2015 Q3

Quarterly Report

proximus

The Proximus Executive Committee declares that to the best of its knowledge, the interim condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), 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.

Table of contents

1. Highlights Q3 2015

Brussels, 30 October 2015 7.00 (CET)
Regulated Information

- **Solid financial and operational performance from Fixed and Mobile services**
- **Underlying Group EBITDA +3.3% YoY**
- **Sound FCF generation in the third quarter, FCF end-September at EUR 522 million**
- **Interim dividend of EUR 0.50 per share to be paid on 11 December 2015**
- **Positive revision of full-year underlying Group EBITDA guidance to a 4% to 5% growth**

In the third-quarter of 2015, the Proximus Group generated **underlying revenue of EUR 1,509 million, a 2.5% increase** compared to the third-quarter of 2014. This resulted from:

- a sustained growth in **Proximus' Core[1] revenue, up by 2.4%** to EUR 1,088 million, driven by the solid revenue generation from Fixed and Mobile services, in part offset by lower revenue from low-margin Mobile terminals in the third quarter,
- a **2.5% revenue growth from BICS** to EUR 420 million for the third quarter driven by a continued solid growth in non-Voice revenue.

The Proximus Group posted a 2.9% Direct Margin growth, totaling EUR 917 million for the third quarter 2015. This resulted from a repeatedly improving Direct Margin from Proximus' Core business (+2.1%), and another strong quarter for BICS (+ 13.3%).

Proximus' third-quarter 2015 **underlying Group EBITDA totaled EUR 447 million**, a 3.3% improvement compared to the same period of 2014. Proximus' **Core business posted EUR 406 million EBITDA**, **a 3.1% increase** year-on-year and sequentially improving from the prior two quarters. **BICS' third quarter 2015 EBITDA was year-on-year up by 5.7%.**

Proximus' **third-quarter Capex totaled EUR 200 million**. Proximus invested amongst others in the expansion of its 4G outdoor and indoor coverage, and the launch of 4G+. The Fixed network was further upgraded, bringing dedicated speeds of at least 70 Mbps to more than one on four of Proximus' installed internet base, with an increasing part receiving 100 Mbps.

In the third quarter 2015, Proximus generated solid Free Cash Flow of EUR 306 million bringing the Group's **Free Cash Flow over the first nine months of 2015 to EUR 522 million**.

In the third quarter 2015, the Proximus Group **continued to grow its customer base for its two main brands Proximus and Scarlet**, achieving for mobile the best quarter so far in 2015.

+ 23,000[2] TV subscriptions, total of 1,716,000

+15,000 Fixed Internet lines, total of 1,828,000

-22,000 Fixed Voice Lines, total of 2,800,000 lines

+146,000 Mobile cards, total base at 5,882,000[3],

+41,000 Mobile Postpaid Voice cards

+141,000 M2M & Internet Everywhere

-36,000 Mobile Prepaid cards

+10,000 3 & 4-Play HH/SO[4], total of 1,171,000, i.e. 42% of total base

55.3% Convergent HH/SS, +2.8 p.p. year-on-year

[1] Core is defined as Group excluding BICS

[2] Total number of set-top boxes. Third quarter 2015 net adds included 4,000 multiple set-top boxes, impacted by cleaning of the decoders installed base.

[3] 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.

[4] Households/Small Office

Dominique Leroy, CEO of Proximus Group:

I'm proud to see that the execution of our strategy has continued to translate into solid financial and operational achievements.

Our efforts in transforming Proximus into a customer-centric company delivering an excellent customer experience are paying off. Over the last year we have taken many initiatives for the benefit of our customers: Fixed-line customers are proactively being migrated to the latest technology and the roll-out of Vectoring has been accelerated. End-September 2015, more than one out of four of our Fixed Internet customers were getting dedicated speeds of at least 70 Mbps, with a growing percentage already enjoying 100 Mbps. Furthermore, we launched the new TV experience, the SwipeBox, and have enriched our TV sports offer. We have further improved the indoor and outdoor 4G coverage, started the roll-out of 4G+ providing customers with mobile speeds of up to 225 Mbps and launched the Wi-Fi extender on FemtoCell technology. For our business customers we are accelerating fiber-to-the-business and we were the first in Europe to launch the LoRA™ network, promoting the digital economy by enabling the Internet of Things.

The good execution of our customer centric strategy resulted in a sustained growth of our customer base and ARPU for Fixed Internet, TV and especially Mobile. In the third quarter 2015, we added 41,000 Voice postpaid cards, achieving the best quarter so far.

For the third quarter 2015, we grew the Core underlying EBITDA by 3.1%, further progressing from the prior quarters, while BICS too delivered another strong quarter.

Given these achievements, it is with confidence that we adjust upwards our full-year estimation for the Group underlying EBITDA, which we now expect to grow by 4% to 5%.

Analyst conference call details

Proximus will host a conference call for investors and analysts on Friday 30 October 2015.

Time: 2:00 p.m. Brussels – 1:00 p.m. London – 9:00 a.m. New York

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2. Financial review Proximus Group

- Q3'15 Group underlying revenue +2.5% YoY: solid growth from Core business and BICS
- Continued Fixed and Mobile service revenue growth driving higher Direct Margin, +2.9%
- Q3'15 underlying Group EBITDA[5] up 3.3% mainly on further improving Core EBITDA
- Year-to date September 2015 Free Cash Flow of EUR 522 million

2.1. Group Financials

From underlying Group income to EBITDA

Quarterly financials as of page 31

	3rd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
TOTAL INCOME	1,472	1,509	2.5%	4,357	4,493	3.1%
Costs of materials and charges to revenues (*)	-581	-592	1.8%	-1,703	-1,772	4.0%
TOTAL DIRECT MARGIN	891	917	2.9%	2,654	2,721	2.5%
Direct margin %	*60.5%*	*60.8%*	*0.2 p.p.*	*60.9%*	*60.6%*	*-0.3 p.p.*
TOTAL EXPENSES	-458	-470	2.4%	-1,383	-1,402	1.4%
Personnel expenses and pensions (**)	-258	-266	3.0%	-771	-771	-0.1%
Other operating expenses (***)	-200	-204	1.7%	-612	-631	3.2%
TOTAL EBITDA	433	447	3.3%	1,271	1,320	3.8%
Segment EBITDA margin %	*29.4%*	*29.6%*	*0.3 p.p.*	*29.2%*	*29.4%*	*0.2 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

	3rd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Group Reported	1,486	1,509	1.6%	4,597	4,503	-2.0%
Incidentals	*-13*	*0*		*-239*	*-10*	
Group underlying per Business Unit	1,472	1,509	2.5%	4,357	4,493	3.1%
Core underlying revenue	1,062	1,088	2.4%	3,176	3,262	2.7%
Consumer	705	720	2.0%	2,079	2,157	3.7%
Enterprise	317	332	4.8%	965	987	2.3%
Technology and Carrier & Wholesale	60	55	-8.2%	184	168	-8.2%
Staff & Support	7	5	-18.7%	21	19	-12.8%
Inter-segment eliminations	-26	-23	10.4%	-74	-69	6.1%
International Carrier Services revenue	410	420	2.5%	1,182	1,231	4.2%

In the third-quarter of 2015, the **Proximus Group** generated underlying revenue of EUR 1,509 million, an **increase of 2.5%** compared to the third-quarter of 2014. This resulted from a sustained growth in Proximus' **Core revenue, up by 2.4%,** chiefly driven by the solid revenue generation from Fixed Internet, TV and ICT. Moreover, revenue from Mobile services progressed year-on-year by 2.7%. The sequential improving revenue trend from Fixed and Mobile services was, however, in part offset by lower revenue from Mobile terminals in the third quarter.

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

In addition to Proximus' sound Core revenue progression, the third quarter Group revenue was also supported by a 2.5% revenue growth **from BICS**.

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

- **A 2.0% underlying revenue increase for the Consumer segment**[6], resulting from a further improving revenue growth from Fixed (+5.3%) and Mobile services (+1.4%). This was partly offset by less revenue from low-margin mobile devices.

- **A 4.8% underlying revenue growth from the Enterprise Business segment,** with especially a solid revenue growth from ICT (+9.1%) and good progression on Mobile services (+6.7%) on the larger Mobile customer base and higher revenue from national data usage and roaming.

- **A 8.2% revenue decline from the Technology & Wholesale Business Unit**, which continued to be impacted by the decline in traditional Wholesale business. This included the impact on Wholesale revenue following the decision of BASE to stop their Fixed triple-play offer. However, the larger part of the former Snow customers opted during the first half of 2015 for Scarlet's Trio offer, therefor benefiting Proximus' retail offer.

Furthermore, the third quarter 2015 revenue from **BICS was up year-on-year by 2.5%** driven by a continued solid growth in non-Voice revenue, while revenue from Voice remained stable to last year as the positive USD impact covered for the revenue loss following lower Voice volumes.

Year-to-date September 2015, the Proximus Group underlying revenue totaled EUR 4,493 million, i.e. 3.1% or EUR 135 million above the same period of 2014. This was largely driven by Proximus' Core business, up by 2.7% or EUR 86 million over the first nine months of 2015, while BICS grew its revenue by 4.2% over the same period.

Direct Margin per Business Unit

	3rd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Group Reported	894	917	2.6%	2,810	2,732	-2.8%
Incidentals	*-3*	*0*		*-156*	*-10*	
Group underlying per Business Unit	891	917	2.9%	2,654	2,721	2.5%
Core underlying direct margin	827	844	2.1%	2,469	2,509	1.6%
Consumer	544	559	2.8%	1,603	1,652	3.0%
Enterprise	231	237	2.4%	705	709	0.6%
Technology and Carrier & Wholesale	51	47	-8.0%	157	143	-8.8%
Staff & Support	7	5	-18.7%	21	18	-12.8%
Inter-segment eliminations	-6	-4	23.3%	-17	-13	20.5%
International Carrier Services	64	73	13.3%	185	213	14.9%

The **underlying Group Direct Margin increased by 2.9%** to a total of EUR 917 million for the **third quarter 2015**. This increase resulted from a favorable evolution from both the Core business and from BICS.
With the higher Core revenue being driven by higher margin Fixed and Mobile services, the margin variance improved for a third consecutive quarter this year, with the third quarter Direct Margin up 2.1%. The Core Direct margin as percent of revenue was 78%, i.e. stable versus the prior year.
In addition, BICS again posted a strong increase in Direct Margin, 13.3% above that of the third quarter of 2014. BICS' Direct Margin as percent of revenue increased by 1.6 p.p. to 17.4%.

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

Year-to-date September 2015, the underlying Group Direct Margin totaled EUR 2,721 million, 2.5% more than for the same period of 2014. The Core Direct Margin grew by 1.6% over the first nine months of 2015, while BICS' Direct Margin grew by 14.9%.

Expenses (excluding CoS)

(EUR million)	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter % Change	Year-to-date 2014	Year-to-date 2015	Year-to-date % Change
Group Reported	459	573	24.8%	1,412	1,506	6.7%
Incidentals	*-1*	*-103*		*-29*	*-105*	
Group Underlying Operating Expenses	458	470	2.4%	1,383	1,402	1.4%
Personnel expenses and pensions	258	266	3.0%	771	771	-0.1%
Other operating expenses	200	204	1.7%	612	631	3.2%

Underlying HR expenses impacted by provision update, in part offset by lower headcount

The Proximus Group posted EUR 266 million underlying[7] HR-expenses for **the third quarter of 2015**, 3.0% higher versus the prior year, and up versus prior quarters. The reduced headcount compared to last year continued to lower the HR-expenses, though this was more than offset by the impact from the update of HR-related provisions[8] in the third quarter. These provisions excluded, the trend would have been similar to the first-half of 2015. Compared to end-September 2014, natural attrition reduced Proximus' underlying headcount by -277 FTEs. As a result, the Proximus Group headcount decreased to 13,964 FTEs by end-September 2015.
In comparison with the personnel base of 14,342 FTEs reported one year ago, the number of FTEs decreased by -378 over the past 12 months, including a divesture[9] impact of -101 FTEs.

Year-to-date September 2015, the HR-expenses totaled EUR 771 million, i.e. stable in relation to the same period of 2014.

Underlying non-HR expenses up 1.7%, including timing impact of pylon tax provision

On an underlying basis, the Proximus Group recorded EUR 204 million non-HR expenses in the **third quarter of 2015**, which was 1.7% more than for the same period in 2014. The non-HR expenses include the provisioned Walloon Region Pylon tax, which was booked in its entirety in the last quarter of 2014, though spread over the year in 2015. This was in part offset by a net decline in other expenses, showing benefits from Proximus' cost efficiency initiatives. This includes a.o. less call center calls, maintenance costs and utility costs.

Year-to-date September 2015 the non-HR expenses totaled EUR 631 million, up 3.2% over the same period of 2014, including the impact from the Walloon Region Pylon tax provision.

EBITDA per Business Unit

Operating income before depreciation and amortization

(EUR million)	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter % Change	Year-to-date 2014	Year-to-date 2015	Year-to-date % Change
Group Reported	435	344	-20.8%	1,398	1,225	-12.4%
Incidentals	*-2*	*103*		*-127*	*94*	
Group underlying per Business Unit	433	447	3.3%	1,271	1,320	3.8%
Core underlying EBITDA	394	406	3.1%	1,169	1,193	2.1%
Consumer	361	371	2.8%	1,056	1,094	3.6%
Enterprise	143	148	3.8%	435	442	1.6%
Technology and Carrier & Wholesale	-39	-48	-24.4%	-108	-136	-25.6%
Staff & Support	-71	-65	8.0%	-214	-208	2.8%
International Carrier Services	39	41	5.7%	103	127	23.2%

[7] Adjusted for the impact of divestures (Telindus France, Telindus UK, Scarlet Netherlands and Sahara net) comparison.

[8] Update of the provision for accumulating non-vesting sick days granted to statutory employees.

[9] Divestment of Telindus France in May 2014 and Telindus UK in December 2014

Proximus' **third-quarter 2015** underlying Group EBITDA totaled EUR 447 million, a EUR 14 million or 3.3% improvement compared to the same period of 2014. The growth mainly came from a better performance of Proximus' Core business, ending the third quarter with EUR 406 million EBITDA, up 3.1% from the comparable period of 2014 and sequentially improving from the prior two quarters. The solid Core EBITDA was driven by a higher Direct Margin posted in the Consumer and Business segment, partly offset by higher expenses (HR and non-HR costs), including an unfavorable timing impact from the provisioned Walloon Region Pylon tax.
BICS too posted a growing EBITDA for the third quarter 2015, up by 5.7% from the comparable period of 2014.

Year-to-date September 2015, the Group underlying EBITDA totaled EUR 1,320 million, up by 3.8% from the previous year, driven by both Proximus' Core business and by BICS.

From Reported Group EBITDA to Underlying EBITDA

Incidentals included, the Proximus Group reported EUR 344 million EBITDA for the **third quarter 2015**. This includes the liability of EUR 120 million accrued following the settlement agreement between Proximus, BASE Company and Mobistar, as announced on 21 October 2015[10].
Year-to-date September 2015, the reported Group EBITDA totaled EUR 1,225 million. The decrease by EUR 173 million versus EUR 1,398 million reported for the same period of 2014 is explained by positive incidentals for a total amount of EUR 127 million reported in 2014, whereas 2015 was negatively impacted by incidentals for an amount of EUR 94 million. 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 49 million.

Depreciation and amortization

The **third-quarter 2015** depreciation and amortization totaled EUR 216 million bringing the **year-to-date September 2015** total to EUR 648 million. This compares to EUR 610 million for 2014, with the increase mainly due to a higher asset base to depreciate, partially offset by the divestment of consolidated subsidiaries[11].

Net finance cost

The **year-to-date September 2015** net finance cost was EUR 24 million up year-on-year to EUR 95 million, mainly as a result of the fair value market prices paid for partial buybacks of bonds maturing in 2026, settled on 1 April 2015, and bonds due in 2016 and 2018, settled on 1 October 2015 (net impact of about EUR 20 million). The remaining EUR 4 million comes from higher interest expenses paid on a higher average gross debt volume in 2015 compared to 2014.

Tax expense

The **year-to- date September 2015** tax expenses amounted to EUR 118 million, representing an effective tax rate of 24.5%, This is up from 19.4% for the same period of 2014, due to lower tax deductions.

Net income (Group share)

Proximus reported a net income (Group share) of EUR 69 million for the **third quarter 2015**, bringing the total **year-to-date September** Net income (Group share) to EUR 343 million. This compares to EUR 554 million reported for the first nine months of 2014. The year-on-year decline is mainly explained by recorded incidentals, in part offset by higher underlying EBITDA.

[10] See page 30 for the detail on incidentals

[11] Divestment of Telindus France in May 2014 and Telindus UK in December 2014

From EBITDA as reported to Net Income

(EUR million)	3rd Quarter 2014 - restated	3rd Quarter 2015	3rd Quarter % Change	Year-to-date 2014 - restated	Year-to-date 2015	Year-to-date % Change
EBITDA	435	344	-20.8%	1,398	1,225	-12.4%
Depreciation and amortization	-207	-216	4.3%	-610	-648	6.2%
Operating income (EBIT)	228	129	-43.5%	788	577	-26.8%
Net finance costs	-28	-47	66.5%	-71	-95	33.5%
Income before taxes	199	81	-59.1%	716	480	-32.9%
Tax expense	-35	-7	-80.8%	-139	-118	-15.2%
Non-controlling interests	7	6	-10.2%	23	20	-12.6%
Net income (Group share)	157	69	-56.4%	554	343	-38.2%

Investments

For the **third quarter of 2015**, Proximus' Capex totaled EUR 200 million, a fairly stable amount compared to the EUR 198 million for the same period of 2014.

This brought the total invested amount over the **first nine months of 2015 to EUR 698 million** for the Proximus Group, including EUR 75 million for the renewal of the 900Mhz/1800Mhz spectrum.

Proximus continued to invest in its mobile network leadership, further extending its outdoor and indoor 4G coverage, reaching respectively 97.8% and 87.2%[12] by end-September 2015.

Besides the large nationwide 4G-footprint, Proximus also offers the best possible mobile surfing experience with an average download speed of 21.4[13] Mbps on a 4G capable device, which is 25% to 40% faster than competitor networks.

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[14]. 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 Mpbs.

The Fixed network too was subject to further improvements, with a continued roll-out of the Vectoring technology, bringing the coverage to 38%. By end-September 2015, more than one out of four of Proximus' installed internet customers[15] received speeds of at least 70 Mbps, with an increasing part receiving 100 Mbps dedicated videograde quality speed.

Proximus also announced the launch of 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.

Furthermore, Proximus was the first to roll out the LoRa™ Network in Belgium. This network allows low power connections over a long distance, enabling the Internet of Things.

[12] Based on Q3 2015 Comm Scquare drive tests

[13] Based on Q3 2015 Comm Square drive tests.

[14] As of 30 October 2015, 4G+ is available in 20 major cities in Belgium as well as on the Belgian coast.

[15] Referring only to retail broadband base

Cash flows

(EUR million)	3rd Quarter 2014 - restated (*)	2015	% Change	Year-to-date 2014 - restated (*)	2015	% Change
Cash flows from operating activities	461	521	13%	1,129	1,237	10%
Cash paid for Capex (**)	-222	-227	1.9%	-658	-734	11.6%
Cash flows from other investing activities	0	12	-	158	19	-
Cash flow before financing activities (FCF)	**238**	**306**	**29%**	**629**	**522**	**-17%**
Net cash provided by / (used in) financing activities (***)	14	3	-78%	-211	-404	91%
Net increase of cash and cash equivalents	**252**	**309**	**23%**	**418**	**118**	**-**

(*) 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 **third quarter 2015**, Proximus generated solid Free Cash Flow of EUR 306 million bringing the Group's Free Cash flow over the **first nine months of 2015** to EUR 522 million. Whereas the growth in underlying EBITDA contributed positively, the FCF was EUR 108 million lower versus last year, mainly due to less cash received from the sale of consolidated companies and buildings, higher cash paid for Capex and higher working capital needs, partly offset by lower income tax payments (largely a timing impact).

Balance sheet and shareholders' equity

The intangible and tangible fixed assets increased by EUR 40 million to EUR 3,900 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 2,819 million end-September 2015. This mainly results from the net income (Group share) generated over the first nine months exceeding the 2014 dividend of EUR 322 million. Compared to end 2014, the net financial debt decreased by EUR 156 million to EUR 1,644 million at the end of September 2015. The outstanding long term debt amounted to EUR 2,484 million.

2.2. Regulation

(Decrease in EUR million)		*Estimated impact* Q1 2015	Q2 2015	FY 2015
MTR	Revenue	€ 1m		€ 1m
	EBITDA	€ 1m		€ 1m
Roaming	Revenue	€ 9m	€ 13m	€ 22m
	EBITDA	€ 9m	€ 13m	€ 22m
Total	**Revenue**	**€ 10m**	**€ 13m**	**€ 23m**
	EBITDA	**€ 10m**	**€ 13m**	**€ 23m**

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

Mobile Termination Rates (MTR)

The BIPT is consulting the market until 14 November 2015 on its draft decision on the 3rd round analysis of the mobile termination market, including the results of the Pure LRIC cost model for the period 2016-2018.

In Luxembourg, final MTR's have been set by the regulator, ILR, at 0.97 eurocent/min as from 1 April 2015. Tango has decided to appeal this decision. The MTR had already been set provisionally at 0.98 eurocent/min by a decision of ILR of 6 January 2014. In the meantime this decision has been annulled by the Luxembourg Administrative Court following an appeal launched by Tango. ILR has appealed this ruling on 23 April 2015.

Fixed Termination Rates (FTR)

The BIPT consulted the market until 15 September 2015 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. The BIPT is currently analyzing the results of the consultation.

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

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.

Final adoption is foreseen by the EU Parliament plenary of 26-29 October 2015. The new Regulation will apply in all Member States from 30 April 2016.

Cable wholesale prices

End May 2015, the Belgian regulators submitted to a public consultation (until 15 July 2015) the draft decisions concerning the review of the regulated wholesale prices (for analog TV, digital TV and broadband) of the cable operators. These rates were set for the first time on 12 December 2013. The regulators have defined a range of extra services such as Wi-Fi hot spots and 'second screen' that have to be taken out from the retail services of the cable operators for the calculation of the wholesale price (the wholesale price is calculated on a retail minus basis). They have also made a revision of the way decoders, modems and promotions are taken into account. Moreover, they have defined a specific set of lower wholesale prices to be applied to new entrants due to the fact that they have not reached scale. Those revisions have all together led to an important decrease of the wholesale cable price (Internet + TV). Temporary further reduced wholesale prices have been introduced for new entrants to allow them to obtain a certain customer base (this would be applicable during 2-3 years). The final decisions of the regulators are expected at the earliest by end-2015.

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 million for this extension and has opted for yearly installments. The first payment of nearly EUR 12 million was made on 16 April 2015.

As from 27 November 2015, the 900 MHz spectrum holdings of Proximus, Mobistar and BASE will be 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. The unique fee paid by Proximus for the additional spectrum acquired in the 900MHz (2.4 MHz duplex) was EUR 16 million.

Tax on mobile sites

See post balance sheet events page 47

On-net legal case versus Base and Mobistar

See contingent liabilities page 47

2.3. Outlook and shareholder return

Through the good progress on its 'Fit-for-Growth' strategy, the company closed another quarter with solid financial results. Taking into account the achievements so far, and its best estimate for the remainder of the year, Proximus' management expects the underlying Group EBITDA to grow by 4% to 5%.

Guidance metrics	FY 2014	Outlook 2015 (31 July 2015)	Revised Outlook 2015 (30 October 2015)
Core underlying revenue	**4,287 million**	Around 2% growth	**Around 2% growth**
BICS underlying revenue	**1,577 million**	Slightly positive	**Slightly positive**
Group underlying EBITDA	**1,653 million**	3% - 5% growth	**4% - 5% growth**
Capex (excl. spectrum license)	**978 million***	About 900 million	**About 900 million**

*Including the capitalized three-year broadcasting rights of the Belgian Jupiler Pro league football acquired in June 2014.

The 2015 full-year Capex estimate of around EUR 900 million does not take into account the Capex required for the tacit extension of the 900Mhz/1800Mhz spectrum for the period 2015 to 2021 for an amount of EUR 75 million.

Proximus Board of Directors approved to return to the shareholders **a total gross interim dividend of EUR 0.50 per share**:

- Ex-coupon date: 9 December 2015
- Record date: 10 December 2015
- Payment date: 11 December 2015

The Board of Directors also confirmed its intention to return a stable total gross dividend of EUR 1.50 per share over the result of 2015 and 2016.

3. Consumer Business Unit – CBU[16]

- Q3 Underlying revenue +2.0% year-on-year on rising revenue from Fixed & Mobile Services
- Q3 Revenue variance muted by less revenue from low-margin Mobile devices
- Continuously growing customer base: +16,000 BB; +23,000 TV; +42,000 Postpaid
- Segment result +2.8%, in spite of higher non-HR expenses on litigation provision
- Customer base further strengthened: 42% of HH/SO base is 3- or 4-Play, up 3pp YoY

P&L Consumer Business Unit (underlying)

	3rd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
TOTAL SEGMENT INCOME	705	720	2.0%	2,079	2,157	3.7%
Costs of materials and charges to revenues	-162	-160	-0.8%	-476	-505	6.1%
TOTAL SEGMENT DIRECT MARGIN	544	559	2.8%	1,603	1,652	3.0%
Direct margin %	*77.1%*	*77.7%*	*0.6 p.p.*	*77.1%*	*76.6%*	*-0.5 p.p.*
TOTAL EXPENSES	-183	-188	2.9%	-547	-557	1.9%
Personnel expenses and pensions	-102	-101	-0.4%	-305	-299	-1.9%
Other operating expenses	-81	-87	7.1%	-242	-258	6.7%
TOTAL SEGMENT RESULT	361	371	2.8%	1,056	1,094	3.6%
Segment contribution margin %	*51.2%*	*51.6%*	*0.4 p.p.*	*50.8%*	*50.7%*	*-0.1 p.p.*

CBU quarterly financial and operational results: page 32

Revenue

CBU 's third quarter 2015 underlying revenue progressed by 2.0% compared to the same period of 2014 to EUR 720 million. This was largely driven by a sequentially improving revenue growth from Fixed services, up by 5.3% from the previous year. The solid revenue increase in Internet and TV revenue more than offset the continued though contained Fixed Voice erosion.

Additionally, CBU's growing mobile customer base and further improving ARPU trends resulted in a sustained positive contribution from its Mobile services, up from the prior year by 1.4%. The favorable revenue evolution was strongly supported by Proximus' successful multi-play Packs. End-September 2015, 1,385,000 Households/Small Offices had at least one Pack. This means that 84% of CBU's household base having multiple services, combined these in a Pack.

Tango, Proximus' Luxembourg subsidiary also showed a solid revenue growth, increasing by 9.9% compared to the previous year.

Contrary to the solid revenue contribution from Fixed and Mobile services, CBU's revenue from Mobile devices was limited in the third quarter 2015, due to lower volumes.

Year-to-date September 2015, CBU posted EUR 2,157 million revenue, **3.7% higher year-on-year**.

[16] 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 20, is therefore more relevant.

	3rd Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
Revenues	705	720	2.0%	2,079	2,157	3.7%
From Fixed	357	376	5.3%	1,066	1,111	4.3%
Voice	142	139	-2.5%	429	415	-3.3%
Data (Internet & Data Connectivity)	130	142	9.1%	388	414	6.9%
TV	72	83	14.0%	210	243	15.6%
Terminals (excl. TV)	6	6	4.6%	17	17	2.3%
ICT	7	7	2.3%	22	22	-0.7%
From Mobile	289	283	-1.9%	844	867	2.6%
Mobile Services	252	256	1.4%	748	759	1.5%
Terminals	36	27	-25.1%	96	107	11.3%
From Subsidiaries	30	33	9.9%	86	95	10.1%
Tango	30	33	9.9%	86	95	10.1%
Other	30	28	-7.3%	83	84	1.3%
Of which Installation & Activation	*6*	*5*	*-8.7%*	*16*	*16*	*2.3%*

-15,000

CBU Fixed Voice lines in Q3. Revenue erosion limited in the quarter.

By the end of September 2015, CBU's **Fixed Voice** customer base totaled 2,121,000, i.e. a net loss of 15,000 lines in the **third quarter 2015**. This was somewhat better than in the same period of 2014 (-17,000) with both brands, Proximus and Scarlet, continuing to be positively impacted by the increased sales focus on multi-play Packs. Contrary to the first half of 2015, the Fixed voice customer park was no longer positively impacted by migrations of former Snow customers to the Scarlet Trio offer.

The Fixed Voice ARPU for the third quarter 2015 was EUR 21.7 or -1.7% from the prior year, due to higher Pack penetration, with customers benefiting from a discount. The lower year-on-year Fixed Voice customer base combined with the lower ARPU resulted in a -2.5% year-on-year revenue decline for Fixed Voice, ending the third quarter of 2015 with EUR 139 million. The trend somewhat improved compared to prior quarters following the adjusted prices on 1 July 2015[17].

Year-to-date September 2015, CBU generated EUR 415 million Fixed voice revenue, a 3.3% decline from the previous year.

+16,000

Internet customers in Q3. Revenue growth improving to +9.1%.

CBU's **third quarter** 2015 revenue from **Fixed Data** totaled EUR 142 million, a 9.1% growth compared with the prior year. The sequential improvement from prior quarters resulted from the 1 July 2015 price adjustments. The positive Fixed Data revenue trend was driven by the growing customer base, up by 114,000 or 7.2% in a one year period to reach a total of 1,690,000 Fixed Internet customers by end- September 2015. After a successful customer gain in the first half of 2015, benefitting from the inflow of former Snow customers, CBU continued to grow its Fixed Internet customer base in the third quarter for its two main brands Proximus and Scarlet. In the third quarter, 16,000 internet lines were added, better than in the same period of 2014 (+14,000). The third quarter Broadband ARPU of EUR 28.2 was a 1.7% improvement compared to the same period in 2014, and was up from prior quarters due to the price change offsetting the impact of customer migrations to Packs at a more favorable pricing.

Over the first nine months, the revenue from Fixed data totaled EUR 414 million or up 6.9% from the prior year.

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

+23,000

TV net adds in Q3. Revenue up 14% from prior year.

Revenue from **TV** totaled EUR 83 million for the **third quarter 2015**, 14.0% 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 September 2015 with a total TV customer base of 1,716,000, up by 158,000 customers or +10.1% from the prior year. For the third quarter, 23,000[18] TV subscribers in total were added, of which 19,000 unique customers and 4,000 multi-settop boxes. The latter is less than prior quarters due to the proactive customer migration to the latest decoders in order to offer better customer experience. This induced an accelerated cleaning of the decoders installed base, namely on multi-settop boxes. The recurring TV ARPU grew 3.8% year-on-year to EUR 20.0 driven by the increased uptake of TV options, slightly offset by the TV Replay option which is offered for free in Packs as of July 2015.

Year-to-date September 2015, the revenue from TV was EUR 243 million, up by 15.6%.

+ 42,000

Postpaid net adds in Q3. Mobile service revenue progressed 1.4%, driven by growing Postpaid base and higher ARPU

Driven by the continuously growing Postpaid customer base and higher ARPU, CBU's revenue from **Mobile services** further progressed by 1.4% to EUR 256 million for the **third quarter** 2015.

Mid-August 2015, Proximus launched its new and simplified mobile portfolio for both the residential and the professional markets. The subsequent promotional campaign in the 'Back to School' / 'Back to office' period included a successful Joint Offer on the iPhone 6[19]. Furthermore, an intensive communication campaign promoting Proximus' mobile network superiority and also convergence started to show its benefits. The solid gross customer gain in the quarter, combined with a low churn level at 13.8% , led to a solid net increase of 42,000 Postpaid cards, or +34,000 when excluding the Internet-Everywhere data cards. This is CBU's best achievement so far in 2015. On a year-on-year basis, CBU's postpaid customer base grew by 193,000 mobile cards or +7.1%.

At the same time, the Prepaid card erosion was of-35,000 cards in the third quarter 2015 reflecting Proximus' strategy of focusing on the valuable part of the Prepaid market and on the conversion of Prepaid to Postpaid .

When combining Prepaid and Postpaid, CBU's Mobile customer base ended the third quarter with a total of 4,236,000 cards, 0.9% higher versus one year ago.

CBU's Mobile Postpaid ARPU for the third quarter 2015 progressed year-on-year by 1.5% to EUR 30.0, strengthened by a better customer tiering versus one year ago, mainly driven by the success of high-end Joint Offers, and the increased smartphone penetration. CBU's Mobile Prepaid ARPU for the third quarter 2015 was EUR 10.4, down 11.5% year-on-year.

The Postpaid/Prepaid customer mix improved to 68%/32% from 64%/36% one year ago, the blended Mobile ARPU increased by 2.2% to EUR 22.8 and progressed slightly from the prior quarter (EUR 22.7).

In the third quarter 2015, the growth in average data usage per customer persisted, resulting from an increasing number of customers with a 4G-device and increased 4G usage. 4G-users used 920 Mb (on the 4G and 3G networks) per month on average, increasing the blended data usage to 581 Mb, up 63% from one year ago. The average data consumption of 4G users was over 3.4 times greater than that of non-4G users.

9.9%

Revenue growth for Tango on higher customer base, improved mix and ARPU growth

Tango's revenue for the third quarter 2015 totaled EUR 33 million, up by 9.9% from the previous year with Tango benefiting from a year-on-year higher customer base for Mobile Postpaid as well as for 3-play & 4-play. In the third quarter 2015, Tango's total mobile customer base remained stable, with the Mobile postpaid growth of 2,000 cards being offset by 2,000 fewer Prepaid cards. The Mobile ARPU rose by 6.4%.

18 Third quarter 2015 net adds included 4,000 multiple set-top boxes, lower versus prior quarters due to cleaning of the decoders installed base

19 Joint offer combining an iPhone 6 at EUR 99 with smart 45 subscription

(EUR million)	3rd Quarter 2014	3rd Quarter 2015	% Change	Year-to-date 2014	Year-to-date 2015	% Change
Revenue (in EUR mio) (1)	30	33	9.9%	86	95	10.1%
Total active mobile customers (in '000)	278	287	3.2%	278	287	3.2%
Blended mobile net ARPU (EUR/month)	28	30	6.4%	28	29	4.4%

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

Segment Direct Margin

2.8% year-on-year segment Direct Margin growth

The solid underlying revenue growth in the third quarter of 2015, resulted in a continued positive Direct Margin evolution compared with last year. For the third quarter the Direct Margin totaled EUR 559 million, i.e. 2.8% more than for the same period in 2014. The Cost of Sales for the third quarter was EUR 160 million. This is 0.8% lower year-on-year, and below the level in the first two quarters of the year. This was mainly the result of a lower volume of Mobile devices (at low margin) sold in the third quarter 2015.
In the third quarter 2015 the underlying Direct Margin was 77.7% of revenue, a 0.6 p.p. increase year-on-year due to a better overall Fixed and Mobile product mix.
Year-to-date September 2015, CBU posted a Direct Margin of EUR 1.652 million, 3.0% higher versus the previous year.

Expenses

HR expenses remained fairly stable, with benefit of lower headcount offsetting HR-provision

HR expenses for the third quarter 2015 totaled EUR 101 million, i.e. 0.4% lower versus the prior year. The decline for the quarter was limited by the upward revision of HR-related provisions, largely offsetting the benefit from a lower personnel base following natural attrition.
Year-to-date September 2015, CBU posted HR expenses of EUR 299 million, down 1.9% compared to the previous year.

Third-quarter non-HR expenses 7.1% higher year-on-year including a litigation provision

CBU's third quarter 2015 non-HR expenses of EUR 87 million were up 7.1% from the same period of 2014, largely due to the negative impact from a litigation provision. In addition, volume driven non-HR expenses were slightly up.

Year-to-date September 2015, CBU's non-HR expenses totaled EUR 258 million, up 6.7% versus the previous year.

CBU segment result (underlying)

For the **third quarter 2015**, CBU posted an underlying segment result of EUR 371 million, i.e. a year-on-year increase of 2.8%.
The segment contribution margin was 51.6%, +0.4p.p. versus the previous year.
Year-to-date September 2015, CBU's segment result was EUR 1.094 million, 3.6% above that of the same period of 2014.

CBU operationals

	3rd Quarter		
	Q3'14	Q3'15	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**3,713**	**3,811**	**98**
Voice	2,137	2,121	-16
Broadband	1,576	1,690	114
TV (thousands)	**1,558**	**1,716**	**158**
Unique Customers	1,264	1,384	120
of which multiple settop boxes	294	332	38
ARPU (EUR)			
ARPU Voice	22.1	21.7	-0.4
ARPU broadband	27.8	28.2	0.5
ARPU TV	19.3	20.0	0.7
From Mobile			
Number of active customers (thousands)	4,198	4,236	38
Prepaid	1,495	1,341	-155
Postpaid	2,702	2,895	193
Among Which Paying cards	2,256	2,393	137
Among Which Internet Everywhere cards	446	502	56
Annualized churn rate			
Prepaid	35.3%	35.0%	-0.3 p.p.
Postpaid	16.3%	13.8%	-2.5 p.p.
Blended	24.2%	21.9%	-2.3 p.p.
Net ARPU (EUR)			
Prepaid	11.7	10.4	-1.3
Postpaid	29.5	30.0	0.5
Blended	22.3	22.8	0.5
Average Mobile data usage user/month (Mb)			
4G	841	920	79
Blended	357	581	224

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[20] and RGUs[21] per household/small office, with the aim of gradually moving households/small offices up the value chain.

Operational X-play performance

By end-September 2015, Proximus serviced 2,777,000 households/small offices. The decrease from the prior quarter by 9,000 was mainly due to the loss of single-play and 2-play Fixed Voice line households/small offices, for a large part compensated for by the continued growth in 3- and 4-play.

Of all households/small offices that Proximus was serving, 58% were multi-play[22] households/small offices, or +2.0 p.p. from one year ago.

In the third quarter 2015, Proximus' household mix further improved, growing its 3-play customer base by 2,000 households/small offices and its 4-play customer base by 8,000. As such, Proximus ended the third quarter with 654,000 households/small offices having 3-play (+2.7% YoY) and 517,000 4-play households/small offices (+ 11.2% 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 10.1% for 3-play, and 3.1% for 4-play.

The average RGU continued to show progress in the third quarter 2015, with the average across all X-play households/small offices rising to 2.57, up by 3.9% from the previous year.

Furthermore, the number of multi-play households/small offices having both Proximus Fixed and Mobile services, i.e. convergent households/small offices, grew to 55.3%, up 2.8 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 third quarter of 2015. CBU added 18,000 households/small offices with Packs; as such, the number of households/ small offices with at least one Pack totaled 1,385,000 end-September 2015.

	CBU Households/Small Offices per Play & Net adds of the Quarter										Variance YoY		
	Q3 2014					Q3 2015					Q3 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	497	75	N/A(*)	660	1,232	430	84	N/A(*)	648	1,163	1.23	19.0%	
	-19	1		-14	-32	-14	2		-2	-14	0.01	-3.0p.p.	
2-Play	●	●	●	●	472	●	●	●	●	443	2.22	11.8%	24.1%
					-9					-5	0.00	-0.7p.p.	0.6p.p.
3-Play	●	●	●	●	637	●	●	●	●	654	3.38	10.1%	41.1%
					4					2	0.01	2.3p.p.	1.7p.p.
4-Play	●	●	●	●	465	●	●	●	●	517	4.83	3.1%	100.0%
					13					8	0.03	0.5p.p.	
Total					2,806					2,777	2.57	12.8%	55.3%
					-24					-9	0.10	-1.3p.p.	2.8p.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

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

[21] 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.

[22] A multi-play household has two or more Plays, but not necessarily in a Pack.

Financial X-play performance

In the third quarter 2015, CBU generated EUR 720 million revenue, of which EUR 555 million[23] came from X-play households/small offices. The revenue generated through X-play households/ small offices increased by 3.4% 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 4.9% to EUR 66.6.

Multi-play households/small offices contributed for 77% to the X-play revenue, a favorable evolution of 1.3 p.p. from last year. The revenue from 3-play and 4-play households/small offices continued to show good growth. The 4-play revenue in particular was strong for the third quarter with EUR 180 million, up by 12.5% from the prior year. This resulted from the combined favorable evolution of the number of 4-play households/small offices together with average revenue per 4-play household (ARPH) increasing to EUR 117.2 (+0.3%).

Revenue from single play customers was 2% lower than for the comparable period of 2014. This resulted from a lower 1-Play customer base, in part offset by a higher ARPH of EUR 36.9. The favorable evolution in the ARPU reflected the price increase since 1 July 2015 for standalone Fixed products and the increase in RGUs driven by mobile.

Revenues (*) per x-play in EUR million

	3rd quarter		YoY change	
	Q314	Q315	€ million	%
Total	**537**	**555**	**18**	**3.4%**
1-Play	132	129	-3	-2.0%
2-Play	84	80	-4	-5.2%
3-Play	161	166	5	3.3%
4-Play	160	180	20	12.5%

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

Average revenue in EUR per x-play (EUR)

	3rd quarter		YoY change	
	Q314	Q315	€	%
Total	**63.5**	**66.6**	**3.1**	**4.9%**
1-Play	35.1	36.9	1.7	4.9%
2-Play	58.6	59.5	0.8	1.4%
3-Play	84.6	84.9	0.3	0.4%
4-Play	116.9	117.2	0.3	0.3%

[23] 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[24]

- **Underlying Q3 revenue +4.8% driven by ICT products and strong Mobile services**
- **Segment Direct Margin up by 2.4% on solid revenue from Mobile Services**
- **EBU expenses in aggregate remained stable YoY**
- **Solid segment result of EUR 142m, 3.8% higher year-on-year**

P&L Enterprise Business Unit (underlying)

(EUR million)	3rd Quarter 2014	3rd Quarter 2015	3rd Quarter % Change	Year-to-date 2014	Year-to-date 2015	Year-to-date % Change
TOTAL SEGMENT INCOME	317	332	4.8%	965	987	2.3%
Costs of materials and charges to revenues	-85	-95	11.4%	-261	-278	6.8%
TOTAL SEGMENT DIRECT MARGIN	231	237	2.4%	705	709	0.6%
Direct margin %	*73.1%*	*71.4%*	*-1.7 p.p.*	*73.0%*	*71.8%*	*-1.2 p.p.*
TOTAL EXPENSES	-89	-89	0.0%	-270	-267	-1.1%
Personnel expenses and pensions	-67	-72	6.4%	-203	-206	1.6%
Other operating expenses	-21	-17	-19.9%	-66	-60	-9.2%
TOTAL SEGMENT RESULT	143	148	3.8%	435	442	1.6%
Segment contribution margin	*45.1%*	*44.7%*	*-0.4 p.p.*	*45.1%*	*44.8%*	*-0.3 p.p.*

EBU quarterly financial and operational results: page 34

Revenue

For the **third quarter** 2015, the **underlying revenue** of the Enterprise segment (EBU) **improved by 4.8%** to EUR 332 million compared to the previous year. Both Fixed and Mobile contributed well to the higher topline. They were up by 3.8% and 4.9% respectively versus one year ago.
Within the Fixed universe, the solid revenue performance resulted from a firm increase in ICT revenue, up by 9.1% from the prior year, mainly coming from low-margin product revenue.
Moreover, the revenue improvement from Fixed data nearly covered for the loss in Fixed Voice.
The revenue from Mobile benefitted from a solid Mobile Services revenue, up 6.7% on a yearly basis, driven by a larger customer base and higher revenue from national data usage and roaming, while the yearly variance was no longer impacted by the EU Roaming regulation.[25]
Year-to-date September 2015, the underlying revenue from EBU totaled EUR 987 million, **2.3% up** from the prior year.

[24] 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.

[25] The last roaming price cut dating from 1 July 2014

(EUR million)	3rd Quarter 2014	2015	% Change	Year-to-date 2014	2015	% Change
Revenues	317	332	4.8%	965	987	2.3%
From Fixed	233	242	3.8%	713	716	0.4%
Voice	63	61	-3.3%	195	187	-4.4%
Data (Internet & Data Connectivity)	61	63	2.6%	186	187	0.4%
Terminals (excl. TV)	5	5	0.2%	15	15	-0.6%
ICT	104	113	9.1%	317	328	3.3%
From Mobile	81	85	4.9%	243	253	4.4%
Mobile Services	77	82	6.7%	232	241	4.0%
Terminals	4	3	-31.2%	11	12	13.2%
Other	3	5	78.9%	9	18	93.3%
Of which Installation & Activation	*1*	*1*	*7.3%*	*3*	*3*	*-6.6%*

Lower Fixed Voice revenue due to Fixed Voice customer base erosion

For the **third quarter 2015**, EBU reported EUR 61 million revenue in Fixed Voice, showing a year-on-year decline of 3.3% due to a continued Fixed Voice line erosion triggered by companies rationalizing on Fixed line connections and the move to VoIP. The third quarter 2015 Fixed Line erosion remained limited, with a loss of 7,000 lines. This brought the EBU total Fixed Voice Line customer base to 670,000 by end-September 2015, i.e. a year-on-year line loss of -4.8%.
The third quarter Fixed Voice ARPU of EUR 30.3 was up 1.8% from the previous year strengthened by price changes since 1 July 2015.

Year-to-date September 2015, EBU's Fixed Voice revenue totaled EUR 187 million, or a 4.4% decline from the prior year.

Fixed Data revenue up 2.6% driven by continued growth from data connectivity services

The **third-quarter 2015** revenue from Fixed Data, consisting of Fixed Internet and Data Connectivity revenue, totaled EUR 63 million. This is 2.6% above that of the same period of 2014, continuing the trend improvement seen in previous quarters.

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.

The third-quarter revenue from Fixed Internet remained fairly stable year-on-year, with ARPU up by 4.0%[26] to EUR 44.5. This also reflected the 1 July 2015 price adjustments, which more than compensated for the slightly eroding Fixed Internet customer base (-1,000 in the third quarter). By end-September 2015 EBU counted 137,000 Fixed Internet customers.

Year-to-date September 2015, the revenue from Fixed Data totaled EUR 187 million, up by 0.4% compared to the previous year.

ICT revenue 9.1% higher year-on-year on large product contract

In the **third quarter** 2015**,** EBU generated EUR 113 million revenue from ICT, 9.1% more than for the same period of 2014, and up versus the prior two quarters of 2015. This was mainly driven by a large one-off product contract which in the third quarter more than offset the impact from the terminated ICT contracts earlier this year.

Year-to-date September 2015, EBU's ICT revenue totaled EUR 328 million, i.e. 3.3% above that of the comparable period of 2014.

Mobile Service revenue up 6.7% on larger Mobile customer base and higher data usage

In the **third quarter 2015**, EBU's Mobile Service revenue of EUR 82 million was up by 6.7% from last year, showing an acceleration of the positive variance seen since the first half of 2015. As the regulated roaming rate cuts annualized on 1 July 2015, EBU fully benefitted from its growing mobile customer base. Compared to end-September 2014, EBU's mobile customer base grew by 3.7%, M2M and free data cards excluded, or +19.4% in total.

[26] 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

With the roll-out of the Road User Charging[27] project, the number of M2M cards activated in the third quarter 2015 was boosted by 132,000. In addition, EBU added 6,000 mobile cards other than M2M or free data cards, in a seasonally lower commercial quarter. This led to a total base of mobile cards of 1,338,000 by end-September 2015. The third-quarter Mobile churn remained limited to 8.9%, reflecting customers' good experience of the Proximus mobile network and service levels, increasing customer satisfaction and stickiness.

Furthermore, 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 2.8 times compared to one year ago. In the third quarter 2015, EBU customers with a 4G-device had an average monthly data consumption of 811 MB, 24% more versus the same period of 2014. Customers with a 4G device use 2.6 times as much data per month than customers with a non-4G device.

With these beneficial usage evolutions, and the absence of a roaming regulation impact, the ARPU[28] showed a year-on-year growth for the first time in a long while, up by 2.0% to EUR 30.0.

Year-to-date September 2015, EBU's revenue from Mobile Services totaled EUR 241 million, i.e. 4.0% more than for the comparable period of 2014.

Segment Direct Margin

For the **third quarter 2015**, EBU posted a Direct Margin of EUR 237 million, i.e. a 2.4% improvement over the same period of 2014. This was mainly attributable to the higher revenue from Mobile services.

The **year-to-date September 2015** Direct Margin of EUR 709 million, was up 0.6% to the comparable period of 2014.

Expenses

Underlying HR expenses higher

EBU ended the **third quarter 2015** with HR expenses of EUR 72 million, or 6.4% higher, on an underlying basis. This mainly resulted from HR-related provision updates and, to a lesser extent, to some additional international ICT headcount.

Year-to-date September 2015, EBU's HR expenses ended 1.6% above those of the previous year.

Underlying non-HR expenses lower

For the **third quarter 2015**, EBU posted EUR 17 million non-HR expenses, 19.9% less than for the comparable period of 2014 as a result of some efficiency gains and an important positive bad debt impact.

Year-to-date September 2015, non-HR expenses improved by 9.2%.

[27] 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.

[28] ARPU excludes M2M and free data cards

EBU segment result (underlying)

EBU's **third-quarter 2015** underlying segment result totaled EUR 148 million, i.e. 3.8% more than for the same period of 2014. This mainly resulted from the strong Direct Margin, while the total expenses remained stable. In the third quarter 2015, the underlying contribution margin was 44.7%.

Year-to-date September 2015, EBU's segment result totaled EUR 442 million, up by 1.6% from the previous year.

EBU operationals

	Q3'14	Q3'15	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**845**	**808**	**-38**
Voice	704	670	-34
Broadband	141	137	-4
ARPU (EUR)			
ARPU Voice	29.8	30.3	0.5
ARPU Broadband	42.7	44.5	1.7
From Mobile			
Number of active customers (thousands)	1,121	1,338	217
Among which voice and data cards	854	885	31
Among which M2M	258	443	184
Among which Internet Everywhere card	9	10	1
Annualized churn rate (blended)	8.4%	8.9%	
Net ARPU (EUR)			
Postpaid	29.4	30.0	0.6
Average Mobile data usage user/month (Mb)			
4G	652	811	159
Blended	387	590	203

5. Technology & Wholesale – TEC&W

P&L Technology & Wholesale (underlying)

	3rd Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
TOTAL SEGMENT INCOME	60	55	-8.2%	184	168	-8.2%
Costs of materials and charges to revenues	-9	-8	-9.6%	-27	-26	-5.0%
TOTAL SEGMENT DIRECT MARGIN	51	47	-8.0%	157	143	-8.8%
Direct margin %	*84.6%*	*84.9%*	*0.2 p.p.*	*85.3%*	*84.7%*	*-0.5 p.p.*
TOTAL EXPENSES	-89	-94	6.0%	-265	-279	5.2%
Personnel expenses and pensions	-44	-45	2.4%	-128	-127	-0.5%
Other operating expenses	-45	-49	9.6%	-137	-152	10.5%
TOTAL SEGMENT RESULT	-39	-48	-24.4%	-108	-136	-25.6%
Segment contribution margin	*-64.4%*	*-87.3%*	*-22.9 p.p.*	*-58.9%*	*-80.6%*	*-21.7 p.p.*

TEC&W quarterly financial and operational results: page 35

Revenue

TEC&W reported EUR 55 million revenue for the **third quarter of 2015**, or -8.2% year-on-year. The wholesale revenue showed the impact from the outphasing of SNOW customers following the decision of BASE to stop their 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.

Year-to-date September 2015, the revenue of TEC&W totaled EUR 168 million,-8.2% versus the comparable period of 2014.

Expenses

TEC&W posted EUR 45 million in **HR expenses** for the **third quarter 2015**, up 2.4% from the previous year primarily driven by updated HR-provision. **Year-to-date September** 2015, HR expenses were 0.5% down from the previous year.

Non-HR expenses totaled EUR 49 million for the **third quarter 2015,** up EUR 4 million from the comparable period of 2014. This was fully due to a timing impact from the provisioned Walloon Region Pylon tax which was booked in its entirety in the last quarter of 2014, whereas it is spread over the year in 2015. This was partly offset by the favorable evolution of other expenses, showing benefit from the ongoing cost optimization projects. **Year-to-date September 2015**, non-HR expenses totaled EUR 152 million.

6. Staff & Support – S&S

P&L Staff and Support (underlying)

	3rd Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
TOTAL SEGMENT INCOME	7	5	-18.7%	21	19	-12.8%
Costs of materials and charges to revenues	-	-	-	-	-	-
TOTAL SEGMENT DIRECT MARGIN	7	5	-18.7%	21	18	-12.8%
Direct margin %	-	-	-	-	-	-
TOTAL EXPENSES	-78	-71	-8.9%	-235	-226	-3.7%
Personnel expenses and pensions	-34	-34	2.9%	-101	-99	-1.5%
Other operating expenses	-44	-36	-18.0%	-134	-127	-5.4%
TOTAL SEGMENT RESULT	-71	-65	8.0%	-214	-208	2.8%

S&S quarterly financial results: page 35

For the third quarter 2015, Staff and Support recorded underlying revenue of EUR 5 million, in line with the prior quarter. This brought the total over the first nine months of 2015 to EUR 19 million.

In aggregate, the S&S expenses for the third quarter 2015 totaled EUR 71 million, 8.9% less than for the same period of 2014. This was mainly due to a positive year-on-year variance on non-HR related provisions. Over the first 9 months of 2015, the total expenses for S&S totaled EUR 266 million, 3.7% less than for the same period of 2015.

7. International Carrier Services – BICS

- **Firm Q3'15 Direct Margin of EUR 73 million, +13.3% year-on-year**
- **Direct margin continued to benefit from favorable market conditions for Voice and positive currency and volume effect for Mobile data**
- **Q3'15 expenses up mainly due to unfavorable YoY bad debt impact and currency effects**
- **Q3'15 underlying segment result +5.7% YoY with margin rising slightly to 9.7%**

P&L International Carrier Services (underlying)

	3rd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
TOTAL SEGMENT INCOME	410	420	2.5%	1,182	1,231	4.2%
Costs of materials and charges to revenues	-346	-348	0.5%	-996	-1,018	2.2%
TOTAL SEGMENT DIRECT MARGIN	64	73	13.3%	185	213	14.9%
Direct margin %	*15.7%*	*17.4%*	*1.6 p.p.*	*15.7%*	*17.3%*	*1.6 p.p.*
TOTAL EXPENSES	-26	-32	24.7%	-82	-86	4.5%
Personnel expenses and pensions	-12	-13	13.7%	-34	-39	12.3%
Other operating expenses	-14	-19	33.8%	-48	-47	-1.2%
TOTAL SEGMENT RESULT	39	41	5.7%	103	127	23.2%
Segment contribution margin	*9.4%*	*9.7%*	*0.3 p.p.*	*8.7%*	*10.3%*	*1.6 p.p.*

ICS quarterly financial and operational results: page 36

Revenue

The **third-quarter 2015** underlying revenue from BICS totaled EUR 420 million, up by 2.5% compared to the previous year. The increase was driven by a continued solid growth in non-Voice revenue, up by 14.2% compared to the comparable period of 2014. Revenue from Voice remained stable in relation to last year, including a positive currency impact which covered for the revenue loss following lower Voice volumes.

Year-to-date September 2015, BICS generated EUR 1,231 million revenue, i.e. 4.2% more than for the same period of 2014. This includes solid revenue growth over the first six months from Non Voice (+16.1%) and a 2.1% growth for Voice.

	3rd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Voice	346	347	0.3%	1,007	1,029	2.1%
Non Voice	64	73	14.2%	174	202	16.1%
Total revenues	410	420	2.5%	1,182	1,231	4.2%

Segment Direct Margin

BICS posted for the **third quarter 2015** a firm Direct Margin of EUR 73 million, 13.3% up from the comparable period of 2014. This resulted chiefly from the favorable variance for Voice, for which the Direct Margin increased by 22.7%. This was achieved by maintaining a high Voice unit margin in the third quarter 2015, benefitting yet again from favorable - but volatile - market conditions.
The Direct Margin from Non-Voice grew 6.3%, benefitting from the Mobile Data volume and USD impact, and from a one-off sale in Capacity.
Year-to-date September 2015, BICS' Direct Margin amounted to EUR 213 million, 14.9% above that of the previous year.

	3rd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Voice	28	34	22.7%	87	102	17.4%
Non Voice	37	39	6.3%	98	110	12.6%
Total Direct margin	64	73	13.3%	185	213	14.9%

BICS segment result

BICS' underlying segment result totaled EUR 41 million for the **third quarter of 2015**, a 5.7% increase from the same period of 2014. The increase in Direct Margin was in part offset by higher Expenses in the quarter. This was mainly related to a negative year-on-year impact from bad debt provisions and currency effects.
Furthermore, BICS' HR-expenses were up in the third quarter (+13.7%), in line with the trend seen in the first-half of 2015.
The underlying segment margin rose to 9.7%, 0.3p.p. higher compared to the year before.

Year-to-date September 2015, the segment result of BICS totaled EUR 127 million, 23.2% higher versus the same period of 2014.

BICS operationals

	3rd Quarter			Year-to-date		
Volumes (in million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Voice	6,981	6,398	-8.4%	20,483	19,761	-3.5%
Non Voice (SMS/MMS)	629	785	24.8%	1,711	2,151	25.7%

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)	**Q314**	**Q3215**	**Q314**	**Q3215**	**YTD '14**	**YTD '15**	**YTD '14**	**YTD '15**
Reported	1,486	1,509	435	344	4,597	4,503	1,398	1,225
Underlying	1,472	1,509	433	447	4,357	4,493	1,271	1,320
Incidentals - Total	13		2	-103	239	10	127	-94
Non Recurring Items	-1		3	4	62		67	3
Other incidentals	14		-1	-107	177	10	60	-97
Non-recurring items:	-1		3	4	62		67	3
Gain/losses from disposals ***Telindus France, BICS***	-1		3		62		61	
Other: mainly resulting from a partial settlement of a post-employment benefit plan.				4			6	3
Other incidentals:	14	1	-1	-107	177	10	60	-97
Impact from disposed companies	14		1	-1	132		2	-1
- CBU: Scarlet Netherlands (March 2014) and Sahara Net (May 2014)					*7*			
- EBU: Divesture of Telindus FR and UK	*14*		*1*	*-1*	*125*		*2*	*-1*
Real Estate Taxes			2	10			7	10
Comp. payment Pension transfer							10	
Stock Options			-3				-13	
Capital gains on building sales		1			46	10	46	10
Transformation & Rebranding			-6				-8	
Settlement agreement on mobile tariff related litigations				-116				-116
Others			5				16	

Incidentals recorded in the third quarter 2015:

- A negative non-recurring expense of EUR- 4 million as a result of an update of the liability for termination benefits and additional compensations in respect of restructuring programs.
- The 'other incidentals ' recorded for a total amount of EUR -107 million, include the costs related to the settlement of all outstanding litigation between BASE Company, Mobistar and Proximus with respect to practice of applying tariffs for mobile telecommunication services that are differentiated between on-net and off-net voice communications. This settlement agreement involves payment of an amount of EUR 120 million. Furthermore the other incidentals are positively influenced by a provision reversal of EUR 10 million.

8.3. Quarterly results tables

Group – Financials

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

(*) 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
REPORTED								
Revenues	680	701	705	724	2,810	711	726	720
Segment Result	342	357	360	335	1,394	354	368	371
UNDERLYING								
Revenues	675	699	705	724	2,803	711	726	720
From Fixed	353	355	357	364	1,430	366	369	376
Voice	144	143	142	143	572	139	137	139
Data (Internet & Data Connectivity)	127	130	130	132	520	135	137	142
TV	68	69	72	76	286	79	82	83
Terminals (excl. TV)	6	5	6	6	22	6	6	6
ICT	8	7	7	7	29	7	7	7
From Mobile	268	288	289	298	1,142	288	295	283
Mobile Services	243	253	252	252	1,000	248	255	256
Terminals	25	35	36	46	143	40	40	27
Subsidiaries	28	28	30	31	117	31	31	33
Tango	28	28	30	31	117	31	31	33
Other	26	28	30	31	114	27	30	28
Of which Installation & Activation	5	5	6	5	21	6	5	5
Costs of materials & charges to revenues	-152	-163	-162	-196	-672	-171	-174	-160
Direct Margin	524	535	544	528	2,131	541	552	559
Direct Margin %	*77.6%*	*76.6%*	*77.1%*	*72.9%*	*76.0%*	*76.0%*	*76.0%*	*77.7%*
Total expenses before D&A	-181	-183	-183	-192	-739	-186	-183	-188
Personnel expenses and pensions	-102	-102	-102	-95	-400	-99	-99	-101
Other operating expenses	-80	-81	-81	-97	-339	-87	-84	-87
Segment result	342	353	361	336	1,392	354	369	371
Segment contribution margin %	*50.7%*	*50.5%*	*51.2%*	*46.4%*	*49.6%*	*49.8%*	*50.8%*	*51.6%*

CBU – Operationals

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

CBU – X-play reporting

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315
Households/Small Offices per Play - Total (thousands)	**2,851**	**2,831**	**2,806**	**2,804**	**2,804**	**2,799**	**2,786**	**2,777**
1 - Play	1,293	1,265	1,232	1,221	1,221	1,198	1,177	1,163
Fixed Voice	534	516	497	479	479	459	444	430
Fixed Internet	73	73	75	77	77	80	82	84
TV	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
2 - Play	487	481	472	462	462	454	449	443
3 - Play	634	633	637	641	641	649	652	654
4 - Play	436	451	465	480	480	498	509	517
Revenues per x - play (EUR million)	**515**	**529**	**537**	**539**	**2,119**	**538**	**544**	**555**
1 - Play	128	131	132	130	520	128	126	129
2 - Play	85	85	84	83	336	80	79	80
3 - Play	156	159	161	162	638	161	164	166
4 - Play	146	154	160	165	625	169	175	180
Average revenue x - play (in EUR)	**60.1 €**	**62.0 €**	**63.5 €**	**64.1 €**	**62.4 €**	**64.1 €**	**65.1 €**	**66.6 €**
1 - Play	32.7 €	34.1 €	35.1 €	35.2 €	34.3 €	35.3 €	35.7 €	36.9 €
2 - Play	57.7 €	58.1 €	58.6 €	59.0 €	58.3 €	58.2 €	58.1 €	59.5 €
3 - Play	82.1 €	83.7 €	84.6 €	84.5 €	83.7 €	83.4 €	83.9 €	84.9 €
4 - Play	113.4 €	115.8 €	116.9 €	116.5 €	115.7 €	115.0 €	116.0 €	117.2 €
Average #RGUs per househould/Small Office - Total	**2.41**	**2.44**	**2.47**	**2.50**	**2.50**	**2.52**	**2.55**	**2.57**
1 - Play	1.21	1.21	1.22	1.22	1.22	1.22	1.22	1.23
2 - Play	2.23	2.22	2.22	2.23	2.23	2.23	2.22	2.22
3 - Play	3.36	3.37	3.37	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
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%**
1 - Play	20.9%	19.3%	22.1%	22.6%	21.2%	22.4%	18.2%	19.0%
2 - Play	9.3%	9.3%	12.5%	11.8%	10.7%	12.2%	10.3%	11.8%
3 - Play	6.7%	6.1%	7.8%	8.8%	7.4%	10.5%	8.7%	10.1%
4 - Play	2.1%	2.0%	2.6%	2.9%	2.4%	3.7%	2.9%	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%**
1 - Play								
2 - Play	23.3%	23.2%	23.5%	23.7%	23.7%	23.9%	24.0%	24.1%
3 - Play	37.7%	38.8%	39.4%	39.7%	39.7%	39.9%	40.5%	41.1%
4 - Play	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
REPORTED								
Revenues	395	407	330	355	1,487	329	327	332
Segment Result	142	194	143	115	594	147	146	148
UNDERLYING								
Revenues	322	327	317	345	1,311	329	327	332
From Fixed	239	241	233	257	971	238	236	242
Voice	67	65	63	64	259	64	62	61
Data (Internet & Data Connectivity)	63	62	61	62	248	62	62	63
Terminals (excl. TV)	5	5	5	5	20	5	5	5
ICT	105	109	104	127	444	107	107	113
From Mobile	79	83	81	83	326	85	84	85
Mobile Services	76	79	77	75	307	79	80	82
Terminals	3	4	4	9	19	6	3	3
Other	3	3	3	5	14	6	7	5
Of which Installation & Activation	1	1	1	1	4	1	1	1
Costs of materials and charges to revenues	-87	-89	-85	-107	-368	-93	-90	-95
Direct Margin	235	238	231	239	943	236	236	237
Direct Margin %	*73.0%*	*72.9%*	*73.1%*	*69.1%*	*72.0%*	*71.7%*	*72.3%*	*71.4%*
Total expenses before D&A	-90	-91	-89	-91	-361	-88	-90	-89
Personnel expenses and pensions	-67	-69	-67	-65	-268	-67	-68	-72
Other operating expenses	-23	-23	-21	-26	-92	-21	-22	-17
Segment result	146	147	143	148	583	148	146	148
Segment contribution margin	*45.2%*	*44.9%*	*45.1%*	*42.8%*	*44.5%*	*45.0%*	*44.7%*	*44.7%*

EBU – Operationals

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q3215
From Fixed								
Number of access channels (thousands)	862	854	845	837	837	825	815	808
Voice	720	712	704	695	695	686	677	670
Broadband	143	142	141	141	141	139	138	137
ARPU (EUR)								
ARPU Voice	30.7	30.4	29.8	30.3	30.3	30.8	30.1	30.3
ARPU Broadband	43.9	43.2	42.7	41.9	42.9	43.5	43.8	44.5

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q3215
From Mobile								
Number of active customers (thousands)	1,069	1,095	1,121	1,161(*)	1,161(*)	1,179	1,200	1,338
Among which voice and data cards	827	844	854	863	863	869	869	885
Among which M2M	234	243	258	289	289	301	301	443
Among which Internet Everywhere Cards	8	8	9	9	9	10	10	10
Annualized churn rate (blended)	10.3%	10.1%	8.4%	10.0%	9.8%	11.3%	10.0%	8.9%
Net ARPU (EUR)								
Postpaid	30.1	30.5	29.4	28.2	29.5	29.3	29.7	30.0
Average Mobile data usage user/month (Mb)								
4G	507	642	652	664		718	752	811
Blended	290	349	387	414		488	529	590

TEC&W – Financials

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

TEC&W – Retail Operationals and MVNO customers

	Q114	Q214	Q314	Q414	2014	Q115	Q215	Q315
From Fixed								
Number of access channels (thousands)								
Voice (1)	10	10	9	9	9	9	9	9
Broadband (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
MVNO	6	7	10	11	11	11	11	11

(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
REPORTED								
Revenues	7	64	7	8	85	11	12	6
Segment Result	-75	-17	-67	-83	-242	-71	-60	-171
UNDERLYING								
Revenues	7	8	7	8	29	8	5	5
Personnel expenses and pensions	-34	-34	-34	-31	-132	-33	-32	-34
Other operating expenses	-49	-41	-44	-53	-187	-50	-41	-36
Segment result	-76	-67	-71	-76	-290	-75	-67	-65

ICS - Financials

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

ICS - Operationals

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

9. Interim condensed consolidated financial statements

These interim condensed consolidated financial statements have not been subject to a limited review by the independent auditor.

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with IAS 34, Interim Financial Reporting.

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.

Proximus questions the legality of the tax on mobile sites at national and European level as described in note 9.12 on Post Balance sheet events, and therefor continues to spread the cost for these levies over the year.

Restated income statement for 2014

	Nine months ended 30 September 2014		
(EUR million)	Reported	Restatement	Restated
EBITDA before non-recurring items	1,333	-2	1,331
EBITDA after non-recurring items	1,400	-2	1,398
Operating income (EBIT)	790	-2	788
Income before taxes	718	-2	716
Tax expenses	-139	1	-139
Net Income	**578**	**-1**	**577**
Net Income (Group Share)	**556**	**-1**	**554**

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.

9.3. Significant events or transactions

Events or transactions over the first nine months of 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. (see also note 9.12 'Post balance sheet events').

- 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).

9.4. Consolidated income statements

(EUR million)	3rd Quarter 2014 - restated	2015	% Change	Year-to-date 2014 - restated	2015	% Change
Net revenue	1,478	1,496	1.2%	4,458	4,457	0.0%
Other operating income	9	13	49.3%	77	46	-39.8%
Non-recurring income	-1	0	-	62	0	-100.0%
TOTAL INCOME	**1,486**	**1,509**	**1.6%**	**4,597**	**4,503**	**-2.0%**
Costs of materials and services related to revenue	-592	-592	0.0%	-1,787	-1,771	-0.9%
Personnel expenses and pensions	-263	-266	1.1%	-797	-771	-3.3%
Other operating expenses	-200	-311	55.5%	-620	-739	19.1%
Non-recurring expenses	4	4	-	5	3	-
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,051**	**-1,165**	**10.8%**	**-3,199**	**-3,278**	**2.5%**
OPERATING INCOME before depreciation & amortization	**435**	**344**	**-20.8%**	**1,398**	**1,225**	**-12.4%**
Depreciation and amortization	-207	-216	4.3%	-610	-648	6.2%
OPERATING INCOME	**228**	**129**	**-43.5%**	**788**	**577**	**-26.8%**
Finance income	4	5	38.2%	16	21	26.5%
Finance costs	-32	-53	63.0%	-88	-116	32.2%
Net finance costs	**-28**	**-47**	**66.5%**	**-71**	**-95**	**33.5%**
Share of loss on associates	-1	0	-	-1	-2	41.2%
INCOME BEFORE TAXES	**199**	**81**	**-59.1%**	**716**	**480**	**-32.9%**
Tax expense	-35	-7	-80.8%	-139	-118	-15.2%
NET INCOME	**164**	**75**	**-54.5%**	**577**	**362**	**-37.2%**
Non-controlling interests	7	6	-10.2%	23	20	-12.6%
Net income (Group share)	157	69	-56.4%	554	343	-38.2%
Basic earnings per share	0.49 EUR	0.21 EUR	-56.6%	1.73 EUR	1.06 EUR	-38.5%
Diluted earnings per share	0.49 EUR	0.21 EUR	-56.6%	1.73 EUR	1.06 EUR	-38.5%
Weighted average number of outstanding shares	320,389,032	321,934,845	0.5%	319,804,251	321,689,513	0.6%
Weighted average number of outstanding shares for diluted earnings per share	321,182,940	322,347,162	0.4%	320,617,046	322,228,354	0.5%

9.5. Consolidated statements of other comprehensive income

	As of 30 September	
(EUR million)	2014	2015
Net income	577	362
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Cash flow hedges:		
Gain/(loss) taken to equity	8	-4
Transfer to profit or loss for the period	0	3
Exchange differences on translation of foreign operations	-1	0
Other	1	0
Total before related tax effects	9	-1
Related tax effects		
Cash flow hedges:		
Gain/(loss) taken to equity	-3	1
Transfer to profit or loss for the period	0	-1
Income tax relating to items that may be reclassified	-3	0
Items that may be reclassified to profit and loss, net of related tax effects	6	-1
Total comprehensive income	583	362
Attributable to:		
Equity holders of the parent	560	342
Non-controlling interests	22	20

9.6. Consolidated balance sheets

(EUR million)	As of 31 December 2014	As of 30 September 2015
ASSETS		
NON-CURRENT ASSETS	**6,339**	**6,319**
Goodwill	2,272	2,272
Intangible assets with finite useful life	1,180	1,160
Property, plant and equipment	2,680	2,740
Investments in associates	4	2
Other participating interests	8	8
Deferred income tax assets	102	87
Other non-current assets	94	49
CURRENT ASSETS	**2,183**	**2,337**
Inventories	117	134
Trade receivables	1,182	1,206
Current tax assets	63	17
Other current assets	111	150
Investments	8	11
Cash and cash equivalents	702	819
TOTAL ASSETS	**8,522**	**8,656**
LIABILITIES AND EQUITY		
EQUITY	**2,969**	**2,992**
Shareholders' equity	**2,779**	**2,819**
Issued capital	1,000	1,000
Treasury shares	-470	-449
Restricted reserve	100	100
Remeasurement reserve	-128	-129
Stock compensation	8	6
Retained earnings	2,270	2,291
Non-controlling interests	**189**	**173**
NON-CURRENT LIABILITIES	**3,332**	**2,883**
Interest-bearing liabilities	2,386	1,939
Liability for pensions, other post-employment benefits and termination benefits	504	485
Provisions	154	161
Deferred income tax liabilities	110	99
Other non-current payables	178	198
CURRENT LIABILITIES	**2,221**	**2,781**
Interest-bearing liabilities	162	545
Trade payables	1,358	1,242
Tax payables	111	211
Other current payables	591	782
TOTAL LIABILITIES AND EQUITY	**8,522**	**8,656**

9.7. Consolidated cash flow statements

(EUR million)	3rd Quarter 2014 - restated	3rd Quarter 2015	Year-to-date 2014 - restated	Year-to-date 2015
Cash flow from operating activities				
Net income	164	75	577	362
Adjustments for:				
Depreciation and amortization on intangible assets and property, plant and equipment	207	216	610	648
Increase / (Decrease) in provisions	-3	5	-23	8
Deferred tax expense	0	7	8	4
Loss from investments accounted for using the equity method	1	0	1	2
Fair value adjustments on financial instruments	-1	-3	-5	-14
Loans amortization	2	24	5	30
(Gain) / loss on disposal of consolidated companies and remeasurement of previously held interest	1	0	-61	0
Gain on disposal of other participating interests and enterprises accounted for using the equity method	0	0	-1	0
Gain on disposal of property, plant and equipment	0	-3	-46	-13
Other non-cash movements	4	1	16	3
Operating cash flow before working capital changes	**373**	**321**	**1,081**	**1,031**
Decrease / (increase) in inventories	2	4	10	-17
Decrease / (increase) in trade receivables	-49	28	-11	1
Decrease / (increase) in current income tax assets	1	-2	0	-2
Decrease / (increase) in other current assets	20	-13	-44	17
Increase / (decrease) in trade payables (1)	52	-8	38	-82
Increase in income tax payables	33	10	25	100
Increase in other current payables	44	185	89	208
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-15	-3	-60	-19
Decrease in working capital, net of acquisitions and disposals of subsidiaries	**88**	**201**	**48**	**206**
Net cash flow provided by operating activities	**461**	**521**	**1,129**	**1,237**
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment (1)	-222	-227	-658	-734
Cash paid for acquisitions of other participating interests	0	-1	0	-2
Cash paid for acquisition of consolidated companies, net of cash acquired	0	0	-1	0
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	0	11	65	23
Net cash received for other non-current assets	0	1	0	0
Net cash used in investing activities	**-222**	**-215**	**-500**	**-716**
Cash flow before financing activities (FCF)	**238**	**306**	**629**	**522**
Cash flow from financing activities				
Dividends paid to shareholders	-9	-2	-553	-328
Dividends / capital paid to non-controlling interests	0	0	-33	-36
Net sale of treasury shares	23	4	43	19
Net sale of investments	0	0	50	-2
Decrease of shareholders' equity	0	0	-1	0
Issuance / (repayment) of long term debt	-1	0	596	0
Repayment of long term debt (3)	0	0	0	-57
Repayment of short term debt	0	0	-314	0
Net cash provided by / (used in) financing activities (2)	**14**	**3**	**-211**	**-404**
Net increase of cash and cash equivalents	**252**	**309**	**418**	**118**
Cash and cash equivalents at 1 January	355	702	355	702
Cash and cash equivalents at 30 September	773	819	773	819

(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	Remeasur-ement reserve	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 - acquired during the year	*0*	*0*	*0*	*5*	*0*	*0*	*0*	*0*	*5*	*0*	*5*
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*
Equity changes not recognised in the income statement	0	0	0	7	0	-1	0	0	6	0	6
Net income	0	0	0	0	0	0	0	554	554	23	577
Total comprehensive income and expense	**0**	**0**	**0**	**7**	**0**	**-1**	**0**	**554**	**560**	**22**	**583**
Dividends to shareholders (relating to 2012)	0	0	0	0	0	0	0	-537	-537	0	-537
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-33	-33
Treasury shares	0	0	0	0	0	0	0	0	0	0	0
Exercise of stock options	0	45	0	0	0	0	0	-2	43	0	43
Stock options	0	0	0	0	0	0	0	0	0	0	0
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	-3	5	0	0	0
Total transactions with equity holders	**0**	**45**	**0**	**0**	**0**	**0**	**-1**	**-534**	**-493**	**-33**	**-526**
Balance at 30 September 2014	**1,000**	**-482**	**100**	**4**	**-48**	**0**	**12**	**2,330**	**2,913**	**185**	**3,098**
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 - acquired during the year	*0*	*0*	*0*	*-1*	*0*	*0*	*0*	*0*	*-1*	*0*	*-1*
Equity changes not recognised in the income statement	0	0	0	-1	0	0	0	0	-1	0	-1
Net income	0	0	0	0	0	0	0	343	343	20	362
Total comprehensive income and expense	**0**	**0**	**0**	**-1**	**0**	**0**	**0**	**343**	**342**	**20**	**362**
Dividends to shareholders (relating to 2013)	0	0	0	0	0	0	0	-322	-322	0	-322
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-36	-36
Treasury shares											
Exercise of stock options	0	21	0	0	0	0	0	-2	19	0	19
Stock options											
Exercise of stock options	0	0	0	0	0	0	-2	2	0	0	0
Total transactions with equity holders	**0**	**21**	**0**	**0**	**0**	**0**	**-2**	**-322**	**-302**	**-36**	**-338**
Balance at 30 September 2015	**1,000**	**-449**	**100**	**2**	**-130**	**0**	**6**	**2,291**	**2,819**	**173**	**2,992**

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.

	Nine months ended 30 September 2015									
	Reported		Adjusted for incidentals							
(EUR million)	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Technology and Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	4,396	0	4,396	2,136	979	140	5	1,197	-61
Other operating income	37	-10	27	17	4	5	6	4	-9
Intersegment income	69	0	69	4	4	24	7	30	0
Non-recurring income	0	0	0	0	0	0	0	0	0
Total income	**4,503**	**-10**	**4,493**	**2,157**	**987**	**168**	**19**	**1,231**	**-69**
Costs of materials and services related to revenue	-1,771	0	-1,772	-505	-278	-26	0	-1,018	56
Personnel expenses and pensions	-771	0	-771	-299	-206	-127	-99	-39	0
Other operating expenses	-739	108	-631	-258	-60	-152	-127	-47	13
Non-recurring expenses	3	-3	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	**-3,278**	**104**	**-3,173**	**-1,063**	**-545**	**-304**	**-226**	**-1,104**	**69**
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	**1,225**	**94**	**1,320**	**1,094**	**442**	**-136**	**-208**	**127**	**0**
Depreciation and amortization	**-648**	0	**-648**	-133	-17	-396	-43	-58	0
OPERATING INCOME / (LOSS)	**577**	**94**	**672**	**961**	**425**	**-532**	**-251**	**68**	**0**
Finance expense (net)	-95								
Share of gain/ (loss) on associates	-2								
INCOME BEFORE TAXES	480								
Tax expense	-118								
NET INCOME	362								
Non-controlling interests	20								
Net income (Group share)	343								

	Nine months ended 30 September 2014								
	Reported		Adjusted for incidentals						
(EUR million)	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Technology and Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	4,265	0	4,265	2,063	957	152	5	1,150	-62
Other operating income	185	-177	8	14	5	3	-3	1	-12
Intersegment income	84	0	84	3	4	28	20	30	0
Non-recurring income	62	-62	0	0	0	0	0	0	0
Total income	**4,597**	**-239**	**4,357**	**2,079**	**965**	**184**	**21**	**1,182**	**-74**
Costs of materials and services related to revenue	-1,787	83	-1,703	-476	-261	-27	0	-996	57
Personnel expenses and pensions	-797	26	-771	-305	-203	-128	-101	-34	0
Other operating expenses	-620	9	-612	-242	-66	-137	-134	-48	16
Non-recurring expenses	5	-5	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	**-3,199**	**112**	**-3,086**	**-1,023**	**-530**	**-292**	**-235**	**-1,079**	**73**
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	**1,398**	**-127**	**1,271**	**1,056**	**435**	**-108**	**-214**	**103**	**-1**
Depreciation and amortization	**-610**	0	**-610**	-108	-20	-371	-52	-60	0
OPERATING INCOME / (LOSS)	**788**	**-127**	**661**	**948**	**415**	**-479**	**-266**	**43**	**0**
Finance expense (net)	-71								
Share of gain/ (loss) on associates	-1								
INCOME BEFORE TAXES	716								
Tax expense	-139								
NET INCOME	577								
Non-controlling interests	23								
Net income (Group share)	554								

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 30 September 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 interest rate swaps (IRS) and interest rate and currency swaps (IRCS) to manage the exposure to interest rate risk and to foreign currency risk on its non-current interest bearing liabilities (including their current portion). 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 30 September 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 September 2015 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	8	8	
Other non-current assets				
Other derivatives	FVTPL	5	5	Level 2
Other financial assets	LaR	44	44	
Current assets				
Trade receivables	LaR	1,206	1,206	
Interest-bearing receivables				
Other derivatives	FVTPL	4	4	Level 2
Non-interest-bearing receivables				
VAT and other receivables	LaR	39	39	
Other derivatives	FVTPL	2	2	Level 1
Investments	AFS	4	4	Level 1
Investments	HTM	7	7	
Cash and cash equivalents				
Short-term deposits	LaR	819	819	

As of 31 September 2015 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	1,931	2,036	Level 2
Leasing and similar obligations	OFL	4	4	
Other derivatives	FVTPL	4	4	Level 2
Non-interest-bearing liabilities				
Other non-current payables	OFL	198	198	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	OFL	538	534	Level 2
Leasing and similar obligations	OFL	2	2	
Other derivatives	FVTPL	5	5	Level 2
Interest-bearing liabilities				
Trade payables	OFL	1,242	1,242	
Other current payables				
Other derivatives	FVTPL	2	2	Level 1
V.A.T. and other amounts payable	OFL	462	462	

(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 30 September 2015 for similar debentures with the same remaining maturities.

9.11. Contingent liabilities

Compared to the 2014 annual accounts and second quarter report 2015 no changes occurred during the third quarter 2015 in the contingent liabilities except for the following development:

Settlement Agreement on-net legal case with KPN, Base Company and Mobistar
On 20 October 2015, Proximus, KPN, BASE Company and Mobistar agreed to settle all outstanding litigations related to the on-net tariffs. Consequently, (i) the pending litigation between Proximus, BASE Company and Mobistar before the Court of Appeal is withdrawn, (ii) the appeal with the Supreme Court is withdrawn, (iii) the pending litigations before the Commercial Court related to the on-net tariffs initially lodged by Base, Mobistar, Tele 2 Belgium (now Mobistar), Sympac (now KPN BV) are withdrawn and (iv) the appeals of Base and Mobistar against the decision of the Belgian Competition Authority dated 26 May 2009 are withdrawn. In the case under (iv), Proximus will continue its appeal procedure against this decision. This settlement agreement is without any harmful recognition. The settlement agreement involves the payment of an amount of EUR 120 million of which EUR 66 million is paid to BASE Company and EUR 54 million to Mobistar.

9.12. Post balance sheet events

Events that occurred after 30 September 2015:

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".

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.
Proximus will continue to use other arguments in its legal proceedings against similar taxes.

10-year institutional bond with an issued amount of EUR 500 million
In September 2015, Proximus has successfully issued EUR 500 million Senior Unsecured Notes due October 2025. The spread of this transaction was set at 97 basis points over the 10-year mid-swap rate, corresponding to a coupon of 1.875% annually. On 1 October 2015 the bond was listed on Euronext Brussels.

Buy back of own bonds maturing in November 2016 and February 2018 (see note 9.3)
Proximus repurchased 29% of its EUR 950 million bond (4.375%) due in November 2016 and 19% of its EUR 500 million bond (3.875%) due in February 2018, with acceptance on 29 September 2015. The cash settlement took place on 1 October 2015

Sales of Softkinetic Systems SA shares
On 7th of October 2015 the closing of the sales of Proximus' shares in Softkinetic Systems SA (minority shareholding of 7.66%) was accomplished.

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.

Trunking lines:
Business Trunking offers a solution for the integration of voice and data traffic on one single data network. At the same time, it allows communication with the traditional switched-voice network (PSTN/ISDN).

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.

OLO:
Other Licensed Operator

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

25 January 2016
Start of quiet period ahead of
Q4 2015 results

26 February 2016
Announcement of
Q4 2015 results

13 April 2016
Start of quiet period ahead of
Q1 2016 results

04 May 2016
Announcement of
Q1 2016 results

12. Contact details

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