2017 Q3

Quarterly Report

proximus

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1 Highlights Q3 2017

- **Solid uptake of all-in offers Tuttimus and Bizz All-In, 306,000 subscribers end-Q3'17.**
- **Stable 1.7% Postpaid Mobile services revenue growth, in spite of significant "Roam like at home" impact.**
- **Q3'17 underlying Domestic revenue stable and EBITDA 1.9% lower to EUR 426 million.**
- **Q3'17 underlying Group EBITDA of EUR 464 million, -2.2% YoY on a high comparable base.**
- **Full-year 2017 outlook reiterated .**
- **Interim dividend of EUR 0.50 per share to be paid on 8 December 2017.**

- Proximus posted for the third quarter of 2017 a **stable Domestic underlying revenue of EUR 1,105 million**. This was driven by an enlarging customer base for Fixed Data and TV, and by revenue growth posted for Proximus' ICT operations. Revenue from Mobile Postpaid services was up too, achieving a sequentially stable growth in spite of a higher roaming exposure. This compensated for the ongoing revenue erosion in Fixed Voice and the revenue loss in Mobile Prepaid, triggered by the identification legislation. Proximus' carrier services, **BICS, posted EUR 336 million in revenue, 12.1% below the comparable period** of 2016. In aggregate, the **Proximus Group ended the third quarter of 2017 with a 3.2% decline in underlying revenue, totaling EUR 1,441 million**.

- For the third quarter 2017, Proximus **Domestic operations posted a direct margin of EUR 831 million, -1.7%** from the prior year. On top of the ongoing erosion in Fixed Voice margin, the Mobile services margin was significantly impacted by volume-driven roaming termination costs during the summer holidays. This was however partly offset by a favorable evolution in visitor roaming, within the Wholesale segment. **BICS contained the impact from its lower revenue on a direct margin level**, with for the third quarter a direct margin decline of 4.3%, on a high comparable base. In aggregate, the **Proximus Group underlying direct margin was down by 1.9%,** totaling EUR 901 million for the third quarter of 2017.

- Proximus keeps a strong focus on structurally improving its cost base, further **lowering its underlying Domestic expenses by 1.4% in the third quarter 2017, from a low comparable cost base.** For **BICS the third -quarter 2017 operating expenses were down by 3.5% to EUR 32 million.** In aggregate, the Proximus Group underlying operating expenses ended 1.5% below those of the previous year.

- Proximus **Group's third-quarter 2017 underlying EBITDA totaled EUR 464 million, i.e. -2.2% from the prior year's high comparable base**. Including regulatory roaming impacts, Proximus' Domestic operations posted a 1.9% decline in underlying EBITDA, totaling EUR 426 million. BICS' third-quarter 2017 EBITDA totaled EUR 38 million, a year-on-year decrease of 5.0%.

- **Over the first nine months of 2017, Proximus invested EUR 707 million**. The EUR 72 million increase compared to the same period of 2016 is largely explained by the capex related to the Jupiler League football broadcasting rights acquired in May 2017. This aside, invested amounts mainly supported the further improvement in Proximus' Fixed and Mobile networks, including Fiber for Belgium which started in five cities, a comprehensive entertainment offer and the deployment of simplification and transformation projects that contribute to the decreasing cost base and better customer experience.

- Proximus' **FCF over the first nine months of 2017 totaled EUR 480 million,** including significant higher tax payments following the raised legal prepayment percentage, partially offset by underlying EBITDA growth.

- **Proximus continued to grow its customer base, be it seasonally muted and facing a step up in competitor promotions.**
  Many customers continued to be attracted by Proximus' all-in offers Tuttimus/Bizz All-In, reaching 306,000 end-September 2017. Proximus' low-cost brand Scarlet confirmed its competitive position in the lower end of the market.

+9,000[1] unique **TV-customers**, total of 1,543,000

+7,000 Fixed Internet lines, total of 1,965,000

-26,000 Fixed Voice lines, total of 2,645,000 lines

+20,000[2] **Mobile Postpaid** cards, 3,860,000 in total

-95,000 Mobile Prepaid cards 964,000 in total

+8,000 3 & 4-Play HH/SO[3], total of 1,418,000, i.e. 48.2% of total base

56.4% Convergent HH/SO, +2.3 p.p YoY

Dominique Leroy, CEO of Proximus Group

With third quarter financials in line with our expectations, we are confident to end the year with a slight growth in Group EBITDA.

The summer holiday season was marked by a high exposure to the impact from "Roam-like-at-home" with traveling Proximus customers taking great benefit from this new advantage. European Data roaming volumes were boosted, increasing by 6 times compared to last years' third quarter. As a positive, visitor roaming volumes also increased considerably, partly compensating for the higher roaming-out costs.
Mobile data usage was also encouraged by our increased data bundles for all of our Mobilus subscriptions. Effective 1 August, our all-in offers Tuttimus/Bizz All-in became even more attractive by doubling the data, which continued to fuel the traction for our convergent portfolio, reaching 306,000 end-September.

The third quarter noticed a step up in competitor promotions, especially in the Consumer market. Nonetheless, thanks to our convergence and dual brand strategy we managed to mitigate the impact on churn and further grew our customer base. This was supported by Scarlet, occupying a competitive position on the low-end of the market. Our Enterprise segment sustained its solid position, firmly growing its mobile customer base and benefitting from a solid ICT quarter and ongoing growth in Mobility and convergent services, offsetting the ongoing pressure on legacy products.

Our cost efficiency program continued to deliver well, decreasing our expenses further from an already reduced base in 2016.
As we anticipated, the third quarter Domestic EBITDA variance turned negative, declining by 1.9% versus last year's high comparable base and coping with high-roaming exposure. Excluding the net roaming impact, the Domestic EBITDA would have grown by 2.3%. Including BICS, the Proximus Group EBITDA was down by 2.2% in the third quarter.

We have invested in the further deployment of simplification and transformation projects and the further enhancement of our mobile network, including the commercial roll-out of 4.5G. As for the Fixed network, we have completed our VDSL2 upgrade with vectoring technology, reaching now 83% of the Belgian population, the largest vectoring coverage world-wide. This technology raised broadband speeds considerably, and allowed for a whole range of enhanced digital services.
Our *Fiber for Belgium* project is also moving ahead and getting up to speed with the roll-out started in 5 large cities.

With the year-to-date financial results being in line with our expectations, we reaffirm our full-year guidance of slight growth in Group EBITDA, and a nearly stable Domestic revenue. We also confirm our 2017 Capex outlook of around EUR 1 billion.

Concerning the ongoing market analysis, Proximus provided its comments to the BIPT. We strongly advocate for a regulatory context that favors investments and for a non-regulated, open fiber network, based on flexible bitstream access, enabling a competitive gigabit market in Belgium. We recently closed a commercial wholesale fiber agreement with Edpnet, reflecting our active engagement with our wholesale customers to meet their evolving needs. Proximus guarantees fiber access for Belgian households in the quickest and most cost-effective way, taking into account the specific Belgian context. We are also open to co-investments in fiber infrastructure, under acceptable technical and financial conditions.

As a final point, I'm very pleased to announce that Proximus acquired the nation- wide exclusive broadcasting rights for Studio 100 TV. With their successful family and kids entertainment productions, this channel is an important addition to our content offering.

[1] Not including second or third TV settop boxes.

[2] Group (Consumer, Enterprise, Tango) figure, only paying, active cards, excluding M2M.

[3] Households/Small Office, with Small Office being all customers of Consumer-SE. These are small enterprises with up to 10 employees.

2 Proximus Group financial review

- Third-quarter Domestic revenue remained stable in spite of pressure on roaming and competitive intensity.
- Mobile Postpaid service revenue up by 1.7%, i.e. maintaining sequentially stable growth in a high-roaming quarter.
- Continued revenue growth for TV, Fixed Data, and mobile terminals, while fixed voice and prepaid revenue further eroded.
- Underlying Group EBITDA of EUR 464 million, -2.2% on a high comparable base.
- Proximus' FCF for the first nine months of 2017 totaled EUR 480 million, including higher income tax prepayments.

2.1 Group financials

Underlying Group P&L

Table 1: Underlying Group P&L

	3rd Quarter			Year-to-date		
(EUR million)	**2016**	**2017**	**% Change**	**2016**	**2017**	**% Change**
TOTAL INCOME (*)	1,487	1,441	-3.2%	4,380	4,301	-1.8%
Costs of materials and charges to revenues (**)	-569	-539	-5.2%	-1,649	-1,601	-2.9%
TOTAL DIRECT MARGIN	918	901	-1.9%	2,731	2,700	-1.1%
Direct margin %	*61.7%*	*62.6%*	*0.8 p.p.*	*62.3%*	*62.8%*	*0.4 p.p.*
TOTAL EXPENSES	-444	-437	-1.5%	-1,376	-1,322	-3.9%
TOTAL EBITDA	474	464	-2.2%	1,355	1,378	1.7%
Segment EBITDA margin %	*31.9%*	*32.2%*	*0.3 p.p.*	*30.9%*	*32.0%*	*1.1 p.p.*

(*) referred to as "Revenue" in the document
(**) referred to as "Cost of sales" in the document

2.1.1 Underlying Group revenue

Proximus posted for **the third quarter of 2017** a **stable Domestic underlying revenue of EUR 1,105 million**. This includes a **slight increase in revenue from Fixed**, driven by the sustained revenue growth for Fixed Data (+1.8%) and TV (+6.1%), and by a 5.3% growth in ICT revenue. These growth pools compensated for the 6.5% erosion in Fixed Voice.
Although the third quarter was a typical high-roaming period, and faced a full three-months effect from "Roam-like-at-home" (RLAH), the revenue **from Mobile Postpaid services showed a sequentially stable growth, up from the prior year by 1.7%.** The price pressure was more than compensated for by the larger Mobile Postpaid customer base, higher usage and the portfolio changes launched on 1 August 2017. The revenue erosion of Mobile Prepaid, however, remained at elevated levels, triggered by the identification legislation in an already declining market. Mobile Services revenue for the Consumer and Enterprise segment combined therefore ended 1.2% below that of the prior year.
In contrast to prior quarters, the increase in Mobile devices revenue was more moderate, with normalizing comparable base for the third quarter.

Proximus' carrier services, **BICS, posted EUR 336 million in revenue, 12.1% below** that of the comparable period in 2016. In aggregate, the **Proximus Group ended the third quarter of 2017 with a 3.2% decline in underlying revenue, totaling EUR 1,441 million**.

In spite of a more competitive Belgian landscape and regulatory headwinds, Proximus ended the **first nine months of 2017** with a **1.1% revenue increase for its Domestic operations**, primarily resulting from the ongoing expansion of its TV, Internet and Mobile Postpaid customer base and further supported by higher revenue from ICT and mobile devices. **Over the first nine months, BICS posted a 10.6% revenue decrease**, leading to a **1.8% decline for the Proximus Group to 4,301 million**.

Table 2: Group revenue by segment

(EUR million)	3rd Quarter 2016	3rd Quarter 2017	3rd Quarter % Change	Year-to-date 2016	Year-to-date 2017	Year-to-date % Change
Group Reported	1,488	1,463	-1.7%	4,383	4,324	-1.4%
Incidentals	*0*	*-22*		*-3*	*-23*	
Group underlying by Segment	1,487	1,441	-3.2%	4,380	4,301	-1.8%
Domestic	1,105	1,105	0.0%	3,283	3,320	1.1%
Consumer	730	729	-0.1%	2,151	2,176	1.2%
Enterprise	338	339	0.4%	1,019	1,029	1.0%
Wholesale	51	56	9.5%	148	156	5.4%
Other (incl. eliminations)	-14	-20	-41.2%	-35	-42	-18.3%
International Carrier Services (BICS)	382	336	-12.1%	1,097	981	-10.6%

More precisely, the third-quarter 2017 Group underlying revenue variance was the result of the following segment changes:

- **Consumer posted stable revenue of EUR 729 million,** achieved through a continued growth in Proximus' customer base for its main products, growing its revenue for TV, for Internet, and -despite roaming regulation headwinds- for Mobile Postpaid. In contrast, revenue from Fixed voice declined due to the combination of a reduced customer base and lower usage, while the loss in Mobile Prepaid revenue remained at elevated levels, prompted by the identification legislation.
- The **Enterprise segment posted a slight increase in its revenue**, up by 0.4% from the prior year totaling EUR 339 million for the third quarter of 2017. The revenue was supported by a good quarter for ICT, up year-on-year by 5.3%, and by a solid revenue growth for Advanced Business Services, offsetting the erosion of Fixed voice and data services. The Mobile Services revenue decline was limited, down by 0.8%, in spite of a high roaming regulation exposure.
- Proximus' **Wholesale segment reported a solid 9.5% growth in revenue totaling EUR 56 million** for the third quarter of 2017, driven by a steep increase in roaming-in revenue, more than offsetting the lower traditional wholesale revenue.
- **BICS reported underlying revenue of EUR 336 million, down by 12.1%** compared to 2016, due to a further erosion in Voice traffic, combined with a less favorable destination mix, and a negative USD currency effect. This was in part offset by a strong increase in A2P[4] volumes, leading to a solid 7.9% increase in non-Voice revenue.

Table 3: Group revenue by product group

(EUR million)	3rd Quarter 2016	3rd Quarter 2017	3rd Quarter % Change	Year-to-date 2016	Year-to-date 2017	Year-to-date % Change
Revenues	1,487	1,441	-3.2%	4,380	4,301	-1.8%
Domestic	1,105	1,105	0.0%	3,283	3,320	1.1%
Fixed	624	627	0.6%	1,870	1,896	1.4%
Voice	190	177	-6.5%	575	546	-5.0%
Data (Internet & Data Connectivity)	213	217	1.8%	636	648	1.8%
TV	91	97	6.1%	266	287	8.0%
Terminals (excl. TV)	9	9	0.2%	26	26	0.8%
ICT	121	128	5.3%	367	389	6.0%
Mobile Services	331	327	-1.2%	993	973	-2.0%
Postpaid	297	302	1.7%	884	895	1.2%
Prepaid	34	25	-26.8%	109	79	-27.9%
Mobile Terminals	42	47	11.5%	107	140	30.4%
Advanced Business Services	5	7	40.7%	11	19	69.7%
Subsidiaries (Tango)	32	31	-2.2%	93	95	2.0%
Other Products	33	28	-15.7%	95	82	-13.6%
Wholesale	51	56	9.5%	148	156	5.4%
Other segment (incl. eliminations)	*-14*	*-20*	*-41.2%*	*-35*	*-42*	*-18.3%*
International Carrier Services (BICS)	*382*	*336*	*-12.1%*	*1,097*	*981*	*-10.6%*

[4] Application to Person messages

2.1.2 Underlying Group direct margin

Table 4: Group direct margin by segment

	3rd Quarter			Year-to-date		
(EUR million)	**2016**	**2017**	**% Change**	**2016**	**2017**	**% Change**
Group Reported	919	924	0.5%	2,734	2,723	-0.4%
Incidentals	*0*	*-22*		*-3*	*-23*	
Group underlying by Segment	918	901	-1.9%	2,731	2,700	-1.1%
Domestic	846	831	-1.7%	2,525	2,499	-1.0%
Consumer	560	550	-1.7%	1,661	1,649	-0.8%
Enterprise	237	234	-1.6%	720	710	-1.3%
Wholesale	44	46	3.7%	130	132	1.8%
Other (incl. eliminations)	4	2	-53.5%	14	8	-43.5%
International Carrier Services (BICS)	73	70	-4.3%	206	201	-2.5%

Proximus posted for its Domestic operations a **third quarter 2017 direct margin of EUR 831 million, -1.7%** from the prior year. The direct margin for both the Consumer and Enterprise segment decreased for the third quarter, due to an unfavorable revenue mix effect, with a continued pressure on Fixed voice margin. In addition, the third quarter Mobile services margin was significantly pressured with RLAH regulation boosting volumes, triggering an increase in roaming wholesale costs.
As visitor roaming increased considerably as well, the direct margin loss from traditional wholesale products was more than offset in the third quarter, resulting in a 3.7% margin increase for Proximus' Wholesale segment.

BICS contained the impact on its direct margin from its revenue pressure, with for the third quarter 2017 a **direct margin decline of 4.3%, on a higher comparable base**. In aggregate, the **Proximus Group's underlying direct margin was down by 1.9%, totaling EUR 901 million** for the third quarter of 2017.

Over the **first nine months of 2017**, **the Proximus Group posted a direct margin of EUR 2,700 million**, with EUR 2,499 million for its Domestic operations, or -1.0% from the prior year. This included a EUR -48 million loss following the roaming-out price regulation, partly offset by a positive volume impact. BICS' direct margin ended 2.5% below that of the prior year.

2.1.3 Underlying Group expenses[5]

The **Proximus Group underlying operating expenses for the third quarter of 2017 were down by 1.5%** from the previous year. Proximus continued to keep a strong focus on structurally improving its cost base, **reducing its Domestic expenses further by 1.4% from a low comparable base**, with the third quarter 2016 reflecting already significant cost efficiencies. For BICS, the third-quarter 2017 operating expenses were at EUR 32 million, down by 3.5% from the comparable period of 2016.

Underlying workforce expenses for the Proximus Group declined by 0.7% to EUR 287 million **in the third quarter of 2017**. The year-on-year decline was supported by a lower internal headcount, including natural attrition and was further enabled by the voluntary early leave plan ahead of retirement. With the first wave of leaving employees annualizing since July 2017, the third quarter cost benefit was more limited versus prior quarters.
The favorable cost effect of a lower headcount was partly offset by the impact of an inflation-based salary increase in July 2017 and the natural wage drift. By the end of the third quarter 2017, the Proximus Group headcount totaled 13,120 FTEs. This is 479 FTEs less compared to a year ago, and 512 FTEs less compared to end-2016. This was mainly due to a combination of employees having left under the early leave plan ahead of retirement, legal retirements, and natural attrition, partly offset by hiring some business-critical profiles in order to, among other things, support new domains. **Third-quarter 2017 underlying non-workforce expenses totaled EUR 151 million, an improvement of 3.1%** versus 2016.

Over the **first nine months of 2017**, the total **Proximus Group expenses were reduced by EUR 54 million or 3.9%,** totaling EUR 1,322 million, keeping Proximus well on track to reach its cost reduction ambition of EUR 150 net cost savings in the four-year period 2016-2019.

[5] Excluding Cost of Sales and not including incidentals.

Table 5: Workforce versus non workforce expenses / Domestic expenses by nature

(EUR million)	3rd Quarter 2016	3rd Quarter 2017	3rd Quarter % Change	Year-to-date 2016	Year-to-date 2017	Year-to-date % Change
Group Reported	477	456	-4.5%	1,448	1,381	-4.6%
Incidentals	*-33*	*-18*		*-71*	*-59*	
Group Underlying	444	437	-1.5%	1,376	1,322	-3.9%
Workforce expenses	289	287	-0.7%	877	861	-1.8%
Non Workforce expenses	156	151	-3.1%	499	461	-7.6%
Domestic Underlying	411	405	-1.4%	1,282	1,226	-4.4%
Workforce expenses	275	273	-0.7%	837	820	-2.1%
Non Workforce expenses	136	132	-2.8%	445	407	-8.7%
BICS Underlying	33	32	-3.5%	94	96	2.3%
Workforce expenses	14	14	-1.1%	40	42	3.4%
Non Workforce expenses	20	18	-5.2%	54	55	1.6%
Domestic Underlying by nature	411	405	-1.4%	1,282	1,226	-4.4%
Marketing Sales & Servicing	215	222	3.2%	655	659	0.6%
Network & IT	138	130	-5.5%	437	394	-9.9%
General and Administrative (G&A)	59	54	-8.6%	190	173	-8.9%

2.1.4 Group EBITDA

Table 6: Operating income before depreciation and amortization

(EUR million)	3rd Quarter 2016	3rd Quarter 2017	3rd Quarter % Change	Year-to-date 2016	Year-to-date 2017	Year-to-date % Change
Group Reported	441	468	6.0%	1,286	1,342	4.3%
Incidentals	*33*	*-4*		*69*	*36*	
Group underlying	474	464	-2.2%	1,355	1,378	1.7%
Domestic	435	426	-1.9%	1,242	1,272	2.4%
International Carrier Services (BICS)	40	38	-5.0%	112	105	-6.6%

(1) Underlying Group EBITDA

The ongoing reduction of operating expenses compensated partly for the lower direct margin. Proximus' **Domestic operations posted a 1.9% decline in underlying EBITDA, totaling EUR 426 million.** This includes a net decrease in the total roaming[6] margin by EUR 18 million. This aside, the third quarter Domestic EBITDA grew by 2.3%.

BICS posted third-quarter 2017 EBITDA of EUR 38 million, a year-on-year decrease of 5.0%, driven by lower direct margin, somewhat compensated for by lower expenses.
In aggregate, the Proximus Group's **third-quarter 2017 underlying EBITDA totaled EUR 464 million, i.e. -2.2% from the prior year's high comparable base**.

Over the **first nine months of 2017**, the underlying **Group EBITDA of Proximus totaled EUR 1,378 million, a 1.7% increase** compared to the previous year. This includes a EUR 48 million negative roaming regulation pricing impact, which was partly offset by a positive volume impact and an increase in roaming-in margin.

(2) Total Reported Group EBITDA (incidentals included)

In the third quarter of 2017, the Proximus Group recorded EUR 4 million net positive EBITDA incidentals, with a capital gain on buildings sales more than offsetting the costs related to the early leave plan prior to retirement. Including these, the **Proximus Group's reported EBITDA totaled EUR 468 million**, compared to EUR 441 million the year before, i.e. **an increase of 6.0%.** See section 8.2 for more information on the incidentals.

[6] Net margin evolution from Proximus and Tango Roaming-out and Roaming-in (visitor roaming).

2.1.5 Net income

Depreciation and amortization

The third quarter 2017 **depreciation and amortization totaled EUR 239 million** bringing the total over the first nine months of 2017 to EUR 717 million. This compares to EUR 688 million for the same period of 2016, with the increase mainly due to an increasing asset base over the years to depreciate.

Net finance cost

The **year-to-date September 2017 net finance cost was EUR 48 million**, EUR 26 million lower versus last year's level of EUR 74 million, mainly resulting from refinancing at a lower interest rate.

Tax expenses

The tax expenses over the first nine months of 2017 were EUR 176 million, representing an **effective tax rate of 30.5%.** This compares to 20.4% in 2016, which benefitted from the recognition of a deferred tax asset. In addition, the 2017 tax base was higher and net tax deductions were limited, mainly due to a lower notional interest rate.

Net income (Group share)

With EUR 140 million net income for the third quarter of 2017, Proximus reported a **year-to-date September net income (Group share) of EUR 385 million.** The 3.3% year-on-year decrease is mainly explained by higher tax expenses, and depreciation and amortization, partly offset by higher underlying Group EBITDA and lower finance costs.

Table 7: From Group EBITDA (as reported) to net income

	3rd Quarter			Year-to-date		
(EUR million)	**2016**	**2017**	**% Change**	**2016**	**2017**	**% Change**
EBITDA	441	468	6.0%	1,286	1,342	4.3%
Depreciation and amortization	-228	-239	5.1%	-688	-717	4.2%
Operating income (EBIT)	214	229	7.0%	598	624	4.4%
Net finance costs	-26	-18	-31.5%	-74	-48	-35.8%
Income before taxes	187	210	12.2%	524	576	9.9%
Tax expense	-21	-64	>100%	-107	-176	64.7%
Non-controlling interests	6	5	-14.8%	19	15	-20.9%
Net income (Group share)	160	140	-12.1%	398	385	-3.3%

2.1.6 Investments

In the third quarter of 2017 Proximus invested EUR 205 million, bringing the total over the first nine months of 2017 to EUR 707 million. The increase compared to the same period of 2016, which was at EUR 635 million, is largely explained by the capex related to the Jupiler League football broadcasting rights acquired in May 2017 for the next three seasons. This aside, the year-to-date capex level remained slightly below that of the same period of 2016, with the 2017 Fiber-related Capex being back-end loaded.

Since the start of 2017, Proximus launched its Fiber-to-the-Home (FTTH) brownfield project in 5 large cities (Brussels, Namur, Charleroi, Antwerp and Gent). The project moved from design and preparation phase to construction works, followed by local commercial campaigns. To optimize the value of its Fiber project, Proximus ensures an

end-to-end approach, from construction to sales and activation. For fiber-to-the-business (FTTB) as well, design, construction and commercialization is now continuously started in new zonings.

Proximus customers already enjoy a very wide coverage of FttC, reaching 94% end-October. Moreover, Proximus completed its nationwide VDSL2 upgrade with vectoring technology. With Vectoring equipment installed in each of the more than 26.500 remote optical cabinets, fed by 21,500 km of optical fiber, Proximus reached a vectoring coverage of 83%, the largest worldwide.

The Vectoring technology enabled a significantly better broadband customer experience. Since the roll-out started end-2013, the broadband connection speeds have been raised considerably, reaching 69 Mbps on average, with over half of the population having access to 100 Mbps. This allowed for a whole range of enhanced digital services, with more non-linear and personalized TV services including Catch-Up TV, personalized content, Video-on-Demand, high quality streaming, teleworking services, home monitoring and cloud based services.

Proximus' mobile customers enjoy a high-quality network, with a completed 4G roll-out providing an outdoor coverage[7] of 99.7% and an indoor coverage of 97.8%. Investments in mobile capacity ensure high quality standards are maintained, even with national data traffic volumes increasing at an annual pace of 75%. Customers' monthly national data usage went up to 1.3 GB on average and 1.5 GB for 4G users. Smartphone penetration on Proximus' network increased further to 71%, with a 4G smartphone penetration of 59% at end-September 2017, or +14pp in one year.

In addition to network investments, Proximus also invests in a comprehensive entertainment offer and in its simplification and transformation projects that contribute to the decreasing cost base.

2.1.7 Cash flows

Table 8: Cash flows

	3rd Quarter			Year-to-date		
(EUR million)	**2016**	**2017**	**% Change**	**2016**	**2017**	**% Change**
Cash flows from operating activities	515	484	-6%	1,278	1,174	-8%
Cash paid for Capex (*)	-215	-242	12.7%	-723	-717	-0.8%
Cash flows from / (used in) financing activities other investing activities	0	25	-	-1	23	-
Cash flow before financing activities (FCF)	**300**	**267**	**-11%**	**555**	**480**	**-14%**
Cash flows used in financing activities (**)	-105	-159	51%	-444	-255	-43%
Net increase / (decrease) of cash and cash equivalents	**195**	**108**	**-45%**	**111**	**225**	**103%**

(*) 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.

Proximus' **FCF over the first nine months of 2017 totaled EUR 480 million**. The decrease compared to the EUR 555 million for the same period in 2016 was mainly the consequence of higher income tax payments, including increased prepayments following the raise of the legal prepayment percentage to 59%. In addition, working capital needs were somewhat higher. This was partially offset by a growth in underlying EBITDA and slightly less cash paid for Capex.

Cash used by financing activities totaled EUR 255 million for the first nine months of 2017 as payments of dividends and net reimbursements of short-term debts were higher than the cash received from new long term debts.

2.1.8 Balance sheet and shareholders' equity

Tangible and intangible fixed assets decreased by EUR 23 million to EUR 3,986 million as a consequence of the amount of depreciation and amortization which was higher than the invested Capex.
The shareholders' equity increased from EUR 2,819 million end-2016 to EUR 2,879 million end-September 2017. This was mainly due to the net income Group Share (EUR 385 million) generated in the first nine months of 2017 exceeding the dividends (EUR 323 million).

End-September 2017, Proximus' outstanding long-term debt amounted to EUR 2,264 million, and the net debt decreased from EUR 1,861 million at the end of 2016 to EUR 1,733 million at the end of September 2017.

[7] Source: Comm Square results Q2 2017

Table 9: Net financial position

(EUR million)	As of 31 December 2016	As of 30 September 2017
Investments, Cash and cash equivalents (*)	302	526
Derivatives	7	5
Assets	309	531
Non-current liabilities (**)	-1,763	-1,858
Current liabilities (**)	-407	-407
Liabilities	-2,170	-2,264
Net financial position	**-1,861**	**-1,733**

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

2.2 Regulation

International Roaming

Table 10: Estimated year-on-year price impact from roaming-out regulation

(EUR million)	Q3'17 Actuals	YTD'17 Actuals	FY'17 Estimate
REVENUE	**-21**	**-48**	**-61**
National	-18	-40	-50
Tango	-4	-8	-11
EBITDA	**-21**	**-48**	**-61**
National	-18	-40	-50
Tango	-4	-8	-11

Roaming-Out impact is defined as: Volumes of year-1 multiplied by the year-on-year price decrease as set by the regulator.

The EU roaming regulation has impacted Proximus' financial result significantly, starting end-April 2016 with Proximus lowering its roaming rates in Europe, in line with the EU regulatory transitory period before the complete abolition of roaming surcharges.
At the same time, Scarlet, Proximus' low-cost telecom provider, completely abolished its roaming costs for all EU countries.
Since 12 June 2017, Proximus has implemented RLAH, allowing Proximus customers to surf, call and text within the European Union like at home, without extra charges, provided they comply with the Fair Use Policy (FUP), aimed at preventing abusive usage of retail roaming services beyond periodic travelling in the EU.

New roaming wholesale prices have also been set, and foresee a step by step reduction over 5 years for data caps , with a decrease from EUR 7.7/GB as of 15 June 2017 to EUR 2.5/GB as of 1 January 2022. The Commission is tasked with reviewing these rates every two years with its first report due at the end of 2019.

The lowered roaming prices impacted Proximus' Mobile services revenue and margin. For full-year 2017, the negative price impact on Roaming-out revenue and margin is estimated at EUR 61 million including an of EUR 11 million for Tango. This should be, however, partly compensated for by positive volume impacts, and higher margin driven by increased visitor roaming traffic.

Indeed, in the third quarter 2017, roaming-out volumes have picked up considerably. Especially the growth in mobile data roaming accelerated, reaching its peak during the July-August summer holidays, with total EU roaming data traffic 6 times higher versus the third quarter of 2016. Proximus also benefitted from higher visitor roaming volumes. Hence, while the regulated roaming-out pricing impact for the third quarter 2017 was negative by EUR 21 million, the overall Roaming margin was down by EUR 18 million taking into account higher roaming-out and roaming-in volumes.

Prepaid identification

The identification of old and new mobile Prepaid cards became mandatory under Belgian law. Proximus implemented different solutions in order to make it easier for its customers to identify their prepaid cards. Since 7 June 2017, all active prepaid cards have been identified in line with the Belgian law.
A validation period ran until the 7th of September, after which all remaining non-identified cards were removed from Proximus' park. In total, Proximus removed 91,000 unidentified prepaid cards in the third quarter 2017.

Easy Switch

The “Easy Switch procedure launched by the BIPT at the request of the Telecom Minister to facilitate the switch-over for fixed services (voice, internet, television and packs) effectively entered into force on 3 July 2017. The new obligations will be reassessed by the BIPT by 1 July 2019.

Mobile Termination Rates

On 31 May 2017, the BIPT published its 3rd round analysis of the mobile termination market. The decision applies a MTR level of 0.99 eurocent/minute for the period 2017-2019 (vs 1.18 eurocent previously). The new MTR has been applicable since 1 July 2017. The estimated impact is less than EUR 6 million in revenue for 2017, with a fairly neutral EBITDA impact. In Luxembourg, the new MTR have been set at 0.89 eurocent/min since 1 July 2017 until 31 December 2019 (from 0.97 eurocent previously).

Spectrum

The BIPT launched consultations on the organization of auctions for new additional spectrum (700MHz, 1400MHz and 3400-3800MHz) and for the renewal of existing spectrum (900MHz, 1800MHz and 2100MHz, all of which expire by 15 March 2021).
The license will be valid for 20 years. One or more auctions are expected to be organized late 2018 or early 2019.

BIPT market analysis

On 7 July 2017, the Belgian regulators (BIPT and media regulators CSA, VRM and Medienrat) launched a public consultation on their review of the broadband internet and TV market analysis (the last analysis dates from July 2011). The regulators consider that these markets are still characterized by competition shortcomings and take as a stance that the market needs a third fixed player. Overall they propose a scheme for deepening the cable regulation and extending Proximus' regulation from its copper to also its fiber network. The concrete modalities of the regulation are not yet defined.
The consultation ran until end-September 2017. The contributions will now be processed by the regulators. The new draft will then be submitted to the Competition Council and the EU Commission. A final decision is expected at the earliest in the first quarter of 2018.

2.3 Outlook and shareholder remuneration

With financials over the first nine months of 2017 in line with estimations, Proximus is confident of closing the year with nearly stable Domestic revenue and slightly growing Group EBITDA, supported by its cost reduction plan. Proximus' Group Capex for the year 2017 is expected to be around EUR 1 billion, excluding the capitalization of football broadcasting rights.

Table 11: Actuals vs Outlook

Guidance metrics	Actuals FY'16	Outlook FY'17	YTD'17 Achievement
Domestic underlying **revenue**	€4,410m	Nearly stable	+1.1%
Group underlying **EBITDA**	€1,796m	Slight growth	+1.7%
Capex	€949m	Around €1Bn*	€707m**

* Capex outlook excludes the capitalization of football broadcasting rights

** Actuals 2017 include the capitalization of the Jupiler League football broadcasting rights, acquired mid-May 2017 for the next three seasons

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

- Ex-coupon date: 6 December 2017
- Record date: 7 December 2017
- Payment date: 8 December 2017

Proximus expects to return over 2017 a total gross dividend per share of €1.50, in line with the announced three-year commitment.

3 Consumer

- Stable underlying revenue, despite roaming regulation impact. Direct margin 1.7% lower, including cost impact of a steep increase in roaming volumes.
- Solid growth for Tuttimus and Bizz All-in subscribers, totaling 306,000 end-Sept'17.
- Customer base growing: +8,000 Fixed Internet, +9,000 TV, +9,000 Mobile Postpaid.
- Mobile Postpaid services revenue +2.6%, in spite of roaming regulation. Total Mobile Services revenue -1.3% YoY, driven by lower Prepaid revenue.

Table 12: Consumer revenue and direct margin

	3rd Quarter			Year-to-date		
(EUR million)	2016	2017	% Change	2016	2017	% Change
TOTAL SEGMENT INCOME	730	729	-0.1%	2,151	2,176	1.2%
Costs of materials and charges to revenues	-170	-179	5.1%	-490	-528	7.7%
TOTAL SEGMENT DIRECT MARGIN	560	550	-1.7%	1,661	1,649	-0.8%
Direct margin %	*76.7%*	*75.5%*	*-1.2 p.p.*	*77.2%*	*75.7%*	*-1.5 p.p.*

3.1 Consumer underlying revenue

For its Consumer segment, Proximus posted third quarter **revenue of EUR 729 million, fairly stable in relation to the prior year**.
With Proximus' customer base for its main products growing year-on-year, revenue for TV went up by 6.1% and for Internet by 3.7%. In spite of substantial roaming regulation headwinds, Mobile postpaid revenue grew by 2.6%. Revenue from Mobile devices was up by 10.5% from last year, a sequentially more limited growth rate as the comparable base in 2016 normalized from a low first half of 2016.
In contrast, revenue from Fixed voice continued to erode, due to the combination of a reduced customer base and lower usage. Furthermore, revenue from Mobile Prepaid repeated a steep revenue loss, reflecting the impact from the legal identification process which started in December 2016.

Proximus' all-in offers Tuttimus/Bizz All-In, continued to appeal to customers, counting 306,000 subscribers end-September 2017. Moreover, the dual brand strategy remained very supportive in the current competitive landscape. Especially Scarlet's attractive no-frills offers TRIO and Poco/Loco for price seekers kept good traction. Scarlet hence confirms its solid position in the low-end of the market, benefitting from higher brand awareness and from commercial campaigns.

In an overall more intense promotional setting, the third quarter Fixed churn rate was somewhat higher, especially compared to the low second quarter churn rates. This was reflected in the Internet and TV net adds. Mobile Postpaid customer growth was also more limited in the third quarter, including a temporary churn effect following Proximus' announced More-for-More price changes.

By end-September 2017, Proximus counted 2,942,000 HH/SO. In the third quarter 2017, the number of 4-Play HH/SO was up by 11,000, triggered by Proximus' all-in offers. Successful customer uptiering led to higher RGUs per household and a 1.8% increase in ARPH to EUR 67.7, compared to the same period in 2016. Out of the total HH/SO serviced by Proximus, 56.4% have both mobile and fixed services, a 2.3 pp improvement on the previous year (see section 3.3).

Table 13: Consumer revenue by product group

(EUR million)	3rd Quarter 2016	3rd Quarter 2017	3rd Quarter % Change	Year-to-date 2016	Year-to-date 2017	Year-to-date % Change
Revenues	730	729	-0.1%	2,151	2,176	1.2%
Fixed	383	387	1.1%	1,143	1,163	1.8%
Voice	131	124	-5.5%	396	381	-4.0%
Data (Internet & Data Connectivity)	150	156	3.7%	448	462	3.2%
TV	91	97	6.1%	266	287	8.0%
Terminals (excl. TV)	4	4	3.2%	11	12	2.8%
ICT	7	7	4.7%	21	21	-0.1%
Mobile Services	251	248	-1.3%	750	736	-1.8%
Postpaid	218	223	2.6%	641	657	2.6%
Prepaid	34	25	-26.8%	109	79	-27.9%
Mobile Terminals	37	41	10.5%	93	122	31.6%
Subsidiaries (Tango)	28	29	0.7%	82	85	3.6%
Other Products	30	24	-19.6%	84	71	-16.2%

Note that individual product lines are impacted by IFRS rules. See section 8.

Fixed Data revenue up driven by larger customer base: +8,000 in Q3 2017; +62,000 YoY

The Proximus Consumer segment posted **EUR 156 million revenue generated by its Internet subscriptions, an increase of 3.7% compared to the prior year**. The third quarter was marked by a more intense competitive environment, with a step up in Back to School promotions. The annualized Internet customer churn was somewhat up compared to the low-second quarter, and was 0.4pp above that of the prior year. Nonetheless, the number of Internet subscribers increased by 8,000 in a seasonally slower third quarter, with a stable third quarter ARPU of EUR 28.4. Over the last twelve months 62,000 Internet subscribers were added, bringing the total Internet subscriber base to 1,829,000 by end-September 2017, up 3.5% on an annual basis.

TV revenue up 6.1% from previous year, +9,000 TV households in Q3 2017; +70,000 YoY

Proximus continues to attract customers on its TV platform. This growing TV subscriber base remains an important revenue driver for the Consumer segment, with **TV revenues up by 6.1% year-on-year to total EUR 97 million for the third quarter of 2017.** In one year, the Proximus and Scarlet brands combined grew their TV customer base by 70,000 TV households, or +4.8%. This includes a net growth of 9,000 TV households over the third quarter of 2017, ending September 2017 with 1,543,000 TV customers[8]. The third-quarter TV ARPU increased by 1.0% year-on-year to EUR 20.9, benefitting from the new Tuttimus and Familus offers, providing customers with more extensive TV content. In the course of 2017, Proximus enhanced its offers by adding Netflix to the content options that Tuttimus customers can choose from, renewed the Belgian professional football broadcasting rights on a non-exclusive basis, and enriched its basic TV offering.

Fixed Voice line erosion and lower traffic driving revenue erosion

By end-September 2017 the total Fixed Voice customer base totaled 2,048,000, -0.4% from one year ago, including a net line loss of 15,000 Fixed Voice lines in the third quarter of 2017.
Proximus' multi-play offers Tuttimus and Familus, and Scarlet's Trio offer continue to support the Fixed Voice line.
The Fixed Voice ARPU for the third quarter of 2017 was EUR 20.1, i.e. a decline of 5.0% from the previous year, due to an ongoing decline in the use of Voice traffic.
A lower Fixed Voice customer base versus a year ago, combined with a lower ARPU, resulted in a **-5.5% year-on-year revenue decline for Fixed Voice**, reaching EUR 124 million in the third quarter of 2017.

Mobile Postpaid revenue +2.6% driven by 5.3% growth in customer base. +9,000 cards in Q3. Prepaid still impacted by identification legislation, though financial effect stabilized.

In total, the **Mobile Services revenue** of the Consumer segment totaled **EUR 248 million** for the **third quarter of 2017, or -1.3%**. However, revenue from **Postpaid services increased by 2.6%,** in spite of the RLAH headwinds. Since 12 June 2017, Proximus customers have been able to surf, call and text within the European Union like at home, without extra charges. The usage of data roaming increased significantly in

[8] Referring households and small-offices, not including multiple settop boxes

the summer holiday season, with both the number of users and average usage per customer going up sharply. The regulatory price impact was more than offset by the increase in Proximus' Postpaid customer base, up by 5.3% from the prior year, uptiering benefits and price changes.
After a strong second quarter, the third quarter net customer growth was limited to 9,000 Postpaid cards. In a competitive setting, and reinforced by announced price changes, the Postpaid churn was temporarily up in the third quarter (+0.7pp versus one year back).
End-September the Proximus Postpaid base counted 2,643,000 Postpaid cards with ARPU of EUR 28.3, -3.1% year-on-year.

In accordance with the Royal Decree, on 7 September all remaining non-registered Prepaid cards were deactivated and removed from Proximus' Prepaid park. This resulted in an accelerated decline of -88,000 in the third quarter, bringing the Prepaid base to 909,000.

When combining Prepaid and Postpaid, Consumer's Mobile customer base had a total of 3,552,000 Mobile cards with a third-quarter blended ARPU of EUR 23.1, up 1.8% from a year ago.

The Mobile "joint offers" further improved the smartphone penetration, which rose to 71%, leading to an increase in overall data usage. The blended monthly national data usage went up by 58% to an average of 1.3 GB. Usage by 4G users in the third quarter of 2017 increased by 40% to 1.5 GB[9] per month on average.

Tango revenue[10]

For the third quarter of 2017, Tango posted Consumer revenue of EUR 29 million, or 0.7% above that of the prior year. Despite the aggressive competitive market conditions, the Prepaid card identification legislation and the application of the RLAH legislation from 15 June 2017, Tango has successfully maintained its consumer revenue.
This growth is mainly driven by the commercial success of the revamped Smart portfolio, and its success in executing a convergence strategy on fixed services (Voice, Internet and TV).

Table 14: Consumer operationals by product group

	Q316	Q317	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**3,824**	**3,877**	**53**
Voice	2,058	2,048	-9
Broadband	1,767	1,829	62
TV unique customers (thousands)	**1,472**	**1,543**	**70**
ARPU (EUR)			
ARPU Voice	21.2	20.1	-1.1
ARPU broadband	28.4	28.4	0.0
ARPU TV	20.7	20.9	0.2
From Mobile			
Number of active customers (thousands)	3,689	3,552	-136
Prepaid	1,178	909	-269
Postpaid	2,511	2,643	132
Annualized churn rate			
Prepaid	38.1%	n.r.	
Postpaid	15.6%	16.3%	0.7 p.p.
Blended	23.4%	32.5%	9.1 p.p.
Net ARPU (EUR)			
Prepaid	9.3	8.7	-0.6
Postpaid	29.2	28.3	-0.9
Blended	22.7	23.1	0.4
Average Mobile data usage user/month (Mb)			
4G	1,107	1,546	439
Blended	842	1,330	488

[9] On the 4G and 3G networks.

[10] As from 2017, revenue from Tango is reported in the Consumer and Enterprise segment, with 2016 results restated accordingly

3.2 Consumer underlying direct margin

Q3 direct margin showing impact of steep increase in roaming during the holiday season
While the third quarter Consumer revenue remained fairly stable, the direct margin ended 1.7% below that of the prior year. The Mobile services margin was significantly impacted by the EU RLAH regulation, triggering a steep increase in data roaming usage during the summer holidays, and increasing related wholesale costs. Furthermore, the margin is impacted by the unfavorable revenue mix effect, with revenue from Fixed voice decreasing.
The changed product mix resulted in an underlying direct margin of 75.5% of revenue, a 1.2 p.p. decrease year-on-year.

3.3 Consumer reporting by X-Play

NOTE:
The X-Play reporting provides a view on the progress of Proximus' convergence strategy by reporting on Consumer revenue and ARPU per Household/Small Office (ARPH HH/SO). With the launch of Proximus' new 4P offers Tuttimus and Bizz All-In on 17 October 2016, the relevance of the X-play view will continue to grow, as opposed to the view per product.

Table 15: Consumer revenue by X-Play

	3th Quarter			Year-to-date		
(EUR million)	2016	2017	% Change	2016	2017	% Change
Revenues	730	729	-0.1%	2,151	2,176	1.2%
X-Play-revenues	589	599	1.7%	1,747	1,788	2.4%
4-Play	197	233	18.2%	578	676	16.9%
3-Play	185	171	-7.2%	549	520	-5.3%
2-Play	79	73	-7.6%	238	224	-5.9%
1-Play	128	122	-5.0%	382	368	-3.5%
Prepaid	34	25	-26.8%	109	79	-27.9%
Terminals sales	43	49	12.5%	110	145	32.0%
Tango	28	29	0.7%	82	85	3.6%
Other	36	29	-20.9%	104	80	-22.7%

+1.7%
Revenue from X-Play on growing 4 Play base

+18.2%
4-Play revenue 11,000 HH/SO added in Q3'17

Continuously improving customer mix with growing 4-Play base lifts the overall ARPH.
Out of a total third-quarter Consumer revenue of EUR 729 million, Proximus generated **EUR 599 million in revenue from HH/SO, a 1.7% or EUR 10 million improvement on the same period of 2016**, driven by a better customer mix. Proximus' strategy to focus on attractive multi-play offers benefitted the overall **ARPU per HH/SO** in the third quarter 2017, with a **year-on-year increase of 1.8% to EUR 67.7.** This includes the favorable impact of customers uptiering, with average RGU[11] per HH/SO increasing to 2.73 in the third quarter of 2017 from 2.63 a year ago.

In the third quarter of 2017, revenue from 4-Play continued its accelerated growth, up by 18.2% year-on-year to EUR 233 million, making up 31.9% of the total Consumer revenue. This resulted from the steady ongoing expansion of the 4-Play HH/SO base, increasing by 99,000 in the space of one year, to reach 673,000 HH/SO by end-September 2017. Proximus' all-in offers "Tuttimus" and "Bizz All-In", launched mid-October 2016, led to an **increase of 11,000 4-Play HH/SO in the third quarter of 2017.** On average, a 4-Play HH/SO generated an ARPH of EUR 116.4/month, up 0.8% from the previous year, in spite of the roaming regulation impact. The third-quarter 2017 annualized full-churn rate reached 3.1%, reflecting the overall more intense promotional setting in the quarter and up from a low previous quarter.

[11] Revenue Generating Units

-7.2%
3-Play revenue Tuttimus driving uptiering to 4-Play

The third-quarter 2017 revenue for 3-Play decreased by 7.2% to a total of EUR 171 million. This was mainly driven by an uptiering of customers to 4-Play, causing 3-Play volumes to decrease by -4,000 in the third quarter of 2017. The 3-Play ARPH in the third quarter of 2017 was EUR 76.6, 4.0% below that of the same comparative period of 2016. This reflects a higher proportion of Scarlet 3-Play customers in the base and the impact of the roaming regulation on Mobile Postpaid revenue.

Table 16: Consumer operationals by X-Play

	Q316	Q317	val	%
HH/SO per Play - Total (000's)	**2,951**	**2,942**	**-9**	**-0.3%**
4 - Play	574	673	**99**	17.3%
3 - Play	774	744	**-29**	-3.8%
2 - Play	445	413	**-33**	-7.3%
1 - Play	1,158	1,111	**-46**	-4.0%
Fixed Voice	372	320	**-52**	-13.9%
Fixed Internet	124	132	**8**	6.4%
TV	N/A	N/A		
Mobile Postpaid	661	659	**-2**	-0.4%
ARPH x - play (in EUR)	**66.6 €**	**67.7 €**	**1.2 €**	**1.8%**
4 - Play	115.5 €	116.4 €	0.9 €	0.8%
3 - Play	79.8 €	76.6 €	-3.2 €	-4.0%
2 - Play	58.9 €	58.5 €	-0.5 €	-0.8%
1 - Play	36.8 €	36.3 €	-0.5 €	-1.4%
Average #RGUs per HH/SO - Total	**2.63**	**2.73**	**0.10**	**3.6%**
4 - Play	4.83	4.86	0.03	0.6%
3 - Play	3.34	3.32	-0.02	-0.6%
2 - Play	2.21	2.20	-0.01	-0.4%
1 - Play	1.24	1.24	0.00	0.3%
Annualized full churn rate (HH/SO level) - Total	**12.6%**	**13.5%**	**0.9p.p.**	
4 - Play	2.4%	3.1%	0.7p.p.	
3 - Play	9.6%	10.1%	0.6p.p.	
2 - Play	10.9%	11.7%	0.9p.p.	
1 - Play	20.3%	22.7%	2.4p.p.	
% Convergent HH/ O - Total *	**54.2%**	**56.4%**	**2.3 p.p.**	
4 - Play	100.0%	100.0%		
3 - Play	37.8%	35.2%	-2.7p.p.	
2 - Play	23.5%	23.7%	0.2p.p.	

*i.e. % of HH/SO having Mobile + Fixed component

4 Enterprise

- Q3'17 Underlying Enterprise revenue +0.4% YoY: pressure on legacy Telecom services compensated for by ICT and Advanced Business services.
- Solid Q3'17 ICT revenue, up by 5.3%, partly driven by product deals.
- Continued strong mobile customer growth in competitive market: +10,000 Postpaid cards
- Mobile Services revenue decline limited, -0.8% YoY, solid customer growth and increased data usage during the summer holiday season.
- Direct margin -1.6% YoY. Erosion of Fixed voice and higher data roaming costs not fully compensated for by ICT and Advanced Business Services.

Table 17: Enterprise revenue and direct margin

	3rd Quarter			Year-to-date		
(EUR million)	**2016**	**2017**	**% Change**	**2016**	**2017**	**% Change**
TOTAL SEGMENT INCOME	338	339	0.4%	1,019	1,029	1.0%
Costs of materials and charges to revenues	-100	-105	5.0%	-299	-319	6.6%
TOTAL SEGMENT DIRECT MARGIN	237	234	-1.6%	720	710	-1.3%
Direct margin %	*70.3%*	*68.9%*	*-1.4 p.p.*	*70.6%*	*69.0%*	*-1.6 p.p.*

4.1 Enterprise underlying revenue

Operating in a competitive environment, Proximus' **Enterprise segment achieved a 0.4% growth in revenue, totaling EUR 339 million** for the third quarter 2017.
The Enterprise segment benefitted from a 5.3% growth in ICT revenues, and from the continued progress it makes in Advance Business Services[12]. Occupying a unique market position in the field of Smart Mobility, BeMobile was the main driver of this revenue increase. In addition, Proximus' convergent business solutions[13] provide a growing revenue trend.

The pressure on Mobile services revenue remained limited, with a 0.8% decrease for the third quarter 2017. In spite of a full three-month RLAH, the Mobile services revenue erosion sequentially improved. This was driven by an expanding customer base and higher out-of-bundle volumes during the summer holiday season.

Revenue from legacy Fixed Voice further eroded in the third quarter 2017, with Voice lines further declining, and ARPU pressured. Fixed Data revenue was 2.7% lower versus the comparable base of 2016, which benefitted from higher installation revenues following the roll-out of a number of large customer projects on the Proximus Explore platform.

Year-to-date September 2017, the Enterprise segment posted EUR 1,029 million revenue, which is a **1.0% growth from the prior year**, mainly driven by ICT and Advanced Business Services.

[12] Advanced Business Services groups new solutions offered aside from traditional Telecom and ICT, such as Road User Charging, Convergent Solutions, Big data and smart mobility solutions. The latter is offered through BeMobile. With Proximus being majority shareholder, Proximus consolidates the turnover.

[13] Call Connect solutions

Table 18: Enterprise revenue by product group

(EUR million)	3rd Quarter 2016	3rd Quarter 2017	3rd Quarter % Change	Year-to-date 2016	Year-to-date 2017	Year-to-date % Change
Revenues	338	339	0.4%	1,019	1,029	1.0%
Fixed	241	240	-0.3%	728	733	0.8%
Voice	58	53	-8.7%	179	166	-7.3%
Data (Internet & Data Connectivity)	63	61	-2.7%	189	185	-1.7%
Terminals (excl. TV)	5	5	-2.2%	14	14	-0.8%
ICT	115	121	5.3%	346	368	6.3%
Mobile Services	80	79	-0.8%	243	237	-2.4%
Mobile Terminals	5	6	19.0%	14	17	22.6%
Advanced Business Services	5	7	40.7%	11	19	69.7%
Subsidiaries (Tango)	4	3	-23.2%	11	10	-9.1%
Other Products	4	4	17.0%	11	12	6.7%

Lower Fixed Voice revenue due to Fixed Voice customer base erosion and lower usage

The Enterprise segment posted **EUR 53 million in Fixed Voice revenue for the third quarter of 2017**, **showing a year-on-year decline of 8.7%.** The Enterprise segment faces an ongoing rationalization by customers on Fixed line connections, lower usage, technology migrations to VoIP and competitive pressure. However, the net Fixed line erosion remains fairly stable with -10,000 lines in the third quarter 2017. This brought the Enterprise total Fixed Voice Line customer base to 589,000 at end-September 2017, i.e. a year-on-year line loss of -6.6%. The Fixed Voice ARPU eroded to EUR 29.9, -2.5% from the previous year, mainly driven by less traffic per line and a lower average traffic price linked to a further penetration of unlimited call options.

Ongoing migration of legacy Data products to new solutions at more attractive pricing

The third-quarter 2017 revenue from Fixed Data, consisting of Fixed Internet and, for a greater part, Data Connectivity, **totaled EUR 61 million, 2.7% below** that of the same period of 2016, which benefitted from higher installation revenue on large Explore contracts.

135,000
Internet park

The Enterprise segment continued to migrate customers to Proximus' VPN flagship 'Explore', benefitting from the further roll-out of P2P fiber, while legacy products are being outphased and migrated in the context of simplification programs, offering customers new solutions at more attractive pricing.

Revenue from Fixed Internet was slightly down year-on-year, due to a 2.1% decrease in the Internet customer base. In the third quarter 2017, Proximus' Enterprise segment reported a net line loss of 1,000, bringing its total Internet base to 135,000 by end-September. The third quarter Broadband ARPU was EUR 43.2, -1.4% from the prior year.

Solid third quarter for ICT, with revenue up by 5.3%, partly driven by product deals

Proximus' third quarter ICT revenue benefited from continued growth in Cloud, Security and Outsourcing services and from the revenue contribution from Davinsi Labs[14] , integrated into Proximus ICT since May 2017.

Overall, **the third quarter 2017** revenue from **ICT totaled EUR 121 million, 5.3% above** the comparable period of 2016.

Continued Mobile park growth and increased usage partially offsetting roaming regulation impact

10,000
Mobile customers added
(M2M excluded)

Over the third quarter of 2017, the Enterprise segment posted M**obile Services revenue of EUR 79 million, 0.8% lower versus the previous year**. This was sequentially better compared to prior quarters, in spite of a full three-month impact of RLAH. Besides the growing mobile customer base, the improvement was driven by higher elasticity, with a significant roaming data uptake in the July-August holiday season reducing the out-of-bundle revenue loss.

The regulatory price impact and competitive pressure, lowered the Postpaid ARPU to EUR 26.3 for the third quarter of 2017, -6.4% from the prior year.

14 Davinsi Labs' full-year 2016 revenue was EUR 3.4 million. It is an Antwerp-based cyber security company with a strong position on the Benelux cybersecurity market, providing Proximus with a 360° cybersecurity portfolio, covering the prevention and detection of cyber-attacks as well as prediction and response to breaches.

The ARPU pressure could not be fully offset by the continued favorable evolution of the Enterprise customer base, growing by 5.3% in a one-year period (M2M cards excluded), to a total of 975,000 cards. The Enterprise segment added 10,000 mobile cards other than M2M in the third quarter of 2017. The growth in the Mobile Voice customer base was supported by a low Mobile churn, standing at 9.4% for the third quarter. This reflects the good customer experience provided by Proximus' mobile network and service levels, and increasing customer satisfaction.

Over the third quarter of 2017, Proximus' Enterprise segment added 8,000 M2M cards, bringing the total number of M2M cards to 1,198,000 at end-September 2017.

With smartphone penetration progressing and the number of 4G users growing, average national data usage went up by 43% compared to a year ago, reaching over 1.2 GB/user/month. Enterprise customers with a 4G device had an average national monthly data consumption of 1.4 GB, 32% more than during the same period of 2016.

4.2 Enterprise direct margin

For the **third quarter of 2017**, Enterprise posted an **underlying direct margin of EUR 234 million**, i.e. 1.6% below that of the same period of 2016, a sequentially stable decline in spite of a high roaming exposure. The direct margin contribution of ICT and Advanced business services was more than offset by the erosion posted for Fixed Voice and Mobile Services.

The direct margin as a percentage of revenue decreased to 68.9% due to less favorable product mix.

Table 19: Enterprise operationals

	Q316	Q317	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**768**	**724**	**-44**
Voice	630	589	-41
Broadband	138	135	-3
ARPU (EUR)			
ARPU Voice	30.7	29.9	-0.8
ARPU Broadband	43.8	43.2	-0.6
From Mobile			
Number of mobile cards (thousands)	2,084	2,173	89
Among which voice and data cards	926	975	49
Among which M2M	1,158	1,198	39
Annualized churn rate (blended)	8.9%	9.4%	0.4pp
Net ARPU (EUR)			
Postpaid	28.1	26.3	-1.8
Average Mobile data usage user/month (Mb)			
4G	1,074	1,412	338
Blended	880	1,254	374

5 Wholesale

Table 20: Wholesale revenue and direct margin

	3rd Quarter			Year-to-date		
(EUR million)	2016	2017	% Change	2016	2017	% Change
TOTAL SEGMENT INCOME	51	56	9.5%	148	156	5.4%
Costs of materials and charges to revenues	-7	-11	44.6%	-19	-24	30.5%
TOTAL SEGMENT DIRECT MARGIN	44	46	3.7%	130	132	1.8%
Direct margin %	*85.8%*	*81.2%*	*-4.6 p.p.*	*87.5%*	*84.5%*	*-3.0 p.p.*

Proximus' Wholesale segment reported **EUR 56 million in revenue** and a **direct margin of EUR 46** for the **third quarter of 2017, a year-on-year increase of 9.5% and 3.7% respectively**. This was mainly due to higher roaming-in margin driven by higher data volumes boosted by RLAH. This was partially offset by the decline in traditional wholesale products (fixed voice, data connectivity and broadband access).

6 International Carrier Services – BICS

- **BICS operating in market in full transition, moving from Voice to Data usage.**
- **Strong growth in SMS A2P volumes and a solid performance in Mobile Data driven by Roaming and Mobile IP businesses.**
- **Direct margin -4.3% on tougher Q3'16, benefitting from higher settlement agreements.**
- **Q3'17 Segment result 5.0% lower on high comparable base. Segment contribution margin of 11.2%; +0.8pp YoY.**

Table 21: BICS P&L

	3rd Quarter			Year-to-date		
(EUR million)	2016	2017	% Change	2016	2017	% Change
TOTAL SEGMENT INCOME	382	336	-12.1%	1,097	981	-10.6%
Costs of materials and charges to revenues	-310	-266	-14.0%	-891	-779	-12.5%
TOTAL SEGMENT DIRECT MARGIN	73	70	-4.3%	206	201	-2.5%
Direct margin %	*19.1%*	*20.8%*	*1.7 p.p.*	*18.8%*	*20.5%*	*1.7 p.p.*
TOTAL EXPENSES	-33	-32	-3.5%	-94	-96	2.3%
Workforce expenses	-14	-14	-1.1%	-40	-42	3.4%
Non Workforce expenses	-20	-18	-5.2%	-54	-55	1.6%
TOTAL SEGMENT RESULT	40	38	-5.0%	112	105	-6.6%
Segment contribution margin	*10.3%*	*11.2%*	*0.8 p.p.*	*10.3%*	*10.7%*	*0.5 p.p.*

6.1 BICS Revenue

For the **third quarter of 2017,** BICS posted **underlying revenue of EUR 336 million, down by 12.1% compared to 2016**. BICS operates in a market facing a transition from Voice to Data usage. For the third quarter 2017, the volume of Voice traffic carried by BICS decreased by 10.2% year-on-year. Combined with a less favorable destination mix, and a negative USD currency effect, this led to a 17.3% decline in Voice revenue.

Messaging volumes carried by BICS were up by 21.9% from the third quarter 2016. This was driven by a strong increase in A2P[15] volumes, in line with BICS' strategic ambitions in this growing market. This led to a solid third quarter non-Voice revenue of EUR 85 million, up 7.9% compared to the same period in 2016.

Year-to-date September 2017, BICS posted **EUR 981 million in underlying revenue, 10.6% lower than during the same period of 2016.**

Table 22: BICS revenue

	3rd Quarter			Year-to-date		
(EUR million)	**2016**	**2017**	**% Change**	**2016**	**2017**	**% Change**
Voice	303	251	-17.3%	877	754	-14.0%
Non Voice	79	85	7.9%	220	227	3.1%
Total revenues	382	336	-12.1%	1,097	981	-10.6%

Table 23: BICS volumes

	3rd Quarter			Year-to-date		
Volumes (in million)	**2016**	**2017**	**% Change**	**2016**	**2017**	**% Change**
Voice	6,948	6,241	-10.2%	19,557	18,267	-6.6%
Non Voice (Messaging)	903	1,101	21.9%	2,645	2,919	10.4%

6.2 BICS direct margin

BICS managed to mitigate the margin impact from the revenue decline. For the **third quarter of 2017, BICS posted direct margin of EUR 70 million, a 4.3% decline on a high comparable base**, with the third quarter of 2016 benefitting from a greater level of settlement agreements with foreign operators. This aside, BICS' Direct margin variance was slightly positive for the quarter, following the strong growth in SMS A2P volumes and a solid performance in Mobile data driven by Roaming and Mobile IP businesses. This more than offset the pressure on legacy margins.

Over the **first nine months of 2017**, BICS' **direct margin of EUR 201 million was 2.5% below that of the previous year.**

Table 24: BICS direct margin

	3rd Quarter			Year-to-date		
(EUR million)	**2016**	**2017**	**% Change**	**2016**	**2017**	**% Change**
Voice	32	29	-7.0%	91	88	-3.0%
Non Voice	41	40	-2.2%	116	113	-2.1%
Total direct margin	73	70	-4.3%	206	201	-2.5%

6.3 BICS segment result

BICS' underlying segment result for the third quarter of 2017 totaled EUR 38 million, showing a 5.0% decline on a high comparable base. The lower direct margin was slightly offset by BICS' lower third-quarter expenses, down by 3.5% from the previous year.
The underlying segment margin for the third quarter of 2017 was 11.2%, up 0.8pp from the previous year. **Year-to-date September 2017**, BICS' segment result totaled EUR 105 million, a decline of 6.6% from the previous year.

[15] Application to Person

7 Condensed consolidated financial statements

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

Accounting policies

The accounting policies and methods of the Group used as of 2017 are consistent with those applied in the 31 December 2016 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 2017. These have only a limited impact. To improve the relevance of reported figures, Proximus reviewed the presentation of the income statement by removing the section "non-recurring" and re-classifying the related items in workforce expenses given their nature. The 2016 income statement has been restated accordingly but these restatements have no impact on EBITDA.

The Group continues investigating the impacts of the application of IFRS 15 "Revenue from contracts with customers" as from January 2018. It confirms the items disclosed in note 39 of the 31 December 2016 consolidated financial statements. For Consumer revenue streams the most significant change relates to bundled packages where devices and services are sold together with discounts. IFRS 15 application will result in a shift between service revenue and revenue from the sale of goods and consequently the timing of revenue recognition will be impacted. Furthermore, under IFRS 15, some costs qualifying as 'costs of obtaining' contracts (mainly commissions) will need to be deferred over time. For Corporate customers, the currently identified main impact relates to the 'costs of obtaining' a contract paid to partners when acquiring a contract with a customer essentially via commissions.

The IFRS 15 analysis together with the quantification of the above mentioned impacts on revenue is still ongoing. The IFRS 15 impact on yearly household revenue will depend on, among other things, the amplitude and the frequency of future joint offers. While the assessment is preliminary and ongoing, the impact on yearly revenue is expected not to be significant in case the pattern of future joint offers is consistent with the past.
The Group's yearly impact of the commissions' deferral will mainly impact the Opening Balance sheet.
For the transition, the Group has opted for dual reporting in 2018.
Proximus continues its analysis on IFRS 9 – Financial instruments – implementation but does not expects major impacts.

Judgments and estimates

The Group does not make any significant judgments and estimates other than those mentioned under note 2 in the 31 December 2016 consolidated financial statements and other than those mentioned below in this report.

Significant events or transactions in the first nine months of 2017

On 15 March, 2017, Proximus successfully issued EUR 500 million Senior Unsecured Notes due March 2022 with a 0.50% annual coupon. Proximus pre-hedged the underlying rate earlier this year and managed to further reduce the all-in interest cost of this transaction. The Group applied hedge accounting for this derivative.

In April 2017 the Group' subsidiary BICS, a global provider of international wholesale connectivity and interoperability services, entered into an agreement to acquire TeleSign, a United States company active in the provision of authentication and mobile identity services to internet- and digital service providers, for an upfront cash consideration of $ 230 million (on a cash and debt free basis) as well as a variable performance-based earn-out consideration.
Closing of the transaction is subject to customary regulatory conditions which are expected to be fulfilled in the last quarter of 2017. The transaction will be financed through Proximus Group available cash.
BICS entered into a derivative foreign exchange contract in order to economically hedge the exposure for the cash component of the purchase consideration. The mark-to market adjustment of the portion of the derivative hedging that qualifies for hedge accounting is recognized through other comprehensive income. The portion that does not qualify is recognized as financial result.

In April 2017 the Group acquired all the shares of Davinsi Labs BVBA, a cyber security company and recognized a provisional goodwill of EUR 5 million.

7.1 Consolidated income statement

(EUR million)	3rd Quarter 2016 restated	3rd Quarter 2017	3rd Quarter % Change	Year-to-date 2016 restated	Year-to-date 2017	Year-to-date % Change
Net revenue	1,476	1,432	-3.0%	4,349	4,271	-1.8%
Other operating income	11	31	>100%	34	53	55.5%
TOTAL INCOME	**1,488**	**1,463**	**-1.7%**	**4,383**	**4,324**	**-1.4%**
Costs of materials and services related to revenue	-569	-539	-5.2%	-1,649	-1,601	-2.9%
Workforce expenses	-322	-305	-5.3%	-963	-917	-4.8%
Non workforce expenses	-156	-151	-2.9%	-484	-464	-4.3%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,046**	**-995**	**-4.9%**	**-3,097**	**-2,982**	**-3.7%**
OPERATING INCOME before depreciation & amortization	**441**	**468**	**6.0%**	**1,286**	**1,342**	**4.3%**
Depreciation and amortization	-228	-239	5.1%	-688	-717	4.2%
OPERATING INCOME	**214**	**229**	**7.0%**	**598**	**624**	**4.4%**
Finance income	1	-1	<-100%	3	5	>100%
Finance costs	-27	-18	-36.2%	-77	-53	-31.0%
Net finance costs	**-26**	**-18**	**-31.5%**	**-74**	**-48**	**-35.8%**
Share of loss on associates	0	-1	>100%	0	-1	>100%
INCOME BEFORE TAXES	**187**	**210**	**12.2%**	**524**	**576**	**9.9%**
Tax expense	-21	-64	>100%	-107	-176	64.7%
NET INCOME	**166**	**146**	**-12.2%**	**417**	**400**	**-4.1%**
Non-controlling interests	6	5	-14.8%	19	15	-20.9%
Net income (Group share)	160	140	-12.1%	398	385	-3.3%
Basic earnings per share	0.50 EUR	0.43 EUR	-12.2%	1.24 EUR	1.19 EUR	-3.4%
Diluted earnings per share	0.50 EUR	0.43 EUR	-12.2%	1.23 EUR	1.19 EUR	-3.4%
Weighted average number of outstanding shares	322,435,255	322,860,853	0.1%	322,295,553	322,782,755	0.2%
Weighted average number of outstanding shares for diluted earnings per share	322,695,908	322,968,136	0.1%	322,591,453	322,959,265	0.1%

7.2 Consolidated statements of other comprehensive income

(EUR million)	As of 30 September 2016	As of 30 September 2017
Net income	417	400
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Cash flow hedges:		
Gain/(loss) taken to equity	-1	-13
Total before related tax effects	0	-13
Related tax effects		
Cash flow hedges:		
Gain/(loss) taken to equity	0	-1
Income tax relating to items that may be reclassified	0	-1
Items that may be reclassified to profit and loss, net of related tax effects	0	-14
Items that will not be reclassified to profit and loss		
Remeasurement of defined benefit obligations	-106	0
Total before related tax effects	-106	0
Related tax effects		
Remeasurement of defined benefit obligations	26	0
Income tax relating to items that will not be reclassified	26	0
Items that will not be reclassified to profit and loss, net of related tax effects	-79	0
Total comprehensive income	338	386
Attributable to:		
Equity holders of the parent	320	378
Non-controlling interests	18	8

7.3 Consolidated balance sheet

(EUR million)	As of 31 December 2016	As of 30 September 2017
ASSETS		
NON-CURRENT ASSETS	**6,372**	**6,361**
Goodwill	2,279	2,285
Intangible assets with finite useful life	1,099	1,108
Property, plant and equipment	2,910	2,878
Investments in associates	3	3
Other participating interests	10	10
Deferred income tax assets	34	36
Other non-current assets	37	40
CURRENT ASSETS	**1,745**	**1,936**
Inventories	125	134
Trade receivables	1,149	1,135
Current tax assets	46	11
Other current assets	122	129
Investments	6	5
Cash and cash equivalents	297	521
TOTAL ASSETS	**8,117**	**8,296**
LIABILITIES AND EQUITY		
EQUITY	**2,981**	**3,017**
Shareholders' equity	**2,819**	**2,879**
Issued capital	1,000	1,000
Treasury shares	-430	-426
Restricted reserve	100	100
AFS & Hedge reserve	2	-6
Remeasurement reserve	-127	-127
Stock compensation	5	4
Retained earnings	2,270	2,334
Non-controlling interests	**162**	**138**
NON-CURRENT LIABILITIES	**2,697**	**2,787**
Interest-bearing liabilities	1,763	1,858
Liability for pensions, other post-employment benefits and termination benefits (1)	544	525
Provisions	144	142
Deferred income tax liabilities	84	75
Other non-current payables	162	188
CURRENT LIABILITIES	**2,439**	**2,493**
Interest-bearing liabilities	407	407
Trade payables	1,388	1,302
Tax payables	65	98
Other current payables	579	687
TOTAL LIABILITIES AND EQUITY	**8,117**	**8,296**

(1) As of 1st January 2017 the current part of the 'liability for pensions, other post-employment benefits and termination benefits' is included in 'other current payables'.

7.4 Consolidated cash flow statement

(EUR million)	3rd Quarter 2016	3rd Quarter 2017	Year-to-date 2016	Year-to-date 2017
Cash flow from operating activities				
Net income	166	146	417	400
Adjustments for:				
Depreciation and amortization on intangible assets and property, plant and equipment	228	239	688	717
Increase of impairment on intangible assets and property, plant and equipment	0	0	0	2
Increase / (decrease) in provisions	0	0	1	-2
Deferred tax expense / (income)	-8	0	24	-13
Loss from investments accounted for using the equity method	0	1	0	1
Fair value adjustments on financial instruments	0	1	1	2
Loans amortization	2	1	5	2
Gain on disposal of fixed assets	0	-22	-3	-22
Operating cash flow before working capital changes	**388**	**366**	**1,133**	**1,087**
Decrease / (increase) in inventories	-12	2	-21	-9
Decrease / (increase) in trade receivables	28	-48	19	16
Decrease in current income tax assets	0	3	0	30
Decrease / (increase) in other current assets	17	15	-1	-6
Increase / (decrease) in trade payables	15	40	-31	-48
Increase in income tax payables	2	57	45	32
Increase in other current payables	58	40	68	42
Increase in net liability for pensions, other post-employment benefits and termination benefits	30	10	56	30
Increase / (decrease) in other non-current payables and provisions	-10	0	10	0
Decrease in working capital, net of acquisitions and disposals of subsidiaries	**127**	**119**	**145**	**87**
Net cash flow provided by operating activities (1)	**515**	**484**	**1,278**	**1,174**
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment	-215	-242	-723	-717
Cash paid for acquisitions of other participating interests	0	0	-2	-2
Cash paid for acquisition of consolidated companies, net of cash acquired	0	-1	-6	-6
Cash received from sales of intangible assets and property, plant and equipment	0	28	4	33
Cash received from / (paid for) sales of other participating interests and enterprises accounted for using the equity method	0	-2	2	-2
Net cash used in investing activities	**-215**	**-217**	**-723**	**-694**
Cash flow before financing activities (FCF)	**300**	**267**	**555**	**480**
Cash flow from financing activities				
Dividends paid to shareholders	0	-1	-324	-326
Dividends paid to non-controlling interests	0	0	-26	-32
Net sale / (purchase) of treasury shares	-5	1	9	4
Net sale / (purchase) of investments	-100	0	-101	1
Decrease of shareholders' equity	0	0	0	-1
Cash received from cash flow hedge instrument related to long term debt	0	0	0	3
Issuance of long term debt	0	1	0	501
Repayment of long term debt (2)	-1	-1	-2	-1
Issuance / (repayment) of short term debt	0	-160	0	-405
Cash flows used in financing activities (3)	**-105**	**-159**	**-444**	**-255**
Net increase of cash and cash equivalents	**195**	**108**	**111**	**225**
Cash and cash equivalents at 1 January	502	297	502	297
Cash and cash equivalents at 30 September	613	521	613	521
(1) Net cash flow from operating activities includes the following cash movements :				
Interest paid			-37	-37
Interest received			0	1
Income taxes paid			-37	-127

(2) The repayment of long term debt is the net of cash received and paid for the debt and related derivatives
(3) Gains and losses from debt restructuring are part of the Cash used in financing activities.

7.5 Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Remeasurement reserve	Stock Compensation	Retained Earnings	Shareholders' Equity	Non-controlling interests	Total Equity
Balance at 31 December 2015	**1,000**	**-448**	**100**	**2**	**-114**	**5**	**2,255**	**2,801**	**164**	**2,965**
Total comprehensive income and expense	**0**	**0**	**0**	**0**	**-78**	**0**	**398**	**320**	**18**	**338**
Dividends to shareholders (relating to 2015)	0	0	0	0	0	0	-322	-322	-26	-348
Business combination	0	0	0	0	0	0	-20	-20	-1	-20
Treasury shares										
Exercise of stock options	0	5	0	0	0	0	-1	4	0	4
Sale of treasury shares under a discounted share purchase plan	0	4	0	0	0	0	1	5	0	5
Stock options										
Exercise of stock options	0	0	0	0	0	-1	1	0	0	0
Total transactions with equity holders	**0**	**9**	**0**	**0**	**0**	**-1**	**-341**	**-332**	**-27**	**-359**
Balance at 30 September 2016	**1,000**	**-439**	**100**	**2**	**-192**	**5**	**2,313**	**2,788**	**155**	**2,943**
Balance at 31 December 2016	**1,000**	**-430**	**100**	**2**	**-127**	**5**	**2,270**	**2,819**	**162**	**2,981**
Total comprehensive income and expense	**0**	**0**	**0**	**-7**	**0**	**0**	**385**	**378**	**8**	**386**
Dividends to shareholders (relating to 2016)	0	0	0	0		0	-323	-323	0	-323
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	-32	-32
Business combination	0	0	0	0	0	0	1	1	-1	0
Treasury shares										
Exercise of stock options	0	0	0	0	0	0	-1	-1	0	-1
Sale of treasury shares	0	-5	0	0	0	0	0	-4	0	-4
Stock options										
Exercise of stock options	0	9	0	0	0	-1	1	9	0	9
Total transactions with equity holders	**0**	**4**	**0**	**0**	**0**	**-1**	**-322**	**-318**	**-32**	**-351**
Balance at 30 September 2017	**1,000**	**-426**	**100**	**-6**	**-127**	**4**	**2,334**	**2,879**	**138**	**3,017**

7.6 Segment reporting

See reconciliation of reported and underlying figures in section 8.2

	Nine months ended 30 September 2017								
	Group Proximus			underlying by segment					
(EUR million)	Reported	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	4,271	0	4,271	980	3,292	2,161	1,025	156	-50
Other revenues	53	-23	30	1	29	15	5	0	8
TOTAL INCOME	4,324	-23	4,301	981	3,320	2,176	1,029	156	-42
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-1,601	0	-1,601	-779	-822	-528	-319	-24	49
Direct margin	2,723	-23	2,700	201	2,499	1,649	710	132	8
Workforce expenses	-917	56	-861	-42	-820				
Non workforce expenses	-464	2	-461	-55	-407				
TOTAL OPERATING EXPENSES	-1,381	59	-1,322	-96	-1,226				
OPERATING INCOME before depreciation & amortization	1,342	36	1,378	105	1,272				
Depreciation and amortization	-717	0	-717	-58	-660				
OPERATING INCOME	624	36	660	48	613				
Net finance costs	-48								
Share of loss on associates	-1								
INCOME BEFORE TAXES	576								
Tax expense	-176								
NET INCOME	400								
Non-controlling interests	15								
Net income (Group share)	385								

(EUR million)	Nine months ended 30 September 2016 - restated: Group Proximus Reported	Incidental	Underlying	underlying by segment: BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	4,349	0	4,349	1,094	3,255	2,138	1,015	148	-46
Other revenues	34	-3	31	3	28	14	4	0	11
TOTAL INCOME	4,383	-3	4,380	1,097	3,283	2,151	1,019	148	-35
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-1,649	0	-1,649	-891	-759	-490	-299	-19	49
Direct margin	2,734	-3	2,731	206	2,525	1,661	720	130	14
Workforce expenses	-963	86	-877	-40	-837				
Non workforce expenses	-484	-15	-499	-54	-445				
TOTAL OPERATING EXPENSES	-1,448	71	-1,376	-94	-1,282				
OPERATING INCOME before depreciation & amortization	1,286	69	1,355	112	1,242				
Depreciation and amortization	-688	0	-688	-57	-631				
OPERATING INCOME	598	69	667	55	612				
Net finance costs	-74								
Share of loss on associates	0								
INCOME BEFORE TAXES	524								
Tax expense	-107								
NET INCOME	417								
Non-controlling interests	19								
Net income (Group share)	398								

7.7 Information about the Group financing activities related to interest bearing liabilities

(EUR million)	As of 31 December 2016	Cash flows	Non-cash changes: Reclassification	Fair value changes	Amortization	New leases	As of 30 September 2017
Long-term							
Unsubordinated debentures	1,755	498	-404	0	1	0	1,850
Leasing and similar obligations	2	3	0	0	0	0	4
Derivatives held for trading	6	0	0	-3	0	0	3
Current portion of amounts payable > one year							
Unsubordinated debentures	0	0	404	0	0	0	405
Leasing and similar obligations	2	0	0	0	0	0	2
Other financial debts							
Credit institutions	405	-405	0	0	0	0	0
Total liabilities from financing activities	2,170	95	0	-3	2	0	2,264

7.8 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 2017;
- The categorization of the fair valued financial instruments within the fair value hierarchy;
- The fair valuation techniques used.

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

Fair Value and Fair Value Hierarchy

Set out below is a comparison of the carrying amounts and fair value of financial instruments as at 30 September 2017 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 2016 Financial Statements.
No transfer between Levels occurred during 2017.

As of 30 September 2017 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	10	10	
Other non-current assets				
Other derivatives	FVTPL	5	5	Level 2
Other financial assets	LaR	35	35	
Current assets				
Trade receivables	LaR	1,135	1,135	
Other current assets				
Other receivables	N/A	8	8	
Investments	HTM	5	5	
Cash and cash equivalents				
Short-term deposits	LaR	521	521	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	1,850	1,979	Level 2
Leasing and similar obligations	OFL	4	4	
Other derivatives	FVTPL	3	3	Level 2
Non-interest-bearing liabilities				
Other non-current payables	OFL	188	188	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	OFL	405	410	Level 2
Leasing and similar obligations	OFL	2	2	
Interest-bearing liabilities				
Trade payables	OFL	1,302	1,302	
Other current payables				
Derivatives held-for-hedging	HeAc	19	19	Level 1
Other debt	OFL	34	34	Level 3
Other amounts payable	OFL	266	266	

(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

As of 31 December 2016 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	10	10	
Other non-current assets				
Other derivatives	FVTPL	6	6	Level 2
Other financial assets	LaR	30	30	
Current assets				
Trade receivables	LaR	1,149	1,149	
Other current assets				
Derivatives held-for-hedging	HeAc	-1	-1	Level 1
Other derivatives	FVTPL	2	2	Level 1
Other receivables	N/A	22	22	
Investments	AFS	1	1	Level 1
Investments	HTM	5	5	
Cash and cash equivalents				
Short-term deposits	LaR	297	297	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	1,755	1,906	Level 2
Leasing and similar obligations	OFL	2	2	
Other derivatives	FVTPL	6	6	Level 2
Non-interest-bearing liabilities				
Other non-current payables	OFL	169	169	
Current liabilities				
Interest-bearing liabilities, current portion				
Leasing and similar obligations	OFL	2	2	
Other loans	OFL	405	405	
Trade payables	OFL	1,381	1,381	
Other current payables				
Other debt	OFL	34	34	Level 3
Other amounts payable	OFL	266	266	

(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, 2 and 3.
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 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 2017 for similar debentures with the same remaining maturities.

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

7.9 Contingent liabilities

Compared to the 2016 annual accounts, no changes occurred during the first nine months of 2017 in the contingent liabilities.

7.10 Post balance sheet events

There are no events that occurred after 30 September 2017 that have not been reflected in the Interim financial statements.

7.11 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.

8 Additional information

8.1 Reporting remarks

IFRS impact on revenue per product

In line with Proximus' strategy, most products are sold through multi-Play Packs, a trend reinforced by the launch of the converged offers Tuttimus and Bizz All-in since mid-October 2016. The Packs are sales arrangements with multiple deliverables. The revenue is allocated to the different products such as Internet, Voice, TV and Mobile, based on their relative fair value, being the amount for which the product could be sold separately and considering the cash cap. The revenue allocation per product as reported in this report might be impacted by changes in the composition of multi-Play offers.
The resulting product ARPUs as reported in this document for TV, Internet, Fixed Voice and Mobile, and the variances compared to preceding periods, are therefore partly the mere mathematical consequence of the application of this accounting policy to a changed Pack composition.

Rounding

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

8.2 Incidentals

	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
(EUR million)	Q3'16	Q3'17	Q3'16	Q3'17	YTD'16	YTD1'17	YTD'16	YTD1'17
Reported	1,488	1,463	441	468	4,383	4,324	1,286	1,342
Underlying	1,487	1,441	474	464	4,380	4,301	1,355	1,378
Incidentals	0	22	-33	4	3	23	-69	-36
Incidentals:	0	22	-33	4	3	23	-69	-36
Capital gains on building sales	0	22	0	22	3	23	3	23
Early Leave Plan and Collective Agreement	0	0	-33	-17	0	0	-85	-56
Restructuring program in subsidiary	0	0	0	0	0	0	-1	0
M&A-related transaction costs	0	0	0	-1	0	0	0	-4
Reversal Pylon Tax provision 2015	0	0	0	0	0	0	15	0
Reversal UK rent provision 2014	0	0	0	1	0	0	0	1

Proximus reviewed the presentation of the income statement by removing the section "non recurring" and classifying the related items according to their nature. These items remain excluded from "underlying[16]" figures.

The incidentals definition remained unchanged, however, 'non recurring', formally reported in the Group financials, is no longer reported separately to simplify incidentals in one single category.

[16] See part 8.6 Definitions

8.3 Quarterly results tables

8.3.1 Group – Financials

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317
REPORTED								
Revenues	1,433	1,463	1,488	1,490	5,873	1,444	1,417	1,463
EBITDA	417	428	441	447	1,733	428	445	468
UNDERLYING								
Revenues per Segment	1,433	1,460	1,487	1,490	5,871	1,443	1,417	1,441
Domestic	1,077	1,101	1,105	1,127	4,410	1,111	1,105	1,105
Consumer	706	715	730	737	2,889	720	727	729
Enterprise	333	349	338	357	1,376	348	342	339
Wholesale	48	49	51	46	194	52	48	56
Other (incl. eliminations)	-10	-11	-14	-14	-49	-9	-13	-20
International Carrier Services (BICS)	356	359	382	363	1,460	332	312	336
Costs of materials and charges to revenues	-531	-550	-569	-593	-2,242	-545	-516	-539
Direct Margin	902	911	918	897	3,628	898	901	901
Direct Margin %	*63.0%*	*62.4%*	*61.7%*	*60.2%*	*61.8%*	*62.2%*	*63.6%*	*62.6%*
Total expenses before D&A	-484	-448	-444	-456	-1,832	-449	-436	-437
EBITDA	418	463	474	441	1,796	449	464	464
Segment EBITDA margin %	*29.2%*	*31.7%*	*31.9%*	*29.6%*	*30.6%*	*31.1%*	*32.8%*	*32.2%*

Product view

(EUR million)	**Q116**	**Q216**	**Q316**	**Q416**	**2016**	Q117	Q217	Q317
Revenues	1,433	1,460	1,487	1,490	5,871	1,443	1,417	1,441
Domestic	1,077	1,101	1,105	1,127	4,410	1,111	1,105	1,105
Fixed	616	631	624	638	2,509	638	631	627
Voice	195	191	190	186	761	188	182	177
Data (Internet & Data Connectivity)	209	214	213	213	849	214	216	217
TV	87	88	91	94	360	95	96	97
Terminals (excl. TV)	9	9	9	9	35	9	9	9
ICT	116	130	121	136	503	133	128	128
Mobile Services	331	331	331	325	1,318	321	326	327
Postpaid	293	293	297	295	1,179	294	298	302
Prepaid	38	38	34	30	139	27	28	25
Mobile Terminals	29	36	42	60	167	45	47	47
Advanced Business Services	2	5	5	7	18	6	6	7
Subsidiaries (Tango)	31	30	32	34	127	31	33	31
Other Products	31	31	33	30	125	27	27	28
Wholesale	48	49	51	46	194	52	48	56
Other segment (incl. eliminations)	*-10*	*-11*	*-14*	*-14*	*-49*	*-9*	*-13*	*-20*
International Carrier Services (BICS)	*356*	*359*	*382*	*363*	*1,460*	*332*	*312*	*336*

8.3.2 Consumer –Financials

X-Play view

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q2'17	Q3'17
Revenues	706	715	730	737	2,889	720	727	729
Revenues X-Play	578	580	589	585	2,331	590	599	599
4-Play	189	192	197	201	779	215	228	233
3-Play	182	183	185	181	730	175	174	171
2-Play	80	79	79	77	315	76	75	73
1-Play	128	126	128	125	507	124	123	122
Prepaid	38	38	34	30	139	27	28	25
Terminals sales	32	34	43	60	169	47	49	49
Tango	27	26	28	29	111	27	29	29
Other	31	36	36	34	137	29	22	29
Costs of materials & charges to revenues	-158	-162	-170	-194	-684	-174	-175	-179
Direct Margin	548	553	560	543	2,204	547	552	550
Direct Margin %	*77.6%*	*77.4%*	*76.7%*	*73.6%*	*76.3%*	*75.9%*	*75.9%*	*75.5%*

Product view

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317
REPORTED								
Revenues	706	715	730	737	2,889	720	727	729
UNDERLYING								
Revenues	706	715	730	737	2,889	720	727	729
Fixed	379	381	383	384	1,526	388	387	387
Voice	134	131	131	128	524	130	126	124
Data (Internet & Data Connectivity)	147	151	150	151	599	153	154	156
TV	87	88	91	94	360	95	96	97
Terminals (excl. TV)	4	4	4	4	15	4	4	4
ICT	7	7	7	7	29	7	7	7
Mobile Services	248	250	251	246	995	242	247	248
Postpaid	210	213	218	215	856	215	219	223
Prepaid	38	38	34	30	139	27	28	25
Mobile Terminals	25	30	37	53	146	39	42	41
Subsidiaries (Tango)	27	26	28	29	111	27	29	29
Other Products	28	27	30	26	110	24	23	24
Of which Installation & Activation	5	4	6	4	18	3	4	4
Costs of materials & charges to revenues	-158	-162	-170	-194	-684	-174	-175	-179
Direct Margin	548	553	560	543	2,204	547	552	550
Direct Margin %	*77.6%*	*77.4%*	*76.7%*	*73.6%*	*76.3%*	*75.9%*	*75.9%*	*75.5%*

8.3.3 Consumer Operationals

X-play view

	Q216	Q316	Q416	2016	Q117	Q217	Q317
HH/SO per Play - Total (000's)	**2,951**	**2,951**	**2,952**	**2,952**	**2,947**	**2,956**	**2,942**
4 - Play	564	574	605	605	640	662	673
3 - Play	771	774	760	760	750	748	744
2 - Play	448	445	437	437	427	419	413
1 - Play	1,167	1,158	1,150	1,150	1,130	1,127	1,111
Fixed Voice	384	372	358	358	342	330	320
Fixed Internet	123	124	126	126	129	130	132
TV	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mobile Postpaid	659	661	665	665	659	666	659
ARPH x - play (in EUR)	**65.5 €**	**66.6 €**	**66.0 €**	**65.8 €**	**66.7 €**	**67.7 €**	**67.7 €**
4 - Play	114.3 €	115.5 €	114.6 €	114.7 €	115.0 €	116.5 €	116.4 €
3 - Play	79.1 €	79.8 €	78.3 €	79.1 €	77.4 €	77.2 €	76.6 €
2 - Play	58.4 €	58.9 €	58.3 €	58.6 €	58.9 €	58.6 €	58.5 €
1 - Play	35.9 €	36.8 €	36.1 €	36.2 €	36.1 €	36.5 €	36.3 €
Average #RGUs per HH/SO - Total	**2.62**	**2.63**	**2.66**	**2.66**	**2.69**	**2.71**	**2.73**
4 - Play	4.83	4.83	4.84	4.84	4.85	4.86	4.86
3 - Play	3.34	3.34	3.33	3.33	3.33	3.32	3.32
2 - Play	2.21	2.21	2.21	2.21	2.20	2.20	2.20
1 - Play	1.23	1.24	1.24	1.24	1.24	1.24	1.24
Annualized full churn rate (HH/SO level) - Total	**12.0%**	**12.6%**	**13.5%**	**12.9%**	**13.7%**	**11.7%**	**13.5%**
4 - Play	2.7%	2.4%	2.7%	2.6%	2.8%	2.5%	3.1%
3 - Play	9.6%	9.6%	10.3%	10.0%	10.2%	8.9%	10.1%
2 - Play	10.3%	10.9%	11.6%	11.2%	12.3%	10.5%	11.7%
1 - Play	18.7%	20.3%	21.9%	20.4%	22.6%	19.3%	22.7%
% Convergent HH/ O - Total *	**53.5%**	**54.2%**	**54.9%**	**54.9%**	**55.6%**	**56.1%**	**56.4%**
4 - Play	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3 - Play	37.1%	37.8%	36.9%	36.9%	35.9%	35.4%	35.2%
2 - Play	23.4%	23.5%	23.7%	23.7%	23.7%	23.8%	23.7%

*i.e. % of HH/SO having Mobile + Fixed component

Product view

	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317
From Fixed								
Number of access channels (thousands)	3,837	3,832	3,824	3,841	3,841	3,872	3,885	3,877
Voice	2,096	2,078	2,058	2,060	2,060	2,066	2,063	2,048
Broadband	1,741	1,754	1,767	1,781	1,781	1,806	1,821	1,829
TV unique customers (thousands)	1,440	1,458	1,472	1,489	1,489	1,516	1,533	1,543
ARPU (EUR)								
ARPU Voice	21.3	20.9	21.2	20.8	21.0	21.0	20.4	20.1
ARPU broadband	28.3	28.8	28.4	28.3	28.4	28.4	28.3	28.4
ARPU TV	20.2	20.2	20.7	21.1	20.6	20.9	20.8	20.9
From Mobile								
Number of active customers (thousands)	3,717	3,704	3,689	3,679	3,679	3,646	3,631	3,552
Prepaid	1,268	1,235	1,178	1,119	1,119	1,057	998	909
Postpaid	2,449	2,470	2,511	2,560	2,560	2,589	2,633	2,643
Annualized churn rate								
Prepaid	35.0%	35.0%	38.1%	37.7%	36.7%	39.0%	38.5%	n.r.
Postpaid	15.2%	14.0%	15.6%	16.5%	15.2%	15.1%	13.3%	16.3%
Blended	22.4%	21.5%	23.4%	23.6%	22.7%	22.7%	21.0%	32.5%
Net ARPU (EUR)								
Prepaid	9.8	10.1	9.3	8.8	9.5	8.1	9.0	8.7
Postpaid	28.7	28.8	29.2	28.4	28.8	27.9	28.0	28.3
Blended	22.1	22.5	22.7	22.3	22.4	22.0	22.6	23.1
Average Mobile data usage user/month (Mb)								
4G	1,039	1,090	1,107	1,197		1,303	1,407	1,546
Blended	725	790	842	945		1,083	1,192	1,330

8.3.4 Enterprise – Financials

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317
REPORTED								
Revenues	333	349	338	357	1,376	348	342	339
UNDERLYING								
Revenues	333	349	338	357	1,376	348	342	339
Fixed	237	250	241	254	982	250	243	240
Voice	61	60	58	58	237	57	55	53
Data (Internet & Data Connectivity)	63	63	63	62	251	62	62	61
TV	0	0	0	0	0	0	0	0
Terminals (excl. TV)	5	5	5	5	19	5	5	5
ICT	108	123	115	129	475	126	121	121
Mobile Services	83	80	80	80	323	79	79	79
Mobile Terminals	4	5	5	7	21	6	5	6
Advanced Business Services	2	5	5	7	18	6	6	7
Subsidiaries (Tango)	4	4	4	5	16	4	4	3
Other Products	3	4	4	4	15	3	4	4
Of which Installation & Activation	1	1	1	1	3	1	1	2
Costs of materials and charges to revenues	-93	-106	-100	-113	-413	-110	-104	-105
Direct Margin	240	242	237	244	964	238	238	234
Direct Margin %	72.0%	69.6%	70.3%	68.3%	70.0%	68.4%	69.7%	68.9%

8.3.5 Enterprise – Operationals

	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317
From Fixed								
Number of access channels (thousands)	784	774	768	758	758	746	735	724
Voice	647	637	630	620	620	609	599	589
Broadband	137	137	138	138	138	137	137	135
ARPU (EUR)								
ARPU Voice	31.1	31.1	30.7	30.8	30.9	31.2	30.5	29.9
ARPU Broadband	43.4	43.6	43.8	43.3	43.5	42.8	43.3	43.2

	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317
From Mobile								
Number of mobile cards (thousands)	1,881	2,006	2,084	2,108	2,108	2,132	2,155	2,173
Among which voice and data cards	903	911	926	939	939	952	965	975
Among which M2M	978	1,094	1,158	1,169	1,169	1,180	1,190	1,198
Annualized churn rate (blended)	10.8%	10.7%	8.9%	9.9%	10.0%	10.6%	10.5%	9.4%
Net ARPU (EUR)								
Postpaid	29.8	28.5	28.1	27.5	28.5	26.9	26.6	26.3
Average Mobile data usage user/month (Mb)								
4G	973	1,045	1,074	1,170		1,266	1,345	1,412
Blended	756	833	880	982		1,094	1,180	1,254

8.3.6 Wholesale – Financials

(EUR million)	**Q116**	**Q216**	**Q316**	**Q416**	**2016**	**Q117**	**Q217**	**Q317**
REPORTED								
Revenues	48	49	51	46	194	52	48	56
UNDERLYING								
Revenues	48	49	51	46	194	52	48	56
Direct Margin	43	43	44	40	169	45	41	46
Direct Margin %	*88.4%*	*88.4%*	*85.8%*	*86.0%*	*87.1%*	*86.4%*	*86.2%*	*81.2%*

8.3.7 Retail Operationals and MVNO customers reported in Wholesale

	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317
From Fixed								
Number of access channels (thousands)								
Voice (1)	9	9	8	8	8	8	8	8
Broadband (1)	1	1	1	1	1	1	1	1
From Mobile								
Number of active Mobile customers (thousands)								
Retail (1)	10	10	9	9	9	9	9	9
MVNO	13	14	15	16	16	17	19	21

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

8.3.8 BICS – Financials

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317
REPORTED								
Revenues	356	359	382	363	1,460	332	312	336
Segment Result	35	38	40	37	149	31	33	37
UNDERLYING								
Revenues	356	359	382	363	1,460	332	312	336
Revenues from Voice	286	288	303	291	1,169	262	241	251
Revenues from non-Voice	70	71	79	72	292	70	71	85
Costs of materials and charges to revenues	-289	-292	-310	-296	-1,186	-268	-245	-266
Direct Margin	67	67	73	68	274	64	67	70
Direct Margin %	*18.8%*	*18.6%*	*19.1%*	*18.6%*	*18.8%*	*19.4%*	*21.5%*	*20.8%*
Total expenses before D&A	-32	-29	-33	-31	-125	-31	-33	-32
Workforce expenses	-13	-13	-14	-13	-53	-14	-14	-14
Non Workforce expenses	-19	-16	-20	-18	-72	-17	-19	-18
Segment result	35	38	40	36	149	33	34	38
Segment contribution margin %	*9.9%*	*10.5%*	*10.3%*	*10.0%*	*10.2%*	*9.9%*	*11.0%*	*11.2%*

8.3.9 BICS - Operationals

Volumes in million	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317
Voice	6,034	6,575	6,948	6,667	26,224	6,118	5,907	6,241
Non-Voice (Messaging)	833	909	903	913	3,558	879	939	1,101

8.4 Definitions

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

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

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

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

ARPU: Average Revenue per Unit

Blended Mobile ARPU : total Mobile Voice and Mobile data revenues (inbound and outbound), of both Prepaid and Postpaid customers, divided by the average number of active Prepaid and Postpaid customers for that period, divided by the number of months of that same period. This also includes MVNO's but excludes M2M.

Broadband access channels: ADSL, VDSL and Fiber lines. For Consumer this also contains the Belgian residential lines of Scarlet.

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

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

Capex: this corresponds to the acquisitions of intangible assets and property, plant and equipment

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

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

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

Domestic: defined as the Proximus Group excluding BICS

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

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

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

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

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.

FCF : Free Cash Flow. This is cash flow before financing activities.

General and Administrative expenses (G&A): Domestic expenses excluding Marketing, Sales and Servicing and Network and IT expenses, i.e. mainly overhead.

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

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

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

Marketing, Sales and Servicing expenses: all expenses related to Consumer, Enterprise and Wholesale customers, including remote servicing.

Mobile customers: Voice and Data cards as well as Machine-to-Machine, and excludes all free Data cards. Active Prepaid customers are customers who have made or received at least one call and/or 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. Postpaid customers paying a monthly subscription are per default active.

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

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

Net debt: refers to the total interest bearing debt (short term + long term) minus cash and cash equivalents.

Network and IT expenses: all IT and Network related expenses, including interventions at customer premises.

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

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

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

Reported Revenues: this corresponds to the TOTAL INCOME.

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.

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

Wholesale: Proximus' unit addressing the telecom wholesale market including other telecom operators (incl. MVNO) and ISP's.

Workforce expenses: Workforce expenses are expenses related to own employees (personnel expenses and pensions) as well as to external employees. For subsidiaries, Workforce expenses include internal personnel expenses and pensions only.

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

8.5 Management statement

The Proximus Executive Committee declares that to the best of its knowledge, the condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, give a true and fair view of the assets, financial position and results of Proximus and of the entities included in the consolidation. The financial report gives an accurate overview of the information that needs to be disclosed. The Executive Committee is represented by Dominique Leroy, Chief Executive Officer, Sandrine Dufour, Chief Financial Officer, Bart Van Den Meersche, Chief Enterprise Market Officer, Geert Standaert, Chief Technology Officer, Renaud Tilmans, Chief Customer Operations Officer, Jan Van Acoleyen, Chief Human Resources Officer and Dirk Lybaert, Chief Corporate Affairs Officer.

8.6 Financial calendar

22 January 2018	Start Quiet period ahead of Q4 2017 results
2 March 2018	Announcement Q4 2017 results
11 April 2018	Start Quiet period ahead of Q1 2018 results
18 April 2018	Annual Shareholders' meeting
4 May 2018	Announcement Q1 2018 results
11 July 2018	Start Quiet period ahead of Q2 2018 results
27 July 2018	Announcement Q2 2018 results
8 October 2018	Start Quiet period ahead of Q3 2018 results
26 October 2018	Announcement Q3 2018 results

Dates could be subject to change

8.7 Contact details

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8.8 Investor & analyst conference call

Analyst conference call details

Proximus will host a conference call for investors and analysts on Friday 27 October 2017.

Time: 02:00pm Brussels – 01:00pm London – 08:00am New York

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