ARPU and customers (which both already included Scarlet).

The optimization of allocating costs led to some costs being transferred from Staff and Support (S&S) to the new Consumer BU and Enterprise BU.

8.2. From reported to underlying revenue and EBITDA

	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
(EUR million)	**Q414**	**Q415**	**Q414**	**Q415**	**YTD '14**	**YTD '15**	**YTD '14**	**YTD '15**
Reported	1,515	1,509	356	421	6,112	6,012	1,755	1,646
Underlying	1,506	1,502	382	414	5,864	5,994	1,653	1,733
Incidentals - Total	9	7	-25	7	248	17	102	-87
Non Recurring Items	0	0	-33	0	62	0	34	2
Other incidentals	9	7	8	7	187	17	67	-90
Non-recurring items:	0	0	-33	0	62	0	34	2
Gain/losses from disposals ***Telindus - BICS***	0	0	-34	0	62	0	27	0
Other : mainly resulting from a partial settlement of a post-employment benefit plan.	0	0	1	0	0	0	7	2
Other incidentals:	9	7	8	7	187	17	67	-90
Impact from disposed companies	9	0	1	0	141	0	3	-1
- CBU: Scarlet Netherlands (March 2014) and Sahara Net (May 2014)				*0*	*7*		*0*	
- EBU: Divesture of Telindus FR and UK	*9*	*0*	*1*		*134*	*0*	*3*	*-1*
Network related dispute			15				22	10
Comp. payment Pension transfer							10	
Stock Options			-1	0			-14	0
Capital gains on building sales		7		7	46	17	46	17
Transformation & Rebranding			-8				-16	
Settlement agreement on mobile tariff related litigation								-116
Others							16	

Incidentals recorded in the fourth quarter 2015:

- Capital gains of EUR 7 million for the sale of buildings within the Network Simplification program

8.3. Quarterly results tables

Group – Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	1,480	1,631	1,486	1,515	6,112	1,482	1,511	1,509	1,509	6,012
EBITDA	405	559	435	356	1,755	425	456	344	421	1,646
UNDERLYING										
Revenues per Business Unit	**1,403**	**1,483**	**1,472**	**1,506**	**5,864**	**1,479**	**1,505**	**1,509**	**1,502**	**5,994**
Core underlying revenue	1,046	1,068	1,062	1,111	4,287	1,080	1,094	1,088	1,117	4,379
Consumer	675	699	705	724	2,803	711	726	720	732	2,889
Enterprise	322	327	317	345	1,311	329	327	332	350	1,338
Technology and Carrier & Wholesale	64	60	60	58	242	55	58	55	52	220
Staff & Support	7	8	7	8	29	8	5	5	7	25
Inter-segment eliminations	-23	-25	-26	-25	-98	-23	-23	-23	-24	-93
International Carrier Services	357	415	410	395	1,577	399	411	420	385	1,616
Costs of materials and charges to revenues (*)	-529	-593	-581	-627	-2,330	-590	-590	-592	-605	-2,377
Direct Margin	**874**	**889**	**891**	**879**	**3,533**	**890**	**915**	**917**	**896**	**3,617**
Direct Margin %	*62.3%*	*60.0%*	*60.5%*	*58.4%*	*60.3%*	*60.1%*	*60.8%*	*60.8%*	*59.7%*	*60.3%*
Total expenses before D&A	**-466**	**-458**	**-458**	**-498**	**-1,880**	**-467**	**-465**	**-470**	**-482**	**-1,884**
Personnel expenses and pensions (**)	-255	-258	-258	-243	-1,014	-251	-254	-266	-241	-1,011
Other operating expenses (***)	-211	-201	-200	-255	-867	-216	-212	-204	-242	-873
EBITDA	**408**	**431**	**433**	**382**	**1,653**	**423**	**450**	**447**	**414**	**1,733**
Segment EBITDA margin %	*29.1%*	*29.1%*	*29.4%*	*25.3%*	*28.2%*	*28.6%*	*29.9%*	*29.6%*	*27.6%*	*28.9%*

(*) referred to as "Cost of sales" in the document
(**) referred to as "HR costs" in the document
(***) referred to as "Non-HR costs" in the document

CBU – Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	680	701	705	724	2,810	711	726	720	732	2,889
Segment Result	342	357	360	335	1,394	354	368	371	345	1,438
UNDERLYING										
Revenues	675	699	705	724	2,803	711	726	720	732	2,889
From Fixed	353	355	357	364	1,430	366	369	376	379	1,490
Voice	144	143	142	143	572	139	137	139	137	552
Data (Internet & Data Connectivity)	127	130	130	132	520	135	137	142	144	558
TV	68	69	72	76	286	79	82	83	85	328
Terminals (excl. TV)	6	5	6	6	22	6	6	6	6	23
ICT	8	7	7	7	29	7	7	7	8	30
From Mobile	268	288	289	298	1,142	288	295	283	287	1,154
Mobile Services	243	253	252	252	1,000	248	255	256	251	1,010
Terminals	25	35	36	46	143	40	40	27	37	144
Subsidiaries	28	28	30	31	117	31	31	33	35	130
Tango	28	28	30	31	117	31	31	33	35	130
Other	26	28	30	31	114	27	30	28	30	114
Of which Installation & Activation	5	5	6	5	21	6	5	5	4	20
Costs of materials & charges to revenues	-152	-163	-162	-196	-672	-171	-174	-160	-187	-692
Direct Margin	524	535	544	528	2,131	541	552	559	544	2,196
Direct Margin %	*77.6%*	*76.6%*	*77.1%*	*72.9%*	*76.0%*	*76.0%*	*76.0%*	*77.7%*	*74.4%*	*76.0%*
Total expenses before D&A	-181	-183	-183	-192	-739	-186	-183	-188	-199	-756
Personnel expenses and pensions	-102	-102	-102	-95	-400	-99	-99	-101	-92	-391
Other operating expenses	-80	-81	-81	-97	-339	-87	-84	-87	-107	-365
Segment result	342	353	361	336	1,392	354	369	371	346	1,440
Segment contribution margin %	*51%*	*50%*	*51%*	*46%*	*50%*	*50%*	*51%*	*52%*	*47%*	*50%*

CBU – Operationals

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
From Fixed										
Number of access channels (thousands)	3,722	3,716	3,713	3,724	3,724	3,789	3,810	3,811	3,830	3,830
Voice	2,172	2,153	2,137	2,126	2,126	2,140	2,136	2,121	2,112	2,112
Broadband	1,550	1,563	1,576	1,598	1,598	1,649	1,674	1,690	1,718	1,718
TV (thousands)	1,495	1,525	1,558	1,593	1,593	1,657	1,692	1,716	1,759	1,759
Unique Customers	1,225	1,244	1,264	1,288	1,288	1,340	1,365	1,384	1,414	1,414
of which multiple settop boxes	269	281	294	304	304	317	327	332	345	345
ARPU (EUR)										
ARPU Voice	22.0	22.0	22.1	22.3	22.1	21.8	21.4	21.7	21.6	21.6
ARPU broadband	27.5	27.8	27.8	27.7	27.7	27.6	27.5	28.2	28.0	27.9
ARPU TV	18.8	18.7	19.3	19.9	19.2	19.9	20.2	20.0	20.1	20.1
From Mobile										
Number of active customers (thousands)	4,173	4,195	4,198	4,232	4,232	4,230	4,229	4,236	4,246	4,246
Prepaid	1,580	1,535	1,495	1,457	1,457	1,416	1,376	1,341	1,307	1,307
Postpaid	2,593	2,660	2,702	2,775	2,775	2,815	2,853	2,895	2,939	2,939
Among Which Paying cards	2,199	2,240	2,256	2,306	2,306	2,333	2,359	2,393	2,430	2,430
Among Which Internet Everywhere cards	394	421	446	469	469	482	494	502	509	509
Annualized churn rate (blended)										
Prepaid	32.5%	33.6%	35.3%	32.8%	33.4%	33.7%	32.7%	35.0%	35.4%	34.2%
Postpaid	15.2%	14.3%	16.3%	18.3%	16.1%	15.4%	13.4%	13.8%	15.6%	14.5%
Blended	22.8%	22.6%	24.2%	24.3%	23.4%	22.7%	20.9%	21.9%	23.0%	22.1%
Net ARPU (EUR)										
Prepaid	11.8	12.6	11.7	11.7	11.9	10.7	11.2	10.4	10.0	10.5
Postpaid	28.4	29.2	29.5	29.3	29.1	29.0	29.6	30.0	29.1	29.4
Blended	21.3	22.3	22.3	22.3	22.1	22.0	22.7	22.8	22.3	22.5
Average Mobile data usage user/month (Mb)										
4G	642	789	841	826		855	851	920	945	
Blended	253	309	357	396		474	511	581	627	

CBU – X-play reporting

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
Households/Small Offices per Play - Total (thousands)	**2,851**	**2,831**	**2,806**	**2,804**	**2,804**	**2,799**	**2,786**	**2,777**	**2,783**	**2,783**
1 - Play	1,293	1,265	1,232	1,221	1,221	1,198	1,177	1,163	1,154	1,154
Fixed Voice	534	516	497	479	479	459	444	430	415	415
Fixed Internet	73	73	75	77	77	80	82	84	86	86
TV	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mobile Postpaid	686	675	660	665	665	659	650	648	653	653
2 - Play	487	481	472	462	462	454	449	443	438	438
3 - Play	634	633	637	641	641	649	652	654	662	662
4 - Play	436	451	465	480	480	498	509	517	529	529
Revenues per x - play (EUR million)	**515**	**529**	**537**	**539**	**2,119**	**538**	**544**	**555**	**551**	**2,188**
1 - Play	128	131	132	130	520	128	126	129	126	510
2 - Play	85	85	84	83	336	80	79	80	78	316
3 - Play	156	159	161	162	638	161	164	166	166	657
4 - Play	146	154	160	165	625	169	175	180	181	705
Average revenue x - play (in EUR)	**60.1 €**	**62.0 €**	**63.5 €**	**64.1 €**	**62.4 €**	**64.1 €**	**65.1 €**	**66.6 €**	**66.0 €**	**65.5 €**
1 - Play	32.7 €	34.1 €	35.1 €	35.2 €	34.3 €	35.3 €	35.7 €	36.9 €	36.3 €	36.0 €
2 - Play	57.7 €	58.1 €	58.6 €	59.0 €	58.3 €	58.2 €	58.1 €	59.5 €	59.2 €	58.7 €
3 - Play	82.1 €	83.7 €	84.6 €	84.5 €	83.7 €	83.4 €	83.9 €	84.9 €	84.0 €	84.1 €
4 - Play	113.4 €	115.8 €	116.9 €	116.5 €	115.7 €	115.0 €	116.0 €	117.2 €	115.3 €	115.9 €
Average #RGUs per househould/Small Office - Total	**2.41**	**2.44**	**2.47**	**2.50**	**2.50**	**2.52**	**2.55**	**2.57**	**2.58**	**2.58**
1 - Play	1.21	1.21	1.22	1.22	1.22	1.22	1.22	1.23	1.23	1.23
2 - Play	2.23	2.22	2.22	2.23	2.23	2.23	2.22	2.22	2.22	2.22
3 - Play	3.36	3.37	3.37	3.38	3.38	3.38	3.38	3.38	3.38	3.38
4 - Play	4.78	4.80	4.80	4.81	4.81	4.82	4.83	4.83	4.84	4.84
Annualized full churn rate (household/Small Office level) - Total	**12.9%**	**12.0%**	**14.1%**	**14.4%**	**13.3%**	**14.7%**	**12.0%**	**12.8%**	**12.6%**	**13.0%**
1 - Play	20.9%	19.3%	22.1%	22.6%	21.2%	22.4%	18.2%	19.0%	20.0%	19.9%
2 - Play	9.3%	9.3%	12.5%	11.8%	10.7%	12.2%	10.3%	11.8%	10.4%	11.2%
3 - Play	6.7%	6.1%	7.8%	8.8%	7.4%	10.5%	8.7%	10.1%	9.0%	9.6%
4 - Play	2.1%	2.0%	2.6%	2.9%	2.4%	3.7%	2.9%	3.1%	2.7%	3.1%
% Convergent HH / SO - Total (i.e. % of HH/SO having Mobile + Fixed component)	**50.7%**	**51.7%**	**52.5%**	**53.3%**	**53.3%**	**54.1%**	**54.7%**	**55.3%**	**55.9%**	**55.9%**
1 - Play										
2 - Play	23.3%	23.2%	23.5%	23.7%	23.7%	23.9%	24.0%	24.1%	24.3%	24.3%
3 - Play	37.7%	38.8%	39.4%	39.7%	39.7%	39.9%	40.5%	41.1%	41.5%	41.5%
4 - Play	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EBU – Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	395	407	330	355	1,487	329	327	332	350	1,338
Segment Result	142	194	143	115	594	147	146	148	153	594
UNDERLYING										
Revenues	322	327	317	345	1,311	329	327	332	350	1,338
From Fixed	239	241	233	257	971	238	236	242	256	971
Voice	67	65	63	64	259	64	62	61	61	248
Data (Internet & Data Connectivity)	63	62	61	62	248	62	62	63	63	250
TV	0	0	0	0	0	0	0	0	0	0
Terminals (excl. TV)	5	5	5	5	20	5	5	5	5	19
ICT	105	109	104	127	444	107	107	113	127	455
From Mobile	79	83	81	83	326	85	84	85	89	342
Mobile Services	76	79	77	75	307	79	80	82	83	324
Terminals	3	4	4	9	19	6	3	3	6	18
Other	3	3	3	5	14	6	7	5	6	24
Of which Installation & Activation	1	1	1	1	4	1	1	1	1	3
Costs of materials and charges to revenues	-87	-89	-85	-107	-368	-93	-90	-95	-109	-388
Direct Margin	235	238	231	239	943	236	236	237	241	950
Direct Margin %	*73.0%*	*72.9%*	*73.1%*	*69.1%*	*72.0%*	*71.7%*	*72.3%*	*71.4%*	*68.9%*	*71.0%*
Total expenses before D&A	-90	-91	-89	-91	-361	-88	-90	-89	-88	-355
Personnel expenses and pensions	-67	-69	-67	-65	-268	-67	-68	-72	-65	-272
Other operating expenses	-23	-23	-21	-26	-92	-21	-22	-17	-23	-83
Segment result	146	147	143	148	583	148	146	148	153	596
Segment contribution margin	*45%*	*45%*	*45%*	*43%*	*44%*	*45%*	*45%*	*45%*	*44%*	*45%*

EBU – Operationals

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
From Fixed										
Number of access channels (thousands)	862	854	845	837	837	825	815	808	798	798
Voice	720	712	704	695	695	686	677	670	660	660
Broadband	143	142	141	141	141	139	138	137	137	137
ARPU (EUR)										
ARPU Voice	30.7	30.4	29.8	30.3	30.3	30.8	30.1	30.3	30.7	30.5
ARPU Broadband	43.9	43.2	42.7	41.9	42.9	43.5	43.8	44.5	43.7	43.9

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
From Mobile										
Number of active customers (thousands)	1,069	1,095	1,121	1,161	1,161	1,179	1,200	1,338	1,470	1,470
Among which voice and data cards	827	844	854	863	863	869	879	885	894	894
Among which M2M	234	243	258	289	289	301	311	443	566	566
Among which Internet Everywhere Cards	8	8	9	9	9	10	10	10	10	10
Annualized churn rate (blended)	10.3%	10.1%	8.4%	10.0%	9.8%	11.3%	10.0%	8.9%	10.3%	10.1%
Net ARPU (EUR)										
Postpaid	30.1	30.5	29.4	28.2	29.5	29.3	29.7	30.0	30.0	29.7
Average Mobile data usage user/month (Mb)										
4G	507	642	652	664		718	752	811	862	
Blended	290	349	387	414		488	529	590	645	

TEC&W – Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	64	60	60	58	242	55	58	55	52	220
Segment Result	-34	-28	-38	-43	-143	-44	-44	-44	-48	-180
UNDERLYING										
Revenues	64	60	60	58	242	55	58	55	52	220
Costs of materials and charges to revenues	-9	-9	-9	-9	-36	-9	-9	-8	-8	-34
Personnel expenses and pensions	-41	-42	-44	-40	-168	-41	-41	-45	-40	-167
Other operating expenses	-48	-45	-45	-67	-204	-49	-53	-49	-52	-203
Segment result	-34	-35	-39	-57	-165	-44	-44	-48	-48	-183

TEC&W – Retail Operationals and MVNO customers

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
From Fixed										
Number of access channels (thousands)										
Voice (1)	10	10	9	9	9	9	9	9	8	8
Broadband (1)	1	1	1	1	1	1	1	1	1	1
From Mobile										
Number of active Mobile customers (thousands)										
Retail (1)	10	10	10	10	10	11	10	10	10	10
MVNO	6	7	10	11	11	11	11	11	12	12

(1) i.e. Proximus retail products sold via TEC&W (OLO's own usage and reselling)

S&S – Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	7	64	7	8	85	11	12	6	14	42
Segment Result	-75	-17	-67	-83	-242	-71	-60	-171	-64	-366
UNDERLYING										
Revenues	7	8	7	8	29	8	5	5	7	25
Costs of materials and charges to revenues	0	0	0	0	0	0	0	0	0	0
Personnel expenses and pensions	-34	-34	-34	-31	-132	-33	-32	-34	-29	-129
Other operating expenses	-49	-41	-44	-53	-187	-50	-41	-36	-48	-175
Segment result	-76	-67	-71	-76	-290	-75	-67	-65	-71	-279

ICS - Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
REPORTED										
Revenues	357	434	410	395	1,597	399	411	420	385	1,616
Segment Result	30	53	38	32	153	39	47	41	34	160
UNDERLYING										
Revenues	357	415	410	395	1,577	399	411	420	385	1,616
Revenues from Voice	304	357	346	336	1,344	335	347	347	318	1,347
Revenues from non-Voice	53	57	64	59	233	65	64	73	67	269
Costs of materials and charges to revenues	-298	-352	-346	-333	-1,330	-335	-336	-348	-320	-1,338
Direct Margin	58	62	64	62	247	65	75	73	65	278
Direct Margin %	*16.4%*	*15.0%*	*15.7%*	*15.7%*	*15.7%*	*16.2%*	*18.3%*	*17.4%*	*16.9%*	*17.2%*
Total expenses before D&A	-29	-28	-26	-30	-113	-25	-29	-32	-32	-118
Personnel expenses and pensions	-11	-11	-12	-12	-47	-12	-14	-13	-15	-53
Other operating expenses	-17	-17	-14	-18	-66	-14	-15	-19	-17	-64
Segment result	30	35	39	32	135	39	47	41	34	160
Segment contribution margin %	*8.3%*	*8.3%*	*9.4%*	*8.0%*	*8.5%*	*9.8%*	*11.3%*	*9.7%*	*8.7%*	*9.9%*

ICS - Operationals

Volumes in million	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315	Q415	2015
Voice	6,243	7,259	6,981	6,675	27,158	6,504	6,859	6,398	6,552	26,313
Non-Voice (SMS/MMS)	499	583	629	654	2,365	656	710	785	851	3,002

9. Condensed consolidated financial statements

These condensed consolidated financial statements are derived from the consolidated financial statements at 31 December 2015 that were authorized for issue by the Board of Directors on 25 February 2016.

The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

9.1. Accounting policies

The accounting policies and methods of the Group used as of 2015 are consistent with those applied in the 31 December 2014 consolidated financial statements, with the exception that the Group adopted the new standards, interpretations and revisions that became mandatory for the Proximus Group on 1 January 2015. These have only a limited impact .
Applicable as from 1 January 2015, with retrospective application, IFRIC 21 requires recognizing liabilities for levies in the period during which the criteria that triggers those taxes are met. As a consequence for taxes with a triggering event on 1 January the liability and related cost is recognized at that date. This has no impact on the full year 2014 and 2015 figures.

9.2. Judgments and estimates

The Group does not make any significant judgments and estimates other than those mentioned in the 31 December 2014 consolidated financial statements and other than those mentioned in this report.

9.3. Significant events or transactions

Events or transactions over the year 2015:

- In the first-quarter 2015, the Group repurchased 85% of JPY 10 billion Notes due in December 2026 and unwound the related Interest and Currency swap resulting in a financial gain of EUR 6 million. The cash settlement of this transaction took place on 1 April 2015.

- In April 2015, the Group acquired a non-controlling interest in Tessares, a recent spin-off of the Catholic University of Louvain (UCL) which aspires to become the reference supplier of telecom network convergence software.

- The 900MHz/1800 MHz licenses have been renewed from 8 April 2015 until 15 March 2021 for EUR 75 million. Proximus has chosen to pay by yearly installments. The first payment of EUR 12 million was made on 16 April 2015.

- On 1 October 2015, after a successful issuance of a EUR 500 million Senior Unsecured Notes due October 2025, Proximus repurchased part of its EUR 950 million bond due in November 2016 and its EUR 500 million bond due in February 2018, with acceptance in September 2015. This lead to the anticipation of the related costs (EUR 24.5 million) in the finance costs of the September 2015 income statement. The cash settlement took place on 1 October 2015.

- In October 2015, KPN, BASE Company, Mobistar and Proximus agreed to settle all outstanding litigation related to the practice of applying tariffs from the past for mobile telecommunication services that are differentiated between on-net and off-net voice communications. The settlement agreement involves the payment of an amount of EUR 120 million. The related cost is included in the third quarter 2015 "other operating expenses" and reported as incidental (i.e. excluded from the underlying EBITDA).

  - In December 2015 Proximus acquired the ArcelorMittal' stake of 35.3% in Telindus Luxembourg. As a result, Proximus owns 100% of the share capital of Telindus Luxembourg which further underlines Proximus' commitment to the Luxembourg market.

9.4. Consolidated income statements

(EUR million)	4th Quarter			Full Year		
	2014 - restated	2015	% Change	2014	2015	% Change
Net revenue	1,503	1,487	-1.0%	5,961	5,944	-0.3%
Other operating income	13	22	69.7%	89	68	-24.1%
Non-recurring income	0	0	-	62	0	-
TOTAL INCOME	**1,515**	**1,509**	**-0.4%**	**6,112**	**6,012**	**-1.6%**
Costs of materials and services related to revenue	-633	-605	-4.3%	-2,420	-2,377	-1.8%
Personnel expenses and pensions	-245	-241	-1.7%	-1,041	-1,011	-2.9%
Other operating expenses	-248	-242	-2.8%	-869	-980	12.8%
Non-recurring expenses	-33	0	-	-27	2	-
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,159**	**-1,088**	**-6.1%**	**-4,358**	**-4,366**	**0.2%**
OPERATING INCOME before depreciation & amortization	**356**	**421**	**18.1%**	**1,755**	**1,646**	**-6.2%**
Depreciation and amortization	-212	-221	4.7%	-821	-869	5.8%
OPERATING INCOME	**145**	**199**	**37.7%**	**933**	**777**	**-16.8%**
Finance income	17	0	-	33	20	-38.9%
Finance costs	-41	-24	-42.0%	-129	-140	8.5%
Net finance costs	**-24**	**-24**	**0.3%**	**-96**	**-120**	**25.1%**
Share of loss on associates	-1	0	-	-2	-2	0.1%
INCOME BEFORE TAXES	**120**	**175**	**46.0%**	**835**	**655**	**-21.6%**
Tax expense	-15	-38	-	-154	-156	1.4%
NET INCOME	**105**	**137**	**30.5%**	**682**	**499**	**-26.8%**
Non-controlling interests	5	-3	-	27	17	-38.0%
Net income (Group share)	100	139	39.6%	654	482	-26.3%
Basic earnings per share	0.31 EUR	0.43 EUR	39.2%	2.04 EUR	1.50 EUR	-26.7%
Diluted earnings per share	0.31 EUR	0.43 EUR	39.4%	2.04 EUR	1.50 EUR	-26.6%
Weighted average number of outstanding shares	321,053,402	322,000,191	0.3%	320,119,106	321,767,821	0.5%
Weighted average number of outstanding shares for diluted earnings per share	321,785,325	322,363,261	0.2%	321,009,798	322,272,472	0.4%

9.5. Consolidated statements of other comprehensive income

(EUR million)	As of 31 December 2014	As of 31 December 2015
Net income	682	499
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Cash flow hedges:		
Gain/(loss) taken to equity	1	-5
Transfer to profit or loss for the period	4	4
Exchange differences on translation of foreign operations	-1	0
Other	1	
Total before related tax effects	6	-1
Related tax effects		
Cash flow hedges:		
Gain/(loss) taken to equity	0	2
Transfer to profit or loss for the period	-1	-1
Income tax relating to items that may be reclassified	-2	0
Items that may be reclassified to profit and loss, net of related tax effects	4	0
Items that will not be reclassified to profit and loss		
Actuarial gain/(loss) on defined benefit plans	-102	18
Total before related tax effects	-102	18
Related tax effects		
Actuarial gain/(loss) on defined benefit plans	20	-1
Income tax relating to items that will not be reclassified	20	-1
Items that may be reclassified to profit and loss, net of related tax effects	-83	17
Total comprehensive income	603	515
Attributable to:		
Equity holders of the parent	576	498
Non-controlling interests	27	17

9.6. Consolidated balance sheets

(EUR million)	As of 31 December 2014	As of 31 December 2015
ASSETS		
NON-CURRENT ASSETS	**6,339**	**6,386**
Goodwill	2,272	2,272
Intangible assets with finite useful life	1,180	1,162
Property, plant and equipment	2,680	2,809
Investments in associates	4	2
Other participating interests	8	9
Deferred income tax assets	102	89
Other non-current assets	94	43
CURRENT ASSETS	**2,183**	**1,897**
Inventories	117	108
Trade receivables	1,182	1,140
Current tax assets	63	14
Other current assets	111	124
Investments	8	8
Cash and cash equivalents	702	502
TOTAL ASSETS	**8,522**	**8,283**
LIABILITIES AND EQUITY		
EQUITY	**2,969**	**2,965**
Shareholders' equity	**2,779**	**2,801**
Issued capital	1,000	1,000
Treasury shares	-470	-448
Restricted reserve	100	100
Remeasurement reserve	-128	-112
Stock compensation	8	5
Retained earnings	2,270	2,255
Non-controlling interests	**189**	**164**
NON-CURRENT LIABILITIES	**3,332**	**2,663**
Interest-bearing liabilities	2,386	1,761
Liability for pensions, other post-employment benefits and termination benefits	504	464
Provisions	154	157
Deferred income tax liabilities	110	96
Other non-current payables	178	185
CURRENT LIABILITIES	**2,221**	**2,655**
Interest-bearing liabilities	162	674
Trade payables	1,358	1,330
Tax payables	111	82
Other current payables	591	570
TOTAL LIABILITIES AND EQUITY	**8,522**	**8,283**

9.7. Consolidated cash flow statements

(EUR million)	4th Quarter 2014 - restated	4th Quarter 2015	Full Year 2014 - restated	Full Year 2015
Cash flow from operating activities				
Net income	105	137	682	499
Adjustments for:				
Depreciation and amortization on intangible assets and property, plant and equipment	212	221	821	869
Increase of impairment on intangible assets and property, plant and equipment	1	0	1	0
Increase / (Decrease) in provisions	-27	-4	-50	3
Deferred tax expense	-3	-7	5	-3
Impairment on participating interests	4	0	4	0
Loss from investments accounted for using the equity method	1	0	2	2
Fair value adjustments on financial instruments	0	-3	-5	-16
Loans amortization	2	2	6	31
(Gain) / loss on disposal of consolidated companies and remeasurement of previously held interest	34	0	-27	0
Gain on disposal of other participating interests and enterprises accounted for using the equity method	0	-2	-1	-2
Gain on disposal of fixed assets	0	-5	-46	-18
Other non-cash movements	2	0	17	3
Operating cash flow before working capital changes	**329**	**340**	**1,410**	**1,370**
Decrease in inventories	20	26	31	9
Decrease in trade receivables	53	53	43	54
Decrease in current income tax assets	0	2	0	0
Decrease in other current assets	91	16	48	33
Increase / (decrease) in trade payables (1)	26	53	64	-29
Decrease in income tax payables	-46	-131	-21	-32
Increase / (decrease) in other current payables	-147	-206	-59	2
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-9	-3	-69	-22
Increase in other non-current payables and provisions	0	0	1	0
Decrease / (increase) in working capital, net of acquisitions and disposals of subsidiaries	-11	-191	37	16
Net cash flow provided by operating activities	**318**	**149**	**1,447**	**1,386**
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment (1)	-258	-266	-916	-1,000
Cash paid for acquisitions of other participating interests	0	-1	0	-3
Cash paid for acquisition of consolidated companies, net of cash acquired	0	-20	-1	-20
Cash received from / (paid for) sales of consolidated companies, net of cash disposed of	1	0	95	-3
Cash received from sales of intangible assets and property, plant and equipment	18	16	83	39
Cash received from sales of other participating interests and enterprises accounted for using the equity method	0	9	0	8
Net cash received from other non-current assets	2	0	2	0
Net cash used in investing activities	**-237**	**-263**	**-737**	**-978**
Cash flow before financing activities (FCF)	**81**	**-114**	**711**	**408**
Cash flow from financing activities				
Dividends paid to shareholders	-165	-161	-718	-489
Dividends paid to non-controlling interests	0	0	-33	-36
Net sale of treasury shares	11	0	54	19
Net sale of investments	1	2	51	0
Decrease of shareholders' equity	0	0	-1	0
Issuance of long term debt	0	492	597	492
Repayment of long term debt (3)	0	-537	0	-594
Repayment of short term debt	0	0	-314	0
Net cash used in financing activities (2)	**-153**	**-204**	**-364**	**-608**
Net increase / (decrease) of cash and cash equivalents	**-71**	**-317**	**347**	**-200**
Cash and cash equivalents at 1 January	355	702	355	702
Cash and cash equivalents at 31 December	702	502	702	502

(1) 2014 restated to include all changes in working capital relating to Capex
(2) Gains and losses from debt restructuring are part of the Cash used in financing activities.
(3) The repayment of long term debt is the net of cash received and paid for the debt and related derivatives

9.8. Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	IAS 19 related Remeasur-ement	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Non-controlling interests	Total Equity
Balance at 31 December 2013	1,000	-527	100	-3	-48	1	13	2,310	2,846	196	3,042
Fair value changes in cash flow hedges	*0*	*0*	*0*	*3*	*0*	*0*	*0*	*0*	*3*	*0*	*3*
Transfers	*0*	*0*	*0*	*1*	*0*	*0*	*0*	*0*	*1*	*0*	*1*
Currency translation differences	*0*	*0*	*0*	*0*	*0*	*-1*	*0*	*0*	*-1*	*0*	*-1*
Remeasurment defined benefit obligations	*0*	*0*	*0*	*0*	*-82*	*0*	*0*	*0*	*-82*	*-1*	*-83*
Equity changes not recognised in the income statement	0	0	0	5	0	-1	0	0	-78	-1	-79
Net income	0	0	0	0	0	0	0	654	654	27	682
Total comprehensive income and expense	**0**	**0**	**0**	**5**	**-82**	**-1**	**0**	**654**	**576**	**27**	**603**
Dividends to shareholders (relating to 2013)	0	0	0	0	0	0	0	-537	-537	0	-537
Interim dividends to shareholders (relating to 2014)	0	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-33	-33
Treasury shares											
Exercise of stock options	0	57	0	0	0	0	0	-3	54	0	54
Stock options											
Amortization deferred stock compensation	0	0	0	0	0	0	1	0	1	0	1
Exercise of stock options	0	0	0	0	0	0	-6	6	0	0	0
Total transactions with equity holders	**0**	**57**	**0**	**0**	**0**	**0**	**-5**	**-694**	**-643**	**-33**	**-676**
Balance at 31 December 2014	**1,000**	**-470**	**100**	**2**	**-130**	**0**	**8**	**2,270**	**2,779**	**189**	**2,969**
Fair value changes in cash flow hedges	*0*	*0*	*0*	*-1*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Remeasurment defined benefit obligations	*0*	*0*	*0*	*0*	*17*	*0*	*0*	*0*	*17*	*0*	*17*
Equity changes not recognised in the income statement	0	0	0	-1	17	0	0	0	16	0	16
Net income	0	0	0	0	0	0	0	482	**482**	17	499
Total comprehensive income and expense	**0**	**0**	**0**	**-1**	**17**	**0**	**0**	**482**	**498**	**17**	**515**
Dividends to shareholders (relating to 2014)	0	0	0	0	0	0	0	-322	**-322**	0	-322
Interim dividends to shareholders (relating to 2015)	0	0	0	0	0	0	0	-161	**-161**	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	**0**	-36	-36
Changes in ownership interest in investees	0	0	0	0	0	0	0	-14	**-14**	-6	-20
Treasury shares											
Exercise of stock options	0	22	0	0	0	0	0	-2	**20**	0	20
Stock options											
Exercise of stock options	0	0	0	0	0	0	-2	2	**0**	0	0
Total transactions with equity holders	**0**	**22**	**0**	**0**	**0**	**0**	**-2**	**-496**	**-477**	**-42**	**-519**
Balance at 31 December 2015	**1,000**	**-448**	**100**	**2**	**-114**	**0**	**5**	**2,255**	**2,801**	**164**	**2,965**

9.9. Segment reporting

As part of its “Fit-for-Growth” strategy, aiming for more efficiency and simplification, Proximus installed a new organization structure at the start of 2015. This also resulted in a new customer segmentation. The main change resides in Small Enterprise customers (‘Small Offices’) being reported within the new Consumer Business Unit and no longer in the Enterprise Business Unit. To allow an appropriate year-on-year comparison, the 2014 quarterly figures on Segment-level were revised (unaudited).

Scarlet revenue is now integrated in the different Consumer Business Unit product lines - aligning revenue with ARPU and customers (which both already included Scarlet).

The optimization of allocating costs led to some costs being transferred from Staff and Support (S&S) to the new Consumer BU and the Enterprise BU.

	Year ended 31 December 2015									
	Reported		Adjusted for incidentals							
(EUR million)	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Technology & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	5,863	0	5,863	2,858	1,327	181	6	1,572	-81
Other operating income	56	-17	39	26	6	6	9	4	-12
Intersegment income	93	0	93	5	5	33	10	40	0
Non-recurring income	0	0	0	0	0	0	0	0	0
Total income	**6,012**	**-17**	**5,994**	**2,889**	**1,338**	**220**	**25**	**1,616**	**-93**
Costs of materials and services related to revenue	-2,377	0	-2,377	-692	-388	-34	0	-1,338	75
Personnel expenses and pensions	-1,011	0	-1,011	-391	-272	-167	-129	-53	0
Other operating expenses	-980	108	-873	-365	-83	-203	-175	-64	18
Non-recurring expenses	2	-2	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	**-4,366**	**105**	**-4,261**	**-1,449**	**-742**	**-404**	**-304**	**-1,455**	**93**
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	**1,646**	**87**	**1,733**	**1,440**	**596**	**-183**	**-279**	**161**	**0**
Depreciation and amortization	**-869**	0	**-869**	-180	-23	-530	-58	-78	0
OPERATING INCOME / (LOSS)	**777**	**87**	**864**	**1,260**	**572**	**-714**	**-337**	**82**	**0**
Finance expense (net)	-120								
Share of gain/ (loss) on associates	-2								
INCOME BEFORE TAXES	655								
Tax expense	-156								
NET INCOME	**499**								
Non-controlling interests	17								
Net income (Group share)	482								

	Year ended 31 December 2014 - restated									
	Reported		Adjusted for incidentals							
(EUR million)	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Technology & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	5,738	0	5,738	2,778	1,299	201	7	1,535	-82
Other operating income	203	-187	16	21	7	4	0	2	-16
Intersegment income	109	0	109	4	5	37	23	40	0
Non-recurring income	62	-62	0	0	0	0	0	0	0
Total income	**6,112**	**-248**	**5,864**	**2,803**	**1,311**	**242**	**29**	**1,577**	**-98**
Costs of materials and services related to revenue	-2,420	90	-2,330	-672	-368	-36	0	-1,330	75
Personnel expenses and pensions	-1,041	28	-1,014	-400	-268	-168	-132	-47	0
Other operating expenses	-869	2	-867	-339	-92	-204	-187	-66	22
Non-recurring expenses	-27	27	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	**-4,358**	**147**	**-4,211**	**-1,411**	**-728**	**-407**	**-319**	**-1,442**	**98**
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	**1,755**	**-102**	**1,653**	**1,392**	**583**	**-165**	**-290**	**135**	**-1**
Depreciation and amortization	**-821**	0	**-821**	-149	-26	-497	-70	-80	1
OPERATING INCOME / (LOSS)	**933**	**-102**	**832**	**1,242**	**557**	**-662**	**-359**	**55**	**0**
Finance expense (net)	-96								
Share of gain/ (loss) on associates	-2								
INCOME BEFORE TAXES	835								
Tax expense	-154								
NET INCOME	**682**								
Non-controlling interests	27								
Net income (Group share)	654								

9.10. 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 at 31 December 2015;
- 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

Set out below is a comparison of the carrying amounts and fair value of financial instruments as at 31 December 2015 and the fair value hierarchy:
The financial instruments were categorized according to principles that are consistent with those applied for the preparation of Note 33.4 of the 2014 Financial Statements.
No transfer between Levels occurred during 2015.

As of 31 December 2015 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	9	9	
Other non-current assets				
Derivatives held for trading	FVTPL	6	6	Level 2
Other financial assets	LaR	37	37	
Current assets				
Trade receivables	LaR	1,140	1,140	
Other current assets				
VAT and other receivables	N/A	39	39	
Investments	AFS	4	4	Level 1
Investments	HTM	4	4	
Cash and cash equivalents				
Short-term deposits	LaR	502	502	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	1,753	1,838	Level 2
Leasing and similar obligations	OFL	3	3	
Other derivatives	FVTPL	4	4	Level 2
Non-interest-bearing liabilities				
Other non-current payables	OFL	185	185	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	OFL	671	700	Level 2
Leasing and similar obligations	OFL	2	2	
Interest-bearing liabilities				
Trade payables	OFL	1,330	1,330	
Other current payables				
V.A.T. and other amounts payable	OFL	298	298	

(1) The categories according to IAS 39 are the following :
AFS: Available-for-sale financial assets
HTM: Financial assets held-to-maturity
LaR: Loans and Receivables financial assets
FVTPL: Financial assets/liabilities at fair value through profit and loss
OFL: Other financial liabilities
Hedge activity
HeAc: Hedge accounting

Valuation technique

The Group holds financial instruments classified in Level 1 or 2 only.
The valuation techniques for fair value measuring the Level 2 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 not in a hedge relationship 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 31 December 2015 for similar debentures with the same remaining maturities.

9.11. Contingent liabilities

Compared to the 2014 annual accounts and third quarter report 2015 no changes occurred during the last quarter 2015 in the contingent liabilities.

9.12. Post balance sheet events

Events that occurred after 31 December 2015

Excess profit

On January 11, 2016, the European Commission announced its decision that Belgian tax rulings granted to multinationals with regard to "Excess Profit" shall be considered as illegal state aid and that unpaid taxes should be recovered by the Belgian state. BICS has applied such tax ruling for the period 2010-2014.

BICS has not yet received a specific claim, nor information from the European Commission or the Belgian government as to the amount to be paid. Furthermore, BICS is considering appealing the decision of the European Commission before the European Court. BICS expects that information about the amount to be paid will become available in the near future. Payment of the claimed amount will likely take place in 2016 irrespective of whether or not appeals are made against the decision.

A tax liability has been accrued for the estimated net cash outflow.

9.13. Others

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

10. Definitions

Product definitions:

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

Broadband access channels:
total Broadband access channels containing both ADSL and VDSL lines. For CBU specifically, this also contains the Belgian residential lines of Scarlet.

Fixed Voice ARPU:
total voice underlying revenue, excluding activation related revenue, divided by the average voice access channels for the period considered, divided by the number of months in that same period.

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.

TV ARPU:
includes only customer-related underlying revenue and takes into account promotional offers, excluding activation and installation fees, divided by the number of households with Proximus or Scarlet TV.

Mobile active customers:
includes voice and data cards as well as Machine-to-Machine (EBU). Active customers are customers who have made or received at least one call, sent or received at least one SMS message in the last three months. A M2M card is considered active if at least one data connection has been made in the last month.

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.

Mobile net ARPU:
calculated on the basis of monthly averages for the period indicated. Monthly net ARPU is equal to total Mobile voice and Mobile data revenues, divided by the average number of active Mobile customers for that period, divided by the number of months of that same period. This also includes MVNO but excludes free data cards and M2M.

X-play Household definitions:

A play is defined as a subscription to either Fixed Voice, Fixed Internet, Fixed dTV or Mobile Postpaid (paying Mobile cards).

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

A multi-play household (including Small Offices) has two or more Plays, but not necessarily in a Pack.

Revenue-Generating Unit:
For example, a household with Fixed Internet and 2 Mobile postpaid cards is considered as a 2-play household with 3 RGUs.

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

ARPH:
average underlying revenue per household (including Small Offices).

11. Financial Calendar

13 April 2016	Start of quiet period ahead of Q1 2016 results
20 April 2016	Annual General Shareholder meeting
27 April 2016	Ex-dividend listing of shares
29 April 2016	Payment of ordinary dividend
04 May 2016	Announcement of first-quarter results 2016
29 July 2016	Announcement of second-quarter results 2016
28 October 2016	Announcement of third-quarter results 2016

12. Contact details

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