belgacom

2015 Q1

QUARTERLY REPORT

Belgacom SA under public law,
Bd. du Roi Albert II 27,
B-1030 Brussels, Belgium,

Reporting changes:

Group reporting

2014 quarterly Group expenses and EBITDA were restated for IFRIC 21, applicable as from 1 January 2015 with retrospective effect. This new IFRS rule requires a tax liability to be recognized in the period during which the criteria triggering the tax are met. This rule does not apply to taxes related to technical assets, which continue to be recognized over the year, in line with the use of the assets. As a result, some tax charges imposed on the Belgacom Group for non-technical assets are now recognized on 1 January whereas in the past such costs were spread over the year.

Segment reporting

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

Main drivers for this decision:

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

Revenue related to **installation and connection fees** for Fixed products is reported under "other revenue" , with a small impact on Fixed Voice, Fixed Internet and TV revenue and ARPU.

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

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

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Key figures

The table below represents figures as reported, including non-recurring items.

Income Statement (EUR million)	Year-to-date 2014 - restated	2015
Total income	1,480	1,482
EBITDA (1)	405	425
Depreciation and amortization	-196	-214
Operating income (EBIT)	209	211
Net finance costs	-23	-21
Income before taxes	186	188
Tax expense	-38	-53
Non-controlling interests	4	6
Net income (Group share)	145	129

Cash flows (EUR million)	2014	2015
Cash flows from operating activities	301	236
Cash paid for acquisitions of intangible assets and property, plant and equipment	-180	-230
Cash flows from / (used in) other investing activities	-2	2
Free cash flow (2)	**119**	**8**
Net cash provided by financing activities	254	5
Net increase of cash and cash equivalents	**373**	**14**

Balance sheet (EUR million)	As of 31 December 2014	As of 31 March 2015
Balance sheet total	8,522	8,696
Non-current assets	6,339	6,298
Investments, cash and cash equivalents	710	724
Shareholders' equity	2,779	2,918
Non-controlling interests	189	196
Net financial position	-1,800	-1,778

Data per share	2014	2015
Basic earnings per share (EUR)	0.45	0.40
Weighted average number of outstanding shares	319,295,569	321,404,765

Data on employees	2014	2015
Number of employees (full-time equivalents)	15,568	14,111
Average number of employees over the period	15,627	14,139
Total income per employee (EUR)	94,726	104,847
EBITDA (1) per employee (EUR)	25,917	30,039

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities.
(3) For 2013 and 2014 basic and diluted earnings per share are equivalent.

The Belgacom Executive Committee declares that to the best of its knowledge, the condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, financial position and results of Belgacom and of the entities included in the consolidation.

The financial report gives an accurate overview of the information that needs to be disclosed. The Executive Committee is represented by Dominique Leroy, Chief Executive Officer, Sandrine Dufour, Chief Financial Officer, Phillip Vandervoort, Chief Consumer Market Officer, Bart Van Den Meersche, Chief Enterprise Market Officer, Geert Standaert, Chief Technology Officer, Renaud Tilmans, Chief Customer Operations Officer, Michel Georgis, Chief Human Resources Officer and Dirk Lybaert, Chief Corporate Affairs Officer.

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Brussels, 8 May 2015 - 7:00 (CET) - Regulated Information

Highlights – Q1 2015

- Underlying[1] Core[2] revenue up 3.3%, due to solid revenue growth from Fixed and Mobile
- Strong commercial drivers for the Proximus and Scarlet brands
- Underlying EBITDA of EUR 423 million, +3.8% YoY
- 2015 full-year guidance reiterated

- Belgacom Group generated in the first-quarter of 2015 **underlying revenue of EUR 1,479 million, an increase of 5.5%** compared to the first-quarter of 2014.

  - This includes a **3.3% increase of Belgacom's underlying core revenue**, mainly driven by a solid revenue growth for TV and Fixed Internet, a 2.5% revenue growth for Mobile services and from higher Mobile device revenue. This was partly offset by lower revenue from the Technology & Wholesale Business Unit due to the decline in domestic wholesale volumes and wholesale roaming prices.

  - Revenue from **BICS (International Carrier Services) was up 11.9%** year-on-year, benefiting from positive volatility in voice trading activities and a positive currency effect, explaining more than half of the revenue increase, combined with solid growth for Mobile Data.

- Belgacom's first-quarter 2015 **underlying Group EBITDA totaled EUR 423 million, 3.8% higher** compared with the previous year. The increase resulted mainly from a higher Fixed and Mobile Direct Margin from Belgacom's core business, and from a strong Direct Margin increase for BICS.

- **For the first-quarter of 2015, Belgacom's Capex totaled EUR 227 million**, EUR 47 million more than for the same period of 2014. Besides commercially driven Capex, this also includes accelerated Mobile investments, expanding the outdoor LTE coverage to 94.9%, the continued roll-out of the vectoring technology and higher investments in network and IT simplification.

- In the first-quarter of 2015, **Belgacom generated EUR 8 million in Free Cash Flow (FCF).** While the growing EBITDA contributed positively, the first-quarter FCF was reduced by the higher amount of cash paid for Capex, including a carry-over impact from the elevated fourth quarter Capex, and by higher working capital needs, including inventory re-building after a very successful year-end campaign.

- Belgacom showed a **strong net customer gain for its two main brands Proximus and Scarlet**. With the first-quarter still partially benefiting from the year-end promotions, strengthened by a positive rebranding effect, Proximus saw a strong customer uptake. Scarlet's customer base too was boosted, successfully attracting 16,000 former Snow customers to its Trio offer. As a result, the customer base for all the main products grew firmly in the first-quarter of 2015:

  - + 65,000[3] TV subscriptions, increasing the total TV customer base to 1,657,000
  - + 48,000 Fixed Internet lines, increasing the total Internet customer base to 1,788,000
  - + 5,000 Fixed Voice Lines, leading to a total of 2,836,000 lines
  - + 63,000[4] Mobile Postpaid cards, with the total Postpaid customer base end-March at 4,209,000[5]
  - - 44,000 Mobile Prepaid cards, decreasing the total customer base to 1,508,000

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[1] Adjusted for incidentals to get a better view of the ongoing business performance. See page 22

[2] Group revenue excluding revenue from International Carrier Services (BICS)

[3] Corresponds to total number of set-top boxes. First quarter 2015 included 13,000 multiple set-top boxes

[4] Of which 26,000 Free data and M2M cards. Mobile park end 2014 was adjusted by +21,000 M2M cards, resulting from an alignment in activity definitions between M2M platforms

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

Dominique Leroy, CEO of Belgacom Group:

"I'm proud to announce we had a successful start of the year 2015, with both financial and operational achievements supporting our 2016 ambition to return to sustainable growth.

Besides a continued growth in our Mobile customer base, the commercial performance of our Fixed products was particularly strong in the first three months of the year, driven by our main brands Proximus and Scarlet. Where Proximus continued to benefit somewhat from the year-end promotions, and a positive rebranding effect, Scarlet achieved a record customer gain by successfully attracting former Snow customers.

The sustained rise in our customer base also benefited our financial performance, with both Fixed and Mobile service revenue showing growth versus last year. Moreover, the financial performance of the Group was favorably influenced by a strong result for BICS. This, however, was largely driven by positive though volatile impacts from currency and voice trading.

Overall I'm pleased and encouraged by our achievements so far. The company is making good progress on our 'Fit for Growth'-strategy, and is already reaping some of the benefits. We can therefore with confidence reiterate our 2015 outlook."

Analyst conference call details

Belgacom will host a conference call for investors and analysts on Friday 8 May 2015.

Time: 2:00 p.m. Brussels – 1:00 p.m. London – 8:00 a.m. New York

- Dial-in UK : + 44 20 3427 1900
- Dial-in USA : + 1 646 254 3364
- Dial-in Europe : + 32 2 404 0660
- Code : 6127383

Financial review Belgacom Group

- First-quarter Group revenue of EUR 1,479 million, up by 5.5% v.s. last year on underlying[6] basis
- Underlying Core[7] revenue up 3.3%, as a result of revenue growth for both Fixed and Mobile
- Underlying Group EBITDA of EUR 423 million
- First-quarter Free Cash Flow of EUR 8 million

Quarterly financials as of page 22

Revenue

(EUR million)	1st Quarter 2014	2015	% Change
Group Reported	1,480	1,482	0.1%
Incidentals	*-78*	*-3*	
Group Underlying	1,403	1,479	5.5%
Consumer Business Unit	675	711	5.3%
Enterprise Business Unit	322	329	2.1%
Technology and Carrier & Wholesale Business Unit	64	55	-13.8%
Staff & Support	7	8	12.4%
Inter-segment eliminations	-23	-23	-2.7%
Core underlying revenue	1,046	1,080	3.3%
International Carrier Services	357	399	11.9%

Belgacom Group generated in the **first-quarter of 2015** underlying revenue of EUR 1,479 million, an increase of 5.5% compared to the first-quarter of 2014.

Belgacom's **core revenue was up by 3.3%** due to solid revenue from both the Consumer and the Enterprise Business segment, more than offsetting the continued revenue erosion from Belgacom's Wholesale business. More precisely, the **underlying Core revenue variance** for the first-quarter was the result of:

- **A 5.3% underlying revenue increase for the Consumer segment**[8]. As a result of its growing customer base, CBU reported a further improvement in the revenue increase for TV and Fixed Internet. The revenue variance for Mobile services turned positive in the first-quarter of 2015, up by 2.2% from the prior year. Furthermore, the revenue from mobile device sales remained high in the first-quarter 2015 compared with the same period of 2014.
- **A 2.1% growth in underlying revenue from the Enterprise Business segment,** with the revenue growth from ICT, Mobile services (+3.4%) and devices offsetting the lower revenue from Fixed Voice and Fixed Data.
- **A 13.8% revenue decline from the Technology & Wholesale Business Unit**, as revenue from Carrier Wholesale Services continued to be impacted by the decline in wholesale volumes and wholesale roaming prices. This trend accelerated in the first-quarter 2015 following the discontinuation of the Fixed triple-play offer Snow. The Wholesale line loss was, however, largely compensated for at the Group level by Scarlet and Proximus.

Furthermore, the revenue from **Belgacom International Carrier Services (BICS) was up 11.9%** year-on-year, from a low comparable base in 2014. In the first-quarter of 2015 BICS benefited from positive volatility in voice trading activities and a positive currency effect, the latter explaining more than half of the revenue increase.

[6] Adjusted for incidentals to get a better view of the ongoing business performance. See page 22 for more information
7 Belgacom Group, BICS excluded
[8] As of 2015 also including Small Offices. 2014 figures have been restated

Operating expenses

(EUR million)	1st Quarter 2014	2015	% Change
Group Reported	1,075	1,058	-1.6%
Incidentals	*-80*	*-1*	
Underlying			
Group	995	1,056	6.2%
Costs of materials and charges to revenues (*)	529	590	11.5%
Personnel expenses and pensions (**)	255	251	-1.6%
Other operating expenses (***)	211	216	2.3%

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

Higher Cost of Sales driven by BICS and Mobile handsets

The Belgacom Group posted underlying Cost of Sales of EUR 590 million for the first-quarter 2015, 11.5% more compared with the same period of 2014. The increase is mainly the result of higher costs for BICS, and volume-related Mobile devices costs.

Underlying HR expenses down 1.6% due to lower headcount

The Belgacom Group posted EUR 251 million underlying[9] HR-expenses for the first-quarter of 2015, -1.6% less versus the prior year. This mainly resulted from a lower year-on-year headcount due to a natural attrition of-280 FTEs over the past 12 months. In the first-quarter of 2015 76 FTEs left the company. As a result, the Belgacom headcount decreased to 14,111 FTEs by end-March 2015.

In comparison with the personnel base of 15,568 FTEs reported one year ago, the number of FTEs decreased by -1,457 over the past 12 months, including a divesture impact of -1,177 FTEs.

Higher underlying non-HR expenses due to pylon tax provision and higher commercial costs

On an underlying basis, the Belgacom Group recorded EUR 216 million non-HR expenses in the first-quarter of 2015, which was 2.3% more than for the same period of 2014. This includes a timing impact from the provisioned Walloon Region Pylon tax which was booked fully in its entirety in the last quarter of 2014, whereas it will be spread over the year in 2015. Furthermore, the strong commercial volumes in the first-quarter drove commercial expenses higher.

Operating income before depreciation and amortization (EBITDA)

(EUR million)	1st Quarter 2014	2015	% Change
Group Reported	405	425	4.9%
Incidentals	*3*	*-2*	
Group Underlying	408	423	3.8%
Consumer Business Unit	342	354	3.5%
Enterprise Business Unit	146	148	1.6%
Technology and Carrier & Wholesale Business Unit	-34	-44	-27.3%
Staff & Support	-76	-75	1.0%
Core underlying EBITDA	378	384	1.5%
International Carrier Services	30	39	32.4%

Belgacom's first-quarter 2015 **underlying Group EBITDA totaled EUR 423 million, a EUR 15 million or 3.8% improvement compared to the same period of 2014**. The year-on-year increase resulted from a higher Direct Margin from the Consumer segment, driven by the growth in Fixed and Mobile. In addition, BICS showed a strong Direct Margin increase driven by higher volumes and a positive USD currency effect.

Meanwhile, the Group's Operating expenses (HR and non-HR costs) remained fairly stable in relation to the comparable period of 2014, in spite of an unfavorable timing impact from the provisioned Walloon Region Pylon tax and higher volume-related costs.

9 Adjusted for the impact of divestures (Telindus France, Telindus UK, Scarlet Netherlands and Sahara net)

Depreciation and amortization

The first-quarter 2015 depreciation and amortization totaled EUR 214 million, EUR 18 million up compared to the previous year. The increase in depreciation and amortization was mainly the consequence of a higher asset base to depreciate, partially offset by divestment of consolidated subsidiaries.

Net finance cost

The net finance cost was EUR 2 million down year-on-year to EUR 21 million in the first-quarter 2015, mainly as a result of higher positive re-measurements to fair value of loans and related instruments, partly offset by higher net interest expenses.

Tax expense

The first-quarter 2015 tax expenses amounted to EUR 53 million, representing an effective tax rate of 28%, up from 20.0% for the same period of 2014, due to lower tax deductions.

Net income (Group share)

Belgacom reported a net income (Group share) of EUR 129 million for the first-quarter of 2015, compared to EUR 145 million for the first-quarter of 2014, a EUR 16 million decrease mainly as a result of higher tax expenses.

Investments

For the first-quarter of 2015, Belgacom's Capex totaled EUR 227 million, which is EUR 47 million more than for the same period of 2014. The increase was partly volume driven, following the strong commercial drivers in the first-quarter of 2015.

In the first-quarter 2015, Proximus accelerated its Mobile network investments, living up to its 'Best in Class' mobile network reputation by providing its customers the best Mobile customer experience.

By end-March 2015, Proximus' LTE network reached 94.9%[10] outdoor population coverage, and 77.2% indoor coverage. Besides the large nation-wide LTE-footprint, Proximus also offers the best possible mobile surfing experience with an average download speed of 23.4 Mbps on a 4G capable device, which is nearly 30% faster than the competition.

The Fixed network too was subject to further improvements. Thanks to the continued roll-out of the vectoring technology on the VDSL2 network, one third of the VDSL2 network is now covered with Vectoring. The number of customers having access to internet download speeds of 70 Mbps grew to 390.000 or 30.000 more than last quarter.

In line with Proximus' transformation & simplification plans, the first-quarter of 2015 also included higher investments in Operational and IT simplification.

Cash flows

	1st Quarter	
(EUR million)	2014	2015
Cash flows from operating activities	301	236
Cash paid for acquisitions of intangible assets and property, plant and equipment	-180	-230
Cash flows from / (used in) other investing activities	-2	2
Cash flow before financing activities (FCF)	**119**	**8**
Net cash provided by financing activities	254	5
Net increase of cash and cash equivalents	**373**	**14**

[10] Coverage and speed as measured by independent agency CommSquare through national drive tests in Q1'15. Speed measurements are done with devices in free mode, meaning the device itself picks the available network technology (2G, 3G, 4G)

In the first-quarter 2015, Belgacom generated EUR 8 million in Free Cash Flow (FCF). While the growing EBITDA contributed positively, the first-quarter FCF was reduced by the higher cash paid for Capex, including a carry-over impact from the high investment level in the last quarter of 2014, and by higher working capital needs, in particular due to the rebuilding of inventory after a very successful year-end campaign and increase in Trade Receivables.

Balance sheet and shareholders' equity

The intangible and tangible fixed assets increased with EUR 12 million to EUR 3,872 as a consequence of the invested Capex which is higher than the depreciation and amortization.
The shareholders' equity increased from EUR 2,779 million end-2014 to EUR 2,918 million end-March 2015, mainly through the Net Income Group share (EUR 129 million) and the disposal of treasury shares for exercised stock options.
Compared to end 2014, the net financial debt decreased by EUR 21 million to EUR 1,778 million at the end of March 2014. Outstanding long term debt amounted to EUR 2,556 million.

Regulation

Regulation impacts (Decrease in EUR million)		*Estimated impact* Q1 2015	FY 2015
MTR	Revenue EBITDA	€ 1m € 1m	€ 1m € 1m
Roaming	Revenue EBITDA	€ 9m € 9m	€ 23m € 23m
Total	Revenue EBITDA	€10 m €10 m	€24 m €24 m

Mobile Termination Rates

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

International Roaming

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

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

The obligation on separate selling of roaming services from domestic Mobile services also entered into force on 1 July 2014.

The Roaming III Regulation will expire in principle on 30 June 2022. However, in the meantime, the EU Authorities (Commission, Council and Parliament) are discussing proposals that include an alignment of the domestic and roaming rates ("Roam-like-at home (+)"). The timing of implementation and conditions of such measure are still uncertain as no agreement has been found yet by these institutions.

Spectrum

After a first extension covering the period 2010-2015, the second extension of the 900MHz/1800 MHz license started on 8 April 2015 (valid until 15 March 2021). Belgacom has to pay a total of EUR 75 million for this extension and opted for yearly installments. The first payment of EUR 12 million was made on 16 April 2015.

Outlook

In the first-quarter 2015, good progress was made on the company's 'Fit for Growth' strategy, with **underlying trends well on track to deliver on the 2016 underlying revenue and EBITDA growth objective.**

The first-quarter underlying EBITDA performance was solid, largely driven by the growth for BICS due to both strong but volatile Voice trading activities and positive currency effects.

Taking into account its best estimate for the remainder of the year, **Belgacom reiterates its 2015 full-year outlook**, i.e. the year 2015 to be the tipping point on the track to growth.

Guidance metrics	FY 2014	Outlook 2015
Core underlying revenue	4,287 million	Stable to slightly positive
BICS underlying revenue	1, 577 million	Stable
Group Underlying EBITDA	1,653 million	Stable to slightly positive
Capex (excl. spectrum license)	978 million*	About 900 million

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

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

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

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Consumer Business Unit – CBU[11]

- Record Fixed net adds: +14,000 Voice; +51,000 BB; 65,000 TV; incl. +16,000 Snow 3-Play
- Underlying revenue +5.3% as a result of rising revenue from Fixed and Mobile
- Mobile service revenue trend turning positive following customer growth and better ARPU trends
- Segment result growing 3.5% strengthened by improved Direct margin
- Firm 3- and 4-Play revenue growth driven by larger base and higher ARPH

P&L Consumer Business Unit (Underlying)

	1st Quarter		
(EUR million)	2014	2015	% Change
TOTAL SEGMENT INCOME	675	711	5.3%
Costs of materials and charges to revenues (*)	-152	-171	12.6%
Personnel expenses and pensions (**)	-102	-99	-2.2%
Other operating expenses (***)	-80	-87	9.2%
TOTAL OPERATING EXPENSES before depreciation & amortization	-333	-357	7.3%
TOTAL SEGMENT RESULT	342	354	3.5%
Segment contribution margin	*50.7%*	*49.8%*	*-0.9% p.p.*

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

CBU quarterly financial and operational results: page 23

Revenue

CBU's underlying revenue trend showed further improvement in the first-quarter 2015, growing by 5.3% year-on-year to EUR 711 million. This includes an estimated impact from regulatory measures[12] of EUR -4 million (-0.6%).

The solid first-quarter 2015 revenue resulted from a better revenue trend for both Mobile and Fixed. Revenue from Mobile services turned positive in the first-quarter, up by 2.2%, driven by sound growth in the Mobile postpaid customer base and further supported by a favorable ARPU trend. Revenue from Mobile devices remained high as well, with the first-quarter 2015 including some attractive device promotions and Joint-Offers, pushing the smartphone penetration up further.

Fixed products too showed good revenue growth on a growing customer base, with revenue from Fixed Data up 5.9% and TV revenue rising 14.8%

	1st Quarter		
(EUR million)	2014	2015	% Change
Revenues	675	711	5.3%
From Fixed	353	366	3.5%
Voice	144	139	-3.5%
Data (Internet & Data Connectivity)	127	135	5.9%
TV	68	79	14.8%
Terminals (excl. TV)	6	6	-2.6%
ICT	8	7	-0.7%
From Mobile	268	288	7.6%
Mobile Services	243	248	2.2%
Terminals	25	40	58.9%
From Subsidiaries	28	31	9.5%
Tango	28	31	9.5%
Other	26	27	3.2%
Of which Installation & Activation	*5*	*6*	*24.1%*

[11] As of 2015 the Small Offices have been segmented in the Consumer Business Unit. 2014 figures are adjusted to allow for a year-on-year comparison
[12] Lower Voice, SMS and Data Roaming rates following the reduced regulated tariffs since 1 July 2014.

+ 14,000 Fixed Voice net adds, former Snow customers successfully attracted through Scarlet offer

During the first-quarter 2015, the Fixed Voice customer base grew by 14,000 customers to a total of 2,140,000. The exceptionally strong commercial performance was driven by former Snow customers being successfully attracting to the Scarlet Trio offer, and by a continued positive impact from an increased Sales focus on the Fixed Line.

The Fixed Voice ARPU for the first-quarter 2015 was EUR 21.8, -1.2% lower than that of the prior year due to the increasing number of Voice customers with a multi-play Pack, benefiting from a discount, and the fading support from the 2014 price indexation. The lower year-on-year Fixed Voice customer base combined with the lower ARPU resulted in a -3.5% year-on-year revenue decline for Fixed Voice, ending the first-quarter of 2015 with EUR 139 million.

Proximus and Scarlet adding +51,000 Fixed Internet customers, incl. former Snow customers

CBU's revenue from Fixed Data showed a 5.9% growth compared with the prior year, ending the first-quarter of 2015 with EUR 135 million. The continued improvement in the Fixed Data revenue trend is driven by the growing customer base, up by 99,000 or 6.4% in the space of one year to reach a total of 1,649,000 Fixed Internet customers by end-March 2015. In particular for the first-quarter 2015, CBU saw a strong net customer gain for its two main brands Proximus and Scarlet, together gaining 51,000 lines. While the Proximus brand benefited until end-January from the 2014 year-end promotions, strengthened by the rebranding, the Scarlet brand attracted many former Snow customers to its TRIO offer.

The first-quarter Broadband ARPU of EUR 27.6 was 0.6% above that of the same period in 2014 (EUR 27.5), with the tiering up of customers offsetting the impact from an increased penetration of convergent Packs.

Nearly 15% revenue growth for Proximus TV, record net adds of 65,000, incl. former Snow customers

The first-quarter 2015 TV revenue grew by 14.8% to EUR 79 million, as a result of continued subscriber growth, and TV-options such as football subscriptions and TV-replay. In the first-quarter of the year, both the Proximus and Scarlet brand saw a strong increase in their customer base, adding 65,000 TV subscribers in total, of which 52,000 unique customers. The Proximus brand still benefited from the year-end promotion, while the Scarlet Trio offer saw strong growth by attracting 16,000 former Snow customers.

As result, CBU ended March 2015 with a total TV customer base of 1,657,000, up by 163,000 customers or +9.4% from the prior year. The recurring TV ARPU grew 6.1% year-on-year to EUR 19.9 driven by the increased uptake of TV options.

Mobile service revenue variance turning positive, +2.2%, driven by growing Postpaid base and ARPU trend

The continuously growing Postpaid customer base and progressing ARPU turned the CBU mobile services trend to positive. The reported EUR 248 million Mobile Service revenue was up 2.2% year-on-year, showing further improvement from the stabilization seen in the prior quarter. The revenue includes the impact from regulated roaming rate cuts mid-2014.

In the first-quarter 2015 the promotional intensity lessened from a strong year-end campaign in the prior quarter. Nevertheless, Proximus still added 40,000 Postpaid cards, or +27,000 when excluding the Internet-Everywhere data cards. At the same time, the Mobile Prepaid park eroded by -42,000 cards.

Accordingly, with Prepaid and Postpaid combined, CBU's Mobile customer base ended the first-quarter at a total of 4,230,000 cards, 1.4% higher versus one year ago.

CBU's Mobile Postpaid ARPU for the first-quarter 2015 was EUR 29.0, i.e. 2.0% up from the EUR 28.4 for the comparable period of 2014. The year-on-year trend improved from the prior quarters as the first-quarter 2015 benefited from a better customer tiering versus one year ago, mainly driven by last year's high-end Joint-Offers, and increased smartphone penetration.

In the first-quarter 2015, the steep growth in average data usage per customer[13] persisted, resulting from an increasing number of customers with a 4G-device and increased 4G usage. 4G-users used 855 Mbps (on the 4G and 3G networks) per month on average, up 33% from one year ago, meaning an average data consumption over 3 times greater than that of non-4G users.

CBU's Mobile Prepaid ARPU for the first-quarter 2015 was EUR 10.7, 9.4% lower than for the comparable period of 2014.

With the Postpaid/Prepaid customer mix improving to 67%/33% from 62%/38% one year ago, the blended Mobile ARPU increased by 3.0% to EUR 22.0 for the first-quarter 2015.

Tango revenue up 9.5% as a result of growing customer base

With the regulated MTR decrease annualizing on 1 February 2015, Tango's revenue for the first-quarter 2015 fully benefited from its growing customer base for Mobile postpaid as well as for triple-play and quad-play.

[13] Mix of 3G and 4G devices

Tango	1st Quarter 2014	2015	% Change
Revenue (in EUR mio) (1)	28	31	9.5%
Total active mobile customers (in '000)	280	286	2.1%
Blended mobile net ARPU (EUR/month)	27.6	27.5	-0.3%

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

CBU operating expenses

CBU Cost of Sales up due to higher handset sales, including some carry-over impact from year-end promotions

First-quarter 2015 Cost of Sales totaled EUR 171 million, i.e. 12.6% higher versus the same period of 2014, mainly due to costs related to mobile devices and other volume driven cost of sales. This also includes some carry-over impact from the year-end commercial push, with increased device costs for Joint-Offers with Mobile devices and the TV Joint-Offer for new triple-play customers.

HR expenses decreased on lower headcount

HR expenses for the first-quarter 2015 totaled EUR 99 million, i.e. 2.2% lower versus the prior year. The decline was mainly the result of a lower personnel base following natural attrition.

Higher non-HR expenses driven by higher commercial costs

CBU's first-quarter non-HR expenses of EUR 87 million were up 9.2% from the same period of 2014, driven by higher marketing and volume related costs.

CBU segment result

For the first-quarter 2015, CBU posted an underlying **segment result of EUR 354 million, i.e. a year-on-year increase of 3.5%.** This includes an estimated negative impact from regulatory measures of EUR -4 million (-1.1%)[14].

The solid underlying revenue growth in the first-quarter of 2015, resulted in a positive Direct Margin compared with last year. This was partly offset by some higher operating expenses, including higher commercial costs and volume related expenses.

The segment contribution margin was 49.8%, -0.8p.p. versus the previous year.

14 The regulated price cut of 1 January 2014 on Mobile Termination Rates for Tango Luxembourg, as well as lower Voice, SMS and Data Roaming rates following the reduced regulated tariffs since 1 July 2013.

CBU operationals

	Q114	Q115	change (in abs. Amount)
FROM FIXED			
Number of access channels (thousands)	3,722	3,789	67
Voice	2,172	2,140	-32
Broadband	1,550	1,649	99
TV (thousands)	1,495	1,657	163
Unique Customers	1,225	1,340	115
of which multiple settop boxes	269	317	48
ARPU (EUR)			
ARPU Voice	22.0	21.8	-0.3
ARPU broadband	27.5	27.6	0.2
ARPU Belgacom TV	18.8	19.9	1.1
FROM MOBILE			
Number of active customers (thousands)***	4,173	4,230	57
Prepaid	1,580	1,416	-165
Postpaid	2,593	2,815	222
Among Which Paying cards	2,199	2,333	134
Among Which Internet Everywhere cards	394	482	88
Annualized churn rate			
Prepaid	32.5%	33.7%	
Postpaid	15.2%	15.4%	
Blended	22.8%	22.7%	
Net ARPU (EUR)			
Prepaid	11.8	10.7	-1.1
Postpaid	28.4	29.0	0.6
Blended	21.3	22.0	0.6
Average Mobile data usage user/month (Mb)			
4G	642	855	213
Blended	253	474	221

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CBU X-play household reporting

This chapter explains CBU's operational and financial results through metrics that are better aligned with Proximus' long-term convergence and value strategy. In this strategy the focus is not on individual products but on the number of Plays[15] and RGUs[16] per household/small office, with the aim to gradually move households/small offices up the value chain.

Operational X-play performance

By end-Q1 2015, Proximus serviced 2,799,000 households/small offices, slightly down (-5,000) from the prior quarter, mainly due to the loss of single-play Fixed Voice line households/small offices.

Of all households/small offices that Proximus was serving, 57% were multi-play[17] households/small offices, or +2.5pp from one year ago.

In the first-quarter 2015, Proximus' household mix further improved, growing its 3-play customer base by 8,000 households/small offices and its 4-play customer base by 18,000. As such, Proximus ended the year with 649,000 households/small offices having 3-play (+2.4% YoY) and 498,000 4-play households/small offices (+ 14.1% YoY). As a consequence, Proximus strengthened its customer base with households/small offices having typically a lower churn rate, i.e. a full churn rate of 10.5% for 3-Play, and 3.7% for 4-Play.

The average RGU continued to show progress in the first-quarter 2015, with the average across all X-play households/small offices rising to 2.52, with the increase coming from 3-Play (to 3.38 RGUs) and 4-Play (to 4.82 RGUs), mainly driven by Mobile postpaid family offers.

[15] A Play is defined as a subscription to either Fixed Voice, Fixed Internet, Fixed TV or Mobile postpaid (paying Mobile cards)
[16] Revenue-Generating Unit. For example, a household with Fixed Internet and 2 Mobile postpaid cards is considered as a 2-Play household with 3 RGUs.
[17] A multi-play household has two or more Plays, but not necessarily in a Pack.

Furthermore, the number of multi-play households/small offices having both Belgacom Fixed and Mobile services, i.e. convergent households/small offices, grew to 54.1%, up 3.4p.p. versus a year ago.

An important enabler for CBU to increase the number of multi-play households/small offices and the number of plays per household is selling Plays in a Pack. The success of bundling plays in a Pack, giving customers attractive pricing and value for money, also continued in the first-quarter of 2015. CBU added 29,000 households/small offices with Packs; as such, the number of households/small offices with at least one Pack totaled 1, 344,000 end-March 2015.

CBU Households/Small Offices per Play & *Net adds of the Quarter*											***Variance YoY***		
	Q1 2014					***Q1 2015***					***Q1 2015***		
HH/SO in ('000)	**Fixed Voice**	**Fixed Internet**	**TV**	**Mobile Postpaid**	**Sum #HH/SO**	**Fixed Voice**	**Fixed Internet**	**TV**	**Mobile Postpaid**	**Sum #HH/SO**	Average **#RGUs/ HH SO**	Annualized full **churn** rate of HH/SO (**)	% Fixed + **Mobile Postpaid** (***)
1-Play	534 *-22*	73 *3*	N/A(*)	686 *6*	1,293 *-14*	459 *-20*	80 *3*	N/A(*)	659 *-6*	1,198 *-23*	1.22 *0.01*	22.4% *1.5p.p.*	
2-Play					487 *-10*					454 *-8*	2.23 *0.00*	12.2% *3.0p.p.*	23.9% *0.6p.p.*
3-Play					634 *-1*					649 *8*	3.38 *0.02*	10.5% *3.9p.p.*	39.9% *2.2p.p.*
4-Play					436 *15*					498 *18*	4.82 *0.04*	3.7% *1.6p.p.*	100.0%
Total					2,851 *-9*					2,799 *-5*	2.52 *0.12*	14.7% *1.8p.p.*	54.1% *3.4p.p.*

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

Financial X-play performance

In the first-quarter 2015, CBU generated EUR 711 million revenue, of which EUR 538 million[18] came from X-play households/small offices. The revenue generated through X-play households/small offices increased by 4.5% versus the previous year, driven by an uptiering in the X-play customer base and a higher average revenue per household (ARPH). The average monthly revenue per household/small office rose year-on-year by 6.7% to EUR 64.1.

Multi-play households/small offices contributed for 76% to the X-Play revenue, a favorable evolution of 1 p.p. from last year. The revenue from 3-Play and 4-Play households/small offices continued to show good growth. The 4-Play revenue in particular was strong for the first-quarter with EUR 169 million, up by 16.0% from the prior year. This resulted from the combined favorable evolution of the number of 4-Play households/small offices together with an average revenue per 4-Play household (ARPH) increasing to EUR 115.0 (+1.4%).

Revenues (*) per x-play in EUR million				
	1st quarter		YoY change	
	Q114	Q115	€ million	%
Total	515	538	23	4.5%
1-Play	128	128		0.0%
2-Play	85	80	-5	-6.3%
3-Play	156	161	5	3.3%
4-Play	146	169	23	16.0%

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

Average revenue in EUR per x-play (EUR)				
	1st quarter		YoY change	
	Q114	Q115	€	%
Total	60.1	64.1	4.0	6.7%
1-Play	32.7	35.3	2.6	8.0%
2-Play	57.7	58.2	0.5	0.9%
3-Play	82.1	83.4	1.4	1.6%
4-Play	113.4	115.0	1.6	1.4%

18 The following are excluded from the X-Play revenue reporting: revenue from Mobile prepaid, sales of terminals, TV revenue from small enterprise customers and revenue from Scarlet, Tango and other affiliates.

Enterprise Business Unit - EBU[19]

- Underlying revenue up 2.1% supported by higher ICT revenue and growing revenue from Mobile
- Mobile service revenue up 3.4% from the previous year strengthened by a larger customer base
- Cost of Sales up driven by ICT and Mobile devices
- Segment result of EUR 148 million, up by 1.6% year-on-year

P&L Enterprise Business Unit (Underlying)

	1st Quarter		
(EUR million)	2014	2015	% Change
TOTAL SEGMENT INCOME	322	329	2.1%
Costs of materials and charges to revenues (*)	-87	-93	7.1%
Personnel expenses and pensions (**)	-67	-67	-0.4%
Other operating expenses (***)	-23	-21	-6.5%
TOTAL OPERATING EXPENSES before depreciation & amortization	-176	-181	2.5%
TOTAL SEGMENT RESULT	146	148	1.6%
Segment contribution margin	*45.2%*	*45.0%*	*-0.2%p.p.*

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

EBU quarterly financial and operational results: page 25

Revenue

The Enterprise segment (EBU) showed a solid 2.1% underlying[20] revenue growth in the first-quarter 2015, generating EUR 329 million revenue.

Regulatory measures[21] impacted the first-quarter revenue by an estimated amount of EUR -6 million (-1.8%).

The favorable revenue variance was driven by better revenue from mobile, with mobile service revenue up 3.4% and higher revenue from Mobile handsets. Furthermore, revenue from EBU's ICT business was up by 2.2%, with the first-quarter variance still benefiting from a temporary extension of a large ICT contract. This more than offset the lower Fixed Voice and Fixed Data revenue.

	1st Quarter		
(EUR million)	2014	2015	% Change
Revenues	322	329	2.1%
From Fixed	239	238	-0.8%
Voice	67	64	-4.2%
Data (Internet & Data Connectivity)	63	62	-2.0%
Terminals (excl. TV)	5	5	-1.5%
ICT	105	107	2.2%
From Mobile	79	85	7.1%
Mobile Services	76	79	3.4%
Terminals	3	6	100.6%
Other	3	6	94.2%
Of which Installation & Activation	*1*	*1*	*-2.5%*

Continued Fixed Voice revenue decline due to erosion of Fixed Voice customer base and traffic

For the first-quarter 2015, EBU reported EUR 64 million revenue in Fixed Voice, showing a year-on-year decline of 4.2% due a continued Fixed Voice line erosion triggered by companies rationalizing on Fixed line connections and the move to VoIP. The first-quarter 2015 Fixed Line erosion of -9,000 lines, brought the EBU total Fixed Voice Line customer base to 686,000 by end-March 2015, i.e. fairly stable year-on-year lines loss of -4.6%.

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

[20] 2014 figures are adjusted for impact from the divesture of Telindus France (May 2014) and Telindus UK activities (December 2014). See page 22 for detailed information on all adjustments.

[21] The regulated price cut of Voice, SMS and Data Roaming rates since 1 July 2014.

This effect was only slightly compensated for by last years' price indexations[22], which brought the first-quarter Fixed Voice ARPU to EUR 30.8, up 0.3% year-on-year.

Fixed Data revenue decline in first-quarter 2015 limited to -2.0%

The first-quarter 2015 revenue from Fixed Data, consisting of Fixed Internet and data connectivity revenue, for a total of EUR 62 million, was 2.0% below that of the same period of 2014, a somewhat lesser decline than for prior quarters.

This Fixed Data revenue is impacted by a continued migration from older technologies such as leased lines to the Proximus Explore platform, for which the pricing is more favorable to customers. Fixed Internet revenue was slightly down year-on-year, with ARPU at EUR 43.5, 0.8% lower versus the comparable period of 2014. Besides the competitive pressure in this segment, the lower ARPU is also due to ME customers moving from older type of connections to lower priced Internet solutions.

Due to a clean-up, the EBU Fixed Internet customer base was reduced by 3,000 lines. Accordingly, EBU ended the first-quarter 2015 with 139,000 Fixed Internet customers.

Underlying ICT revenue grew by 2.2%

For the first-quarter 2015 EBU posted EUR 107[23] million underlying ICT revenue. The 2.2% increase compared with the first-quarter of 2014 was mainly attributable to the temporary extension of a large ICT contract.

Mobile Service revenue up 3.4% driven by larger Mobile customer base and better price-tiering

In the first-quarter 2015, EBU's Mobile Service revenue of EUR 79 million was up by 3.4% from last year, showing good progress versus the -1.4% for the previous quarter.

One of the main drivers of the growing Mobile service revenue was the larger Mobile customer base, closing the first-quarter 2015 with 1,179,000 Mobile cards, 110,000 or 10.3% more versus one year ago.

In the first-quarter of 2015, 6,000 Mobile Voice and paying data cards were added. In addition, the M2M-park grew by 12,000[24] cards.

Furthermore, the Mobile service revenue benefited from an improved tiering in the Medium Enterprise segment and the increased data usage, especially data Roaming, through a greater smartphone penetration and a growing number of 4G-users. In the first-quarter 2015 EBU customers with a 4G-device had an average monthly data consumption of 718MB, 42% more versus the same period of 2014. Customers with a 4G–device use 2.6 times as much data per month than customers with a non-4G device.

These evolutions are beneficial to the ARPU trend. The ARPU[25] for the first-quarter 2015 was EUR 29.3 or -2.6% year-on-year, improving from a 9.2% decline in the prior quarter.

EBU operating expenses

ICT and mobile terminals driving higher underlying Cost of Sales

For the first-quarter 2015, EBU posted underlying Cost of Sales of EUR 93 million, i.e. a 7.1% rise compared with the same period of 2014, mainly attributable to ICT and Mobile terminals.

Fairly stable underlying HR expenses

EBU ended the first-quarter 2015 with fairly stable HR expenses of EUR 67 million, or -0.4% on an underlying basis.

Underlying non-HR expenses 6.5% lower

For the first-quarter 2015, EBU posted EUR 21 million non-HR expenses, 6.5% less than for the comparable period of 2014 as a result of some efficiency gains.

EBU segment result

EBU's first-quarter 2015 underlying segment result totaled EUR 148 million, i.e. 1.6% better versus the same period of 2014. This mainly resulted from the growth in direct margin from Mobile services combined with less costs, with both HR-and non-HR expenses lower compared to the first-quarter 2014.

In the first-quarter 2015 underlying contribution margin was 45.0% and slightly down from the previous year due to a less favorable product mix.

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[22] February 2014

[23] Underlying figures exclude the impact from the deconsolidation of Telindus France.

24 2014 EOY Park was restated to 1,161,000, i.e. including +21,000 cards becoming 'active' after a M2M platform migration

[25] ARPU excludes M2M and free data cards

EBU operationals

	Q114	Q115	change (in abs. Amount)
FROM FIXED			
Number of access channels (thousands)	862	825	-37
Voice	720	686	-33
Broadband	143	139	-4
ARPU (EUR)			
ARPU Voice	30.7	30.8	0.1
ARPU Broadband	43.9	43.5	-0.3
FROM MOBILE			
Number of active customers (thousands)	1,069	1,179	110
Among which other than M2M and Free data	827	869	41
Among which M2M & Internet Everywhere card	242	311	69
Annualized churn rate (blended)	10.3%	11.3%	
Net ARPU (EUR)			
Postpaid	30.1	29.3	-0.8
Average Mobile data usage user/month (Mb)			
4G	507	718	211
Blended	290	488	198

Technology & Wholesale – TEC&W

P&L Technology & Wholesale (Underlying)

	1st Quarter		
(EUR million)	2014	2015	% Change
TOTAL SEGMENT INCOME	64	55	-13.8%
Costs of materials and charges to revenues (*)	-9	-9	-5.1%
Personnel expenses and pensions (**)	-41	-41	-2.0%
Other operating expenses (***)	-48	-49	3.9%
TOTAL OPERATING EXPENSES before depreciation & amortization	-98	-99	0.6%
TOTAL SEGMENT RESULT	-34	-44	-27.3%
Segment contribution margin	*-53.6%*	*-79.1%*	*-25.6%p.p.*

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

TEC&W quarterly financial and operational results: page 26

Revenue

TEC&W reported EUR 55 million revenue for the first-quarter of 2015, or -13.8% year-on-year. The revenue from Carrier Wholesale Services continued to be impacted by the decline in wholesale broadband lines, leased lines and traffic volumes. The decline in Wholesale volumes, and consequently revenue, accelerated in the first-quarter 2015 following the decision of BASE to stop their Fixed triple-play offer Snow. The larger part of the former Snow customers opted however for Scarlet. As a result, the reduction in Wholesale lines was largely compensated for through Proximus retail offer.

Furthermore, the first-quarter 2015 revenue was negatively impacted by lowered Wholesale roaming tariffs, only partly compensated for by the roaming volume growth.

Operating expenses

TEC&W posted EUR 41 million in HR expenses for the first-quarter 2015, down 2% from the previous year as result of HR efficiency actions.

Non-HR expenses slightly increased to EUR 49 million. This includes a timing impact from the provisioned Walloon Region Pylon tax which was booked fully in its entirety in the last quarter of 2014, whereas it will be spread over the year in 2015. However this was largely compensated for by favorable costs initiatives to lower maintenance and external workforce costs.

Segment result

The first-quarter 2015 revenue erosion resulted in an underlying segment result of EUR -44 million.

Staff & Support – S&S

P&L Staff and Support (Underlying)

	1st Quarter		
(EUR million)	2014	2015	% Change
TOTAL SEGMENT INCOME	7	8	12.4%
Personnel expenses and pensions (**)	-34	-33	-3.0%
Other operating expenses (***)	-49	-50	2.2%
TOTAL OPERATING EXPENSES before depreciation & amortization	-83	-83	0.1%
TOTAL SEGMENT RESULT	-76	-75	1.0%

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document

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

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

S&S quarterly financial results: page 26

For the first-quarter 2015, Staff and Support recorded **underlying revenue of EUR 8 million**, in line with the prior quarter.

The underlying **HR expenses** recorded for the **first-quarter 2015** were 3% below those for the comparable period of 2014 mainly as result of a lower personnel base.

The underlying **non-HR expenses** for the **first-quarter 2015** totaled EUR 50 million, 2.2% more than for the same quarter of 2014. This included some higher renting costs related to the sale and lease back of some buildings previously sold in the framework of the Network Simplification program, and this for the period it takes to fully empty them.

International Carrier Services – BICS

- Results boosted by positive volatility in the voice trading activities and positive currency effect
- Year-on-year underlying revenue increase of 11.9%, from a low comparable base in 2014
- Gross margin 10.5% higher, with both Data and Voice showing a positive variance
- First-quarter underlying EBITDA at EUR 39 million

P&L International Carrier Services (Underlying)

	1st Quarter		
(EUR million)	2014	2015	% Change
TOTAL SEGMENT INCOME	357	399	11.9%
Costs of materials and charges to revenues (*)	-298	-335	12.2%
Gross margin	*58*	*65*	*10.5%*
Personnel expenses and pensions (**)	-11	-12	2.5%
Other operating expenses (***)	-17	-14	-21.8%
TOTAL SEGMENT RESULT	30	39	32.4%
Segment contribution margin	*8.3%*	*9.8%*	*1.5%p.p.*

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

ICS quarterly financial and operational results: page 27

Revenue

The **first-quarter 2015** underlying revenue from BICS totaled EUR 399 million, up by 11.9% from a low comparable base in 2014. The year-on-year increase mainly resulted from the positive impact on revenue from the stronger USD, contributing for more than half of the revenue increase, combined with higher volumes for both Voice and Mobile Data.

The first-quarter Voice traffic was up by 4.2% from the previous year, totaling 6,504 million minutes. Messaging volumes were up 31.5% to 656 million.

	1st Quarter		
(EUR million)	2014	2015	% Change
Voice	304	335	10.1%
Non Voice	53	65	22.4%
Total revenues	357	399	11.9%

Gross margin

The BICS Direct margin for the first-quarter 2015 totaled EUR 65 million, 10.5% up from a low comparable base in 2014 and driven by a positive variance for both Mobile Data and Voice. Mobile Data was positively impacted by the stronger USD as well as by improved volumes while the Voice unit margin was particularly high in the first-quarter 2015, benefiting from favorable - but volatile - market conditions.

	1st Quarter		
(EUR million)	2014	2015	% Change
Voice	28	30	5.5%
Non Voice	30	35	15.1%
Total Gross margin	58	65	10.5%

Segment result

BICS's underlying EBITDA totaled EUR 39 million for the first-quarter of 2015, a 32.4% increase from the same period of 2014. This increase was the result of the higher Gross margin, combined with lower expenses. The non-HR expenses were down by nearly EUR 4 million or -21.8% from the previous year, including a favorable foreign currency impact.

Consequently the underlying EBITDA margin rose to 9.8%, 1.5p.p. higher compared to the year before.

BICS operationals

Volumes (in million)	1st Quarter 2014	2015	% Change
Voice	6,243	6,504	4.2%
Non Voice (SMS/MMS)	499	656	31.5%

![belgacom]

From reported to underlying revenue and EBITDA (rounded numbers)

GROUP - Revenue incidentals (EUR million)	Q114	Q115	GROUP - EBITDA incidentals (EUR million)	Q114	Q115
Reported	1,480	1,482	Reported	411	425
Underlying	1,403	1,479	Underlying	414	423
Incidentals - Total	-78	-3	Incidentals - Total	3	-2
Non Recurring Items	0	0	Non Recurring Items	1	0
Other incidentals	-78	-3	Other incidentals	2	-2
Non-recurring items:	0	0		1	0
Gain/losses from disposals					
Other				1	0
mainly resulting from a partial settlement of a post-employment benefit plan.					
Other incidentals:	-78	-3		2	-2
Impact from disposed companies					
- CBU: Scarlet Netherlands (March 2014) and Sahara Net (May 2014)	-4			0	
- EBU: Divesture of Telindus France and the activities of Telindus UK	-73			3	1
Transformation & Rebranding				-1	
Capital gains on building sales		-3			-3

Quarterly results

The quarterly figures take into account the changes as described on page 2 of this release.

Group – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
REPORTED											
Revenues	1,586	1,583	1,568	1,582	6,318	1,480	1,631	1,486	1,515	6,112	1,482
EBITDA	n/a	n/a	n/a	n/a	n/a	405	559	435	356	1,755	425
UNDERLYING											
Revenues	1,497	1,499	1,490	1,474	5,960	1,403	1,483	1,472	1,506	5,864	1,479
Consumer Business Unit	696	709	691	697	2,793	675	699	705	724	2,803	711
Enterprise Business Unit	332	329	316	329	1,305	322	327	317	345	1,311	329
Technology and Carrier & Wholesale Business Unit	68	66	66	65	265	64	60	60	58	242	55
Staff & Support	7	7	7	5	26	7	8	7	8	29	8
International Carrier Services	417	413	437	401	1,666	357	415	410	395	1,577	399
Inter-segment eliminations	-23	-24	-27	-22	-96	-23	-25	-26	-25	-98	-23
Costs of materials and charges to revenues (*)						-529	-593	-581	-627	-2,330	-590
Personnel expenses and pensions (**)						-255	-258	-258	-243	-1,014	-251
Other operating expenses (***)						-211	-201	-200	-255	-867	-216
EBITDA						408	431	433	382	1,653	423
Segment EBITDA margin						29.1%	29.1%	29.4%	25.3%	28.2%	28.6%

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

CBU – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
REPORTED											
Revenues	701	714	696	703	2,814	680	701	705	724	2,810	711
Segment Result	n/a	n/a	n/a	n/a		342	357	360	335	1,394	354
UNDERLYING											
Revenues	696	709	691	697	2,793	675	699	705	724	2,803	711
From Fixed	352	353	354	354	1,412	353	355	357	364	1,430	366
Voice	151	149	147	146	592	144	143	142	143	572	139
Data (Internet & Data Connectivity)	124	126	128	127	506	127	130	130	132	520	135
TV	63	64	65	68	261	68	69	72	76	286	79
Terminals (excl. TV)	7	6	6	6	25	6	5	6	6	22	6
ICT	7	7	7	8	29	8	7	7	7	29	7
From Mobile	288	292	280	280	1,139	268	288	289	298	1,142	288
Mobile Services	259	268	255	252	1,034	243	253	252	252	1,000	248
Terminals	29	24	24	29	105	25	35	36	46	143	40
Subsidiaries	29	32	32	33	127	28	28	30	31	117	31
Tango	29	32	32	33	127	28	28	30	31	117	31
Other	27	32	26	30	115	26	28	30	31	114	27
of which Installation/Activation	*5*	*7*	*6*	*6*	*24*	*5*	*5*	*6*	*5*	*21*	*6*
Costs of materials and charges to revenues (*)						-152	-163	-162	-196	-672	-171
Personnel expenses and pensions (**)						-102	-102	-102	-95	-400	-99
Other operating expenses (***)						-80	-81	-81	-97	-339	-87
EBITDA						342	353	361	336	1,392	354
Segment EBITDA margin						50.7%	50.5%	51.2%	46.4%	49.6%	49.8%

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

CBU – Operationals

	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
FROM FIXED											
Number of access channels (thousands)	3,779	3,760	3,742	3,733	3,733	3,722	3,716	3,713	3,724	3,724	3,789
Voice	2,282	2,255	2,226	2,200	2,200	2,172	2,153	2,137	2,126	2,126	2,140
Broadband	1,498	1,506	1,515	1,533	1,533	1,550	1,563	1,576	1,598	1,598	1,649
TV (thousands)	1,412	1,428	1,447	1,465	1,465	1,495	1,525	1,558	1,593	1,593	1,657
Unique Customers	1,170	1,184	1,198	1,204	1,204	1,225	1,244	1,264	1,288	1,288	1,340
of which multiple settop boxes	242	245	249	260	260	269	281	294	304	304	317
ARPU (EUR)											
ARPU Voice	21.8	21.9	21.9	21.9	21.9	22.0	22.0	22.1	22.3	22.1	21.8
ARPU broadband	27.7	28.0	28.2	27.7	27.9	27.5	27.8	27.8	27.7	27.7	27.6
ARPU Belgacom TV	18.3	18.4	18.4	18.8	18.5	18.8	18.7	19.3	19.9	19.2	19.9
FROM MOBILE											
Number of active customers (thousands)***	4,095	4,132	4,133	4,158	4,158	4,173	4,195	4,198	4,232	4,232	4,230
Prepaid	1,824	1,753	1,695	1,648	1,648	1,580	1,535	1,495	1,457	1,457	1,416
Postpaid	2,271	2,379	2,437	2,510	2,510	2,593	2,660	2,702	2,775	2,775	2,815
Among Which Paying cards	2,008	2,076	2,109	2,157	2,157	2,199	2,240	2,256	2,306	2,306	2,333
Among Which Internet Everywhere cards	262	303	328	354	354	394	421	446	469	469	482
Annualized churn rate (variance in p.p.)											
Prepaid	40.5%	34.0%	35.6%	34.1%	35.7%	32.5%	33.6%	35.3%	32.8%	33.4%	33.7%
Postpaid	21.0%	16.4%	14.6%	15.4%	16.7%	15.2%	14.3%	16.3%	18.3%	16.1%	15.4%
Blended	30.7%	24.8%	24.3%	23.8%	25.7%	22.8%	22.6%	24.2%	24.3%	23.4%	22.7%
Net ARPU (EUR)											
Prepaid	13.3	14.0	12.6	12.4	13.1	11.8	12.6	11.7	11.7	11.9	10.7
Postpaid	30.6	31.2	30.3	29.6	30.4	28.4	29.2	29.5	29.3	29.1	29.0
Blended	22.2	23.2	22.3	22.1	22.4	21.3	22.3	22.3	22.3	22.1	22.0

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CBU – X-play reporting

	Q114	Q214	Q314	Q414	2014	Q115
Households/Small Offices per Play - Total (thousands)	2,851	2,831	2,806	2,804	2,804	2,799
1 - Play	1,293	1,265	1,232	1,221	1,221	1,198
Fixed Voice	534	516	497	479	479	459
Fixed Internet	73	73	75	77	77	80
TV	N/A	N/A	N/A	N/A	N/A	N/A
Mobile Postpaid	686	675	660	665	665	659
2 - Play	487	481	472	462	462	454
3 - Play	634	633	637	641	641	649
4 - Play	436	451	465	480	480	498
Revenues per x - play (EUR million)	515	529	537	539	2,119	538
1 - Play	128	131	132	130	520	128
2 - Play	85	85	84	83	336	80
3 - Play	156	159	161	162	638	161
4 - Play	146	154	160	165	625	169
Average revenue x - play (in EUR)	60.1 €	62.0 €	63.5 €	64.1 €	62.4 €	64.1 €
1 - Play	32.7 €	34.1 €	35.1 €	35.2 €	34.3 €	35.3 €
2 - Play	57.7 €	58.1 €	58.6 €	59.0 €	58.3 €	58.2 €
3 - Play	82.1 €	83.7 €	84.6 €	84.5 €	83.7 €	83.4 €
4 - Play	113.4 €	115.8 €	116.9 €	116.5 €	115.7 €	115.0 €
Average #RGUs per househould/Small Office - Total	2.41	2.44	2.47	2.50	2.50	2.52
1 - Play	1.21	1.21	1.22	1.22	1.22	1.22
2 - Play	2.23	2.22	2.22	2.23	2.23	2.23
3 - Play	3.36	3.37	3.37	3.38	3.38	3.38
4 - Play	4.78	4.80	4.80	4.81	4.81	4.82
Annualized full churn rate (household/Small Office level) - Total	12.9%	12.0%	14.1%	14.4%	13.3%	14.7%
1 - Play	20.9%	19.3%	22.1%	22.6%	21.2%	22.4%
2 - Play	9.3%	9.3%	12.5%	11.8%	10.7%	12.2%
3 - Play	6.7%	6.1%	7.8%	8.8%	7.4%	10.5%
4 - Play	2.1%	2.0%	2.6%	2.9%	2.4%	3.7%
% Convergent households / small offices - Total (i.e. % of HH/SO having Mobile + Fixed component)	50.7%	51.7%	52.5%	53.3%	53.3%	54.1%
1 - Play						
2 - Play	23.3%	23.2%	23.5%	23.7%	23.7%	23.9%
3 - Play	37.7%	38.8%	39.4%	39.7%	39.7%	39.9%
4 - Play	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EBU – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
REPORTED											
Revenues	406	407	386	410	1,609	395	407	330	355	1,487	329
Segment Result	n/a	n/a	n/a	n/a		142	194	143	115	594	147
UNDERLYING											
Revenues	332	329	316	329	1,305	322	327	317	345	1,311	329
From Fixed	247	242	235	245	969	239	241	233	257	971	238
Voice	68	67	65	66	266	67	65	63	64	259	64
Data (Internet & Data Connectivity)	66	65	63	64	257	63	62	61	62	248	62
Terminals (excl. TV)	5	5	5	5	20	5	5	5	5	20	5
ICT	108	104	102	111	425	105	109	104	127	444	107
From Mobile	82	82	77	80	322	79	83	81	83	326	85
Mobile Services	80	79	74	76	309	76	79	77	75	307	79
Terminals	2	4	3	4	13	3	4	4	9	19	6
Other	4	5	3	4	15	3	3	3	5	14	6
of which Installation/Activation	*1*	*1*	*1*	*1*	*4*	*1*	*1*	*1*	*1*	*4*	*1*
Costs of materials and charges to revenues (*)						-87	-89	-85	-107	-368	-93
Personnel expenses and pensions (**)						-67	-69	-67	-65	-268	-67
Other operating expenses (***)						-23	-23	-21	-26	-92	-21
EBITDA						146	147	143	148	583	148
Segment EBITDA margin						45.2%	44.9%	45.1%	42.8%	44.5%	45.0%

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

EBU- Operationals

	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
FROM FIXED											
Number of access channels (thousands)	897	883	877	869	869	862	854	845	837	837	825
Voice	749	737	732	726	726	720	712	704	695	695	686
Broadband	148	146	144	143	143	143	142	141	141	141	139
ARPU (EUR)											
ARPU Voice	30.1	30.2	29.6	30.0	30.0	30.7	30.4	29.8	30.3	30.3	30.8
ARPU Broadband	44.8	44.3	44.0	43.8	44.2	43.9	43.2	42.7	41.9	42.9	43.5
FROM MOBILE											
Number of active customers (thousands)	984	1,001	1,019	1,031	1,031	1,069	1,095	1,121	1,161(*)	1,161	1,179
Among which other than M2M and Free	796	808	810	814	814	827	844	854	863	863	869
Among which M2M	182	187	203	209	209	234	243	258	289	289	301
Among which Internet Everywhere Card	5	6	7	7	7	8	8	9	9	9	10
Annualized churn rate (blended - variance in p.p.)	11.0%	10.8%	9.2%	10.2%	10.3%	10.3%	10.1%	8.4%	10.0%	9.8%	11.3%
Net ARPU (EUR)											
Postpaid	33.8	32.8	30.4	31.0	32.0	30.1	30.5	29.4	28.2	29.5	29.3

(*) 2014 Park was restated to 1,161,000, i.e. including +21,000 cards becoming 'active' after a M2M platform migration

TEC&W – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
REPORTED											
Revenues	68	66	66	65	265	64	60	60	58	242	55
Segment Result						-34	-28	-38	-43	-143	-44
UNDERLYING											
Revenues	68	66	66	65	265	64	60	60	58	242	55
Costs of materials and charges to revenues (*)						-9	-9	-9	-9	-36	-9
Personnel expenses and pensions (**)						-41	-42	-44	-40	-168	-41
Other operating expenses (***)						-48	-45	-45	-67	-204	-49
Segment result						-34	-35	-39	-57	-165	-44

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

TEC&W – Retail Operationals and MVNO customers

	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
FROM FIXED											
Number of access channels (thousands)											
Voice (1)	10	10	10	10	10	10	10	9	9	9	9
Broadband (1)	1	1	1	1	1	1	1	1	1	1	1
FROM MOBILE											
Number of active Mobile customers (thousands)											
Retail (1)	8	7	9	9	9	10	10	10	10	10	11
MVNO	5	7	7	6	6	6	7	10	11	11	11

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

S&S – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
REPORTED											
Revenues	18	7	10	25	60	7	64	7	8	85	11
Segment Result						-75	-17	-67	-83	-242	-71
UNDERLYING											
Revenues	7	7	7	5	26	7	8	7	8	29	8
Costs of materials and charges to revenues (*)						0	0	0	0	0	0
Personnel expenses and pensions (**)						-34	-34	-34	-31	-132	-33
Other operating expenses (***)						-49	-41	-44	-53	-187	-50
Segment result						-76	-67	-71	-76	-290	-75

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

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ICS – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
REPORTED											
Revenues	417	413	437	401	1,666	357	434	410	395	1,597	399
Segment Result	35	37	38	31	140	30	53	38	32	153	39
UNDERLYING											
Revenues	417	413	437	401	1,666	357	415	410	395	1,577	399
Costs of materials and charges to revenues (*)	-355	-347	-370	-340	-1,412	-298	-352	-346	-333	-1,330	-335
Personnel expenses and pensions (**)	-11	-11	-12	-12	-45	-11	-11	-12	-12	-47	-12
Other operating expenses (***)	-16	-18	-17	-18	-69	-17	-17	-14	-18	-66	-14
Segment result	35	37	38	31	140	30	35	39	32	135	39
Segment contribution margin	8.3%	8.9%	8.6%	7.7%	8.4%	8.3%	8.3%	9.4%	8.0%	8.5%	9.8%

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document
(**) Personnel expenses and pensions are referred to as "HR costs" in the document
(***) Other operating expenses are referred to as "Non-HR costs" in the document

ICS – Operationals

Volumes (in million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014	Q115
Voice	7,267	6,701	7,287	6,872	28,127	6,243	7,259	6,981	6,675	27,158	6,504
Non-Voice (SMS/MMS)	451	461	540	512	1,964	499	583	629	654	2,365	656

Interim condensed consolidated financial statements

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

Basis of preparation

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

Accounting policies

The accounting policies and methods of the Group used as of 2015 are consistent with those applied in the 31 December 2014 consolidated financial statements, with the exception that the Group adopted the new standards, interpretations and revisions that became mandatory for the Belgacom Group on 1 January 2015. These have only a limited impact . Applicable as from 1 January 2015, with retrospective application, IFRIC 21 requires recognizing levies in the period during which the criteria that triggers those taxes are met, except levies related to technical assets that are recognized over the year together with the use of such assets. As a result, some levies imposed to the Group for non-technical assets are now recognized on 1st January of the year whereas in the past such cost were spread over the year.

Concretely, the impacts are as follows:

Restated income statement	Year ended 31 March 2014		
(EUR million)	Reported	Restatement	Restated
EBITDA (*) before non-recurring items	412	-6	406
EBITDA (*) after non-recurring items	411	-6	405
Operating income (EBIT)	215	-6	209
Income before taxes	192	-6	186
Tax expenses	-40	2	-38
Net Income	152	-4	148
Net Income (Group Share)	149	-4	145

(*) EBITDA : operating income before depreciation and amortization

Judgments and estimates

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

Significant events or transactions

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

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Consolidated income statements

(EUR million)	1st Quarter 2014 - restated	2015	% Change
Net revenue	1,469	1,470	0.1%
Other operating income	12	13	8.5%
Non-recurring income	0	0	-
TOTAL INCOME	**1,480**	**1,482**	**0.1%**
Costs of materials and services related to revenue	-575	-589	2.5%
Personnel expenses and pensions	-278	-251	-9.7%
Other operating expenses	-221	-217	-1.9%
Non-recurring expenses	-1	0	-
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,075**	**-1,058**	**-1.6%**
OPERATING INCOME before depreciation & amortization	**405**	**425**	**4.9%**
Depreciation and amortization	-196	-214	9.2%
OPERATING INCOME	**209**	**211**	**0.8%**
Finance income	4	7	106.3%
Finance costs	-26	-28	7.8%
Net finance costs	**-23**	**-21**	**-7.9%**
Share of loss on associates	0	-1	-
INCOME BEFORE TAXES	**186**	**188**	**1.4%**
Tax expense	-38	-53	41.8%
NET INCOME	**148**	**135**	**-8.9%**
Non-controlling interests	4	6	63.0%
Net income (Group share)	145	129	-10.7%
Basic earnings per share	0.45 EUR	0.40 EUR	-11.3%
Diluted earnings per share	0.45 EUR	0.40 EUR	-11.3%
Weighted average number of ordinary shares	319,295,569	321,404,765	0.7%
Weighted average number of ordinary shares for diluted earnings per share	319,711,794	321,905,898	0.7%

Consolidated statements of other comprehensive income

(EUR million)	As of 31 March 2014 restated	2015
Net income	**148**	**135**
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Cash flow hedges:		
Gain/(loss) taken to equity	1	-1
Transfer to profit or loss for the period	0	2
Total before related tax effects	**1**	**1**
Related tax effects		
Cash flow hedges:		
Income tax relating to items that may be reclassified	**0**	**0**
Items that may be reclassified to profit and loss, net of related tax effects	**1**	**1**
Total comprehensive income	**149**	**136**
Attributable to:		
Equity holders of the parent	145	130
Non-controlling interests	4	6

Consolidated balance sheets

(EUR million)	As of 31 December 2014	As of 31 March 2015
ASSETS		
NON-CURRENT ASSETS	6,339	6,298
Goodwill	2,272	2,272
Intangible assets with finite useful life	1,180	1,167
Property, plant and equipment	2,680	2,705
Investments in associates	4	3
Other participating interests	8	8
Deferred income tax assets	102	97
Other non-current assets	94	47
CURRENT ASSETS	2,183	2,397
Inventories	117	149
Trade receivables	1,182	1,230
Current tax assets	63	73
Other current assets	111	221
Investments	8	9
Cash and cash equivalents	702	715
Assets classified as held for sale	0	0
TOTAL ASSETS	8,522	8,696
LIABILITIES AND EQUITY		
EQUITY	2,969	3,114
Shareholders' equity	2,779	2,918
Issued capital	1,000	1,000
Treasury shares	-470	-460
Restricted reserve	100	100
Remeasurement reserve	-128	-127
Stock compensation	8	7
Retained earnings	2,270	2,399
Foreign currency translation	0	0
Non-controlling interests	189	196
NON-CURRENT LIABILITIES	3,332	3,228
Interest-bearing liabilities	2,386	2,301
Liability for pensions, other post-employment benefits and termination benefits	504	498
Provisions	154	152
Deferred income tax liabilities	110	107
Other non-current payables	178	169
CURRENT LIABILITIES	2,221	2,354
Interest-bearing liabilities	162	255
Trade payables	1,358	1,279
Tax payables	111	162
Other current payables	591	658
Liabilities associated with assets classified as held for sale	0	0
TOTAL LIABILITIES AND EQUITY	8,522	8,696

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Consolidated cash flow statements

(EUR million)	1st Quarter 2014	1st Quarter 2015
Cash flow from operating activities		
Net income	148	135
Adjustments for:		
Depreciation and amortization on intangible assets and property, plant and equipment	196	214
Decrease in provisions	-2	-1
Deferred tax expense	-1	1
Impairment on participating interests	0	0
Loss from investments accounted for using the equity method	0	1
Fair value adjustments on financial instruments	-2	-7
Loans amortization	2	2
Gain on disposal of consolidated companies and remeasurement of previously held interest	1	0
Loss on disposal of property, plant and equipment	0	-3
Other non-cash movements	1	1
Operating cash flow before working capital changes	**343**	**342**
Decrease / (increase) in inventories	12	-32
Decrease / (increase) in trade receivables	31	-41
Increase in current income tax assets	-1	0
Increase in other current assets	-63	-27
Decrease in trade payables	-90	-83
Increase in income tax payables	33	51
Increase in other current payables	52	31
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-17	-6
Increase in working capital, net of acquisitions and disposals of subsidiaries	**-43**	**-107**
Net cash flow provided by operating activities	**301**	**236**
Cash flow from investing activities		
Cash paid for acquisitions of intangible assets and property, plant and equipment (1)	-180	-230
Cash received from sales of consolidated companies, net of cash disposed of	-2	-3
Cash received from sales of intangible assets and property, plant and equipment	1	4
Net cash received from other non-current assets	0	1
Net cash used in investing activities	**-182**	**-227**
Cash flow before financing activities (FCF)	**119**	**8**
Cash flow from financing activities		
Dividends paid to shareholders	-3	-3
Dividends / capital paid to non-controlling interests	-33	0
Net sale of treasury shares	8	9
Net sale of investments	-1	0
Repayment of long term debt	0	-1
Issuance of short term debt	282	0
Net cash provided by financing activities	**254**	**5**
Net increase of cash and cash equivalents	**373**	**14**
Cash and cash equivalents at 1 January	355	702
Cash and cash equivalents at 31 March	728	715

(1) Capital expenditure adjusted for licenses, broadcasting and content rights payable over more than one year and related payments

Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Remeasur-ement reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Non-controlling interests	Total Equity
Balance at 31 December 2013	1.000	-527	100	-3	-48	1	13	2.310	2.846	196	3.042
Fair value changes in cash flow hedges - acquired during the y	*0*	*0*	*0*	*1*	*0*	*0*	*0*	*0*	*1*	*0*	*1*
Equity changes not recognised in the income statement	0	0	0	1	0	0	0	0	1	0	1
Net income	0	0	0	0	0	0	0	145	145	4	148
Total comprehensive income and expense	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**145**	**145**	**4**	**149**
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-33	-33
Treasury shares											
Exercise of stock options	0	8	0	0	0	0	0	0	8	0	8
Stock options											
Exercise of stock options	0	0	0	0	0	0	-1	1	0	0	0
Total transactions with equity holders	**0**	**8**	**0**	**0**	**0**	**0**	**-1**	**1**	**8**	**-33**	**-25**
Balance at 31 March 2014 restated	1.000	-518	100	-2	-48	0	12	2.455	3.000	166	3.166
Balance at 31 December 2014	1.000	-470	100	2	-130	0	8	2.270	2.779	189	2.969
Fair value changes in cash flow hedges - acquired during the y	*0*	*0*	*0*	*1*		*0*	*0*	*0*	***1***	*0*	*1*
Equity changes not recognised in the income statement	0	0	0	1	0	0	0	0	**1**	0	1
Net income	0	0	0	0		0	0	129	**129**	6	135
Total comprehensive income and expense	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**129**	**130**	**6**	**136**
Treasury shares											
Exercise of stock options	0	10	0	0		0	0	-1	**9**	0	9
Stock options											
Exercise of stock options	0	0	0	0		0	-1	1	**0**	0	0
Total transactions with equity holders	**0**	**10**	**0**	**0**	**0**	**0**	**-1**	**0**	**9**	**0**	**9**
Balance at 31 March 2015	1.000	-460	100	3	-130	0	7	2.399	2.918	196	3.114

Segment reporting

The figures take into account the changes as described on page 2 of this release.

Reported and restated (for Q1/2014) figures are set out in the tables below:

	Three months ended 31 March 2015								
	Reported		Adjusted for incidentals						
(EUR million)	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Technology & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	1,470	0	1,470	706	326	47	2	390	0
Other operating income	13	-4	9	4	2	1	2	0	0
Intersegment income	0	0	0	1	1	8	4	10	-24
Non-recurring income	0	0	0	0	0	0	0	0	0
Total income	1,482	-4	1,479	711	329	55	8	399	-24
Costs of materials and services related to revenue	-589	0	-590	-171	-93	-9	0	-335	18
Personnel expenses and pensions	-251	0	-251	-99	-67	-41	-33	-12	0
Other operating expenses	-217	1	-216	-87	-21	-49	-50	-14	6
Non-recurring expenses	0	0	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	-1,058	1	-1,056	-357	-181	-99	-83	-360	23
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	425	-2	422	354	148	-44	-75	39	-1
Depreciation and amortization	-214	0	-214	-46	-6	-128	-15	-19	0
OPERATING INCOME / (LOSS)	211	-2	208	308	142	-172	-90	20	-1
Finance expense (net)	-21								
Share of gain/ (loss) on associates	-1								
INCOME BEFORE TAXES	188								
Tax expense	-53								
NET INCOME	135								
Non-controlling interests	6								
Net income (Group share)	129								

	Three months ended 31 March 2014 - Restated								
	Reported		Adjusted for incidentals						
(EUR million)	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Technology & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	1,469	-77	1,392	669	319	55	2	347	0
Other operating income	12	-1	10	5	2	1	2	0	0
Intersegment income	0	0	0	1	1	8	3	10	-23
Non-recurring income	0	0	0	0	0	0	0	0	0
Total income	1,480	-78	1,402	675	322	64	7	357	-23
Costs of materials and services related to revenue	-575	46	-529	-152	-87	-9	0	-298	17
Personnel expenses and pensions	-278	23	-255	-102	-67	-41	-34	-11	0
Other operating expenses	-221	10	-211	-80	-23	-48	-49	-17	5
Non-recurring expenses	-1	1	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	-1,075	80	-995	-333	-176	-98	-83	-327	23
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	405	3	407	342	146	-34	-76	30	-1
Depreciation and amortization	-196		-196	-4	-3	-2	76	-20	-242
OPERATING INCOME / (LOSS)	209	3	211	338	142	-36	0	10	-243
Finance expense (net)	-23								
Share of gain/ (loss) on associates	-0								
INCOME BEFORE TAXES	186								
Tax expense	-38								
NET INCOME	148								
Non-controlling interests	4								
Net income (Group share)	145								

Financial instruments

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

- The carrying amounts and fair values of the financial instruments at 31 March 2015;
- The categorization of the fair valued financial instruments within the fair value hierarchy;
- The fair valuation techniques used.

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

Fair Value and Fair Value Hierarchy

Set out below is a comparison of the carrying amounts and fair value of financial instruments as at 31 March 2015 and the fair value hierarchy:

The financial instruments were categorized according to principles that are consistent with those applied for the preparation of Note 33.4 of the 2014 Financial Statements.

No transfer between Levels occurred during 2015.

As of 31 March 2015 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	8	8	
Other non-current assets				
Derivatives held for trading	FVTPL	5	5	Level 2
Other financial assets	LaR	43	43	
Current assets				
Trade receivables	LaR	1,230	1,230	
Other current assets				
Derivatives held for trading - int. bearing	FVTPL	45	45	Level 2
Derivatives held for trading	FVTPL	5	5	Level 1
Derivatives held-for-hedging	HeAc	4	4	Level 1
VAT and other receivables	N/A	27	27	
Investments	AFS	4	4	Level 1
Investments	HTM	5	5	
Cash and cash equivalents				
Fixed income securities	HTM	50	50	
Short-term deposits	LaR	665	665	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	2,295	2,559	Level 2
Leasing and similar obligations	OFL	2	2	
Derivatives held-for-trading	FVTPL	3	3	Level 2
Non-interest-bearing liabilities				
Other non-current payables	OFL	169	169	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	OFL	218	189	Level 2
Leasing and similar obligations	OFL	2	2	
Derivatives held-for-trading	FVTPL	35	35	Level 2
Trade payables	OFL	1,279	1,279	
Other current payables				
Derivatives held-for-hedging	HeAc	1	1	Level 1
Derivatives held-for-trading	FVTPL	5	5	Level 1
V.A.T. and other amounts payable	OFL	322	322	

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

Valuation technique

The Group holds financial instruments classified in Level 1 or 2 only.

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

Other derivatives in Level 2

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

Unsubordinated debentures

The unsubordinated debentures not in a hedge relationship are recognized at amortized costs. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 March 2015 for similar debentures with the same remaining maturities.

Contingent liabilities

Compared to the 2014 Consolidated Financial Statements, no changes occurred during the first-quarter 2015 in the contingent liabilities except for the following development on the on-net legal case versus Base and Mobistar:

Following the interlocutory judgment on 26 February 2015, Base and Mobistar have requested the replacement of the current experts.

As a reminder, on 26 February 2015, the Court of Appeal gave an interlocutory judgment in which it modified the decision of the first judge of 2007. The Court first confirmed that there was no reason for examining further the allegations related to the alleged absence of cost orientation of the termination rates that had already been rejected by the first judge. However, with respect to the alleged abuses of dominant position, the Court considered that there were sufficient indications to extend the court expert proceedings to all the alleged abuses, as well as with respect to the reference period for Mobistar, an extension to 2005.

Post balance sheet events

The Annual General meeting of April 2015 approved the dividend distribution for the year 2014 which will impact the cash flow of the Group in the second quarter 2015 for EUR 322 million.

On 27 March 2015, the Group repurchased 85% of the JPY 10billion Notes due in December 2026 and unwound the related Interest and Currency swap. This transaction led to the recognition of a financial gain of EUR 6 million in the books of the first-quarter 2015. The cash settlement of this transaction took place on 1 April 2015.

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

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

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.

Definitions

Product definitions:

Fixed Voice access channels: total Fixed Voice access channels containing PSTN, ISDN and IP lines. For EBU specifically, this also contains the number of Business Trunking lines.

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

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

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

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

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

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

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

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

MoU (Minutes of Use): duration of all calls from or to Proximus (corrected for intra-network double count), per active voice customer, per month, also including free minutes included in Mobile pricing plans and including MVNO.

OLO: Other Licensed Operator

SMS: number of SMS messages sent or received (corrected for intra-network double count), per active customer per month, also including free SMS included in Mobile pricing plans and including MVNO.

X-Play Household definitions:

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

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

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

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

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

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

Financial Calendar

6 July 2015	Start of quiet period ahead of Q2 2015 results
31 July 2015	Announcement of Q2 2015 results
5 October 2015	Start of quiet period ahead of Q3 2015 results
30 October 2015	Announcement of Q3 2015 results

For further information

Investor relations

Nancy Goossens: +32 2 202 82 41

Sarah Franklin: +32 2 202 77 11

E-mail: mailto:investor.relations@belgacom.be

Press relations

Frédérique Verbiest: +32 2 202 99 26

Jan Margot: +32 2 202 85 01

Haroun Fenaux: +32 2 202 48 67

Belgacom website: www.belgacom.com