2018 Q1

Quarterly Report

proximus

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Regulated Information

1 Highlights Q1 2018

- **Value accretive strategy with increasing revenue per household driven by 4-Play growth.**
- **Solid uptake of Tuttimus and Bizz All-In, with 404,000 subscribers end-March 2018.**
- **Continued net customer gain for Consumer and Enterprise segment. Maintaining solid market shares, in spite of an increased competitive setting.**
- **BICS well supported by TeleSign, delivering synergies in line with expectations.**
- **Reiterating full-year guidance with in line first quarter results: Underlying Domestic revenue +0.9% and Underlying Group EBITDA +1.1%.**

▪ Proximus posted for the first quarter of 2018 a **Domestic underlying revenue of EUR 1,121 million, 0.9% above that of the same period of 2017**. This was driven by the revenue increase for Fixed Data and TV, compensating for the steadily eroding Fixed Voice revenue. Revenue from Mobile Postpaid services remained stable versus the first quarter 2017, with the "Roam-like-at-Home" price pressure compensated for by the higher Mobile Postpaid customer base. Within a declining Prepaid market, the Mobile Prepaid revenue remained impacted by the accelerated customer base reduction in 2017 as a consequence of the Prepaid identification legislation.

Proximus' carrier services, BICS, posted first quarter revenue of EUR 319 million, 3.9% below that of the comparable period in 2017. The contribution of TeleSign was a strong support to this further sequential improvement.

In aggregate, the **Proximus Group ended the first quarter of 2018 with fairly stable underlying revenue of EUR 1,441 million,** -0.2% from the prior year.

▪ For its **Domestic operations**, Proximus posted a first-quarter 2018 **direct margin** of EUR 840 million**, up by 0.8% from the same period of 2017**, in spite of a high comparable base for the Wholesale segment, and the "Roam-like-at-Home' impact. The first quarter **direct margin of BICS increased to EUR 77 million**, including TeleSign's contribution and benefitting from direct cost synergies. In aggregate, the **Proximus Group underlying direct margin grew by 2.1%, totaling EUR 917 million**.

▪ **Proximus' Group underlying operating expenses for the first quarter 2018 were up by 3.0%**. This was **mainly attributable to the consolidation of TeleSign in BICS**. Proximus' Domestic expenses were up year-on-year by 0.8%.

▪ The **underlying EBITDA of the Proximus Group for the first quarter 2018 totaled EUR 454 million, a 1.1% increase** compared with the same period of 2017. This includes a 0.8% increase for Proximus' Domestic operations, totaling EUR 420 million, and a 5.1% increase for BICS, including TeleSign.

▪ **In the first quarter of 2018 the Proximus Group invested EUR 221 million**, in line with the first quarter of 2017. Proximus continued its strategy to invest extensively in enhancing its networks and improving the overall customer experience. This includes the ongoing roll out of Fiber and continued investments in its mobile network to maintain high-quality standards while data traffic volumes are boosted.

▪ **Proximus' first quarter 2018 FCF totaled EUR 78 million**. The decrease compared to the EUR 173 million for the same period of 2017 was mainly the consequence of higher cash paid for Capex (carry-over effect from 2017) and higher working capital needs, being mainly a timing effect. This was partially offset by a growth in underlying EBITDA and lower Income Tax payments.

- **Proximus continued to grow its customer base for its main products**, supported by the success of Tuttimus/Bizz All-In offers and Proximus' no frills brand Scarlet.

  Proximus confirmed its competitive position in Belgium, closing the first quarter 2018 with its broadband market share at 46.6% and its Mobile postpaid market share at 42.7%. Proximus' total Mobile market share progressed to 39.1% and digital its TV market share to 36.9%.

+14,000[1] TV-customers, total of 1,575,000

+14,000 Fixed Internet lines, total of 1,996,000

-29,000 Fixed Voice lines, total of 2,595,000

+25,000[2] Mobile Postpaid cards, 3,907,000 in total

-32,000 Mobile Prepaid cards, 924,000 in total

+13,000 3 & 4-Play HH/SO[3], total of 1,444,000, i.e. 49.2% of total base

57.2% Convergent HH/SO, +1.6 p.p. YoY

Dominique Leroy, CEO of Proximus Group

I'm proud of the good first quarter results delivered by Proximus, with customers, Domestic revenue and Group EBITDA growing in a more competitive environment.

We started the year on a good basis, achieving further customer growth for our main products (TV, Internet, Mobile Postpaid), in an intense competitive setting. This was once more supported by the good traction of our all-in offers Tuttimus and Bizz All-in, growing to 404,000 by end-March 2018. Our no frills brand Scarlet realized a strong customer acquisition quarter, occupying a good position in the price seekers segment.
Although facing multiple competitive headwinds, we have also grown our mobile Postpaid customer base by 25,000, while the prepaid base further eroded in a declining market.

Our Enterprise segment sustained its solid position, firmly growing its mobile customer base and benefitting from a better product/services mix in ICT, and ongoing growth in Smart Mobility and convergent business solutions, offsetting the pressure on legacy products.

As we expected, the impact from roaming and regulation remained elevated in the first quarter, causing a net Direct margin loss of EUR 15 million. Nonetheless, we achieved to grow the Domestic EBITDA by 0.8%, or +4.3% excluding the roaming and regulation impact.

BICS closed a solid first quarter, with its direct margin and EBITDA increasing, supported by the contribution of TeleSign. The combination with TeleSign has visibly boosted BICS' strategic ambitions in the growing Application to Person market, while synergies are delivering as expected.

In aggregate, the first quarter Group EBITDA ended 1.1% above the comparable period of 2017, keeping us well on track to end the year with a slightly growing Group EBITDA. To achieve this, we will continue our transformation journey to turn Proximus into a more customer centric and fitter organization, focusing on efficiency and simplification efforts to further structurally reduce our costs and transition towards a Digital Service Provider.

We have been reassured by the regulator's issued market review, confirming our choice of network topology for our fiber roll out in Belgium. This allows us to continue our fiber project as we had planned. We are deploying an open fiber network and are pleased to have welcomed already a growing number of Wholesale customers on fiber. Given our commitment to keep our networks open and given the success in making commercial agreements, we see no need for regulation of our fiber network.

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

[2] Group (Consumer, Enterprise and 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

2.1 Group financials

Table 1: Underlying Group P&L

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	% Change	2018 IFRS 15
TOTAL INCOME (*)	1,443	1,441	-0.2%	1,440
Net Revenue	1,433	1,429	-0.3%	1,428
Other Operating Income	11	12	12.5%	12
Costs of materials and charges to revenues (**)	-545	-524	-3.9%	-525
TOTAL DIRECT MARGIN	898	917	2.1%	916
Direct margin %	*62.2%*	*63.6%*	*1.4 p.p.*	*63.6%*
TOTAL EXPENSES	-449	-462	3.0%	-462
TOTAL EBITDA	449	454	1.1%	453
Segment EBITDA margin %	*31.1%*	*31.5%*	*0.4 p.p.*	*31.5%*

(*) 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 first quarter of 2018 a Domestic underlying revenue of EUR 1,121 million, 0.9% above that of the same period of 2017.
Revenue from Fixed Services[4] was slightly up from the prior year, totaling EUR 498 million, with the increase for Fixed Data (+3.6%) and TV (+4.5%) compensating for the steadily eroding Fixed Voice revenue, down in the first quarter by 5.5%. (see table 3)
Proximus increased its Mobile Postpaid customer base by 3.3% from the prior year. This, together with the higher usage and the portfolio changes launched on 1 August 2017, compensated for the significant headwind from "Roam-like-at-Home" (RLAH) and, for the Enterprise segment, one-off commercial settlements. Consequently, the revenue from Mobile Postpaid services remained stable for the first quarter.

Within a declining Mobile Prepaid market, the net card loss was for the first quarter 2018 about half of that of the year before. However, the year-on-year revenue decline remained significant as a consequence of the accelerated customer base reduction in 2017 following the Prepaid identification legislation.
In total, the Mobile Services revenue for the Consumer and Enterprise segments combined ended 1.9% below that of the prior year.
The first quarter revenue was supported by higher Mobile device sales, a 1.4% revenue increase in ICT and a solid 10.2% revenue growth for Proximus' Luxembourg subsidiary Tango.

Proximus' carrier services, **BICS, posted first quarter revenue of EUR 319 million, 3.9% below** that of the comparable period in 2017, TeleSign included. In aggregate, the **Proximus Group ended the first quarter of 2018 with fairly stable underlying revenue of EUR 1,441 million,** 0.2% down from the prior year.

[4] ICT reported as separate product group and no longer included in Fixed revenue. See table 3

Table 2: Group revenue by segment

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	% Change	2018 IFRS 15
Group Reported	1,444	1,441	-0.1%	1,441
Incidentals	*0*	*-1*		*-1*
Group underlying by Segment	1,443	1,441	-0.2%	1,440
Domestic	1,111	1,121	0.9%	1,121
Consumer	720	731	1.5%	730
Enterprise	349	351	0.8%	351
Wholesale	52	48	-8.7%	48
Other (incl. eliminations)	-9	-8	10.9%	-8
International Carrier Services (BICS)	332	319	-3.9%	319

More precisely, the first-quarter 2018 Group underlying revenue variance was the result of the following segment changes:

- **The Consumer segment posted for the first quarter of 2018 a 1.5% year-on-year growth in its underlying revenue, totaling EUR 731 million.** Revenue from Fixed services (Voice, Internet and TV) was up by 1.7%, driven by a growing TV and Internet customer base for both the Proximus brand and Scarlet. Revenue from Mobile services was lower, impacted by the continued erosion of Prepaid revenue. In contrast, revenue from Mobile postpaid was up by 1%, in spite of substantial roaming regulation headwinds. The consumer revenue growth was supported by a sustained upselling of customers to 4-Play offers, with Tuttimus/Bizz All-In reaching 404,000 subscribers end-March 2018.

- The **Enterprise segment closed the first quarter with EUR 351 million revenue, 0.8% above** that of the comparable period of 2017. This was driven by higher ICT revenue, with a year-on-year better product/services mix, progress on Advanced Business Services (Smart Mobility and convergent business solutions) and a high revenue from Mobile devices. This more than offset the erosion of the more traditional telecom services and the regulatory pressure on Mobile services revenue.

- Proximus' **Wholesale segment reported EUR 48 million in revenue**, **down from a high first quarter 2017** which included a corrective impact following the annulment of the new Fixed Termination Rates by the Brussels Appeal Court. This impact aside, the revenue remained fairly stable with higher visitor roaming offsetting the decline in traditional Wholesale services.

- **BICS's revenue variance showed further sequential improvement, declining by -3.9% to EUR 319 million.** This was supported by the revenue contribution of TeleSign, consolidated since 1 November 2017. The weakening dollar on the other hand, increased the negative currency impact in the first quarter. This, and a less favorable destination mix, led to a 13.6% decline in Voice revenue. Non-Voice revenue was up 32% as messaging volumes carried by BICS continued their steep increase, up by nearly 180%, boosted by A2P[5] volumes with TeleSign accelerating BICS' strategic ambitions in this growing market.

[5] Application to Person

Table 3: Underlying Group revenue by product group

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	% Change
Revenues	1,443	1,441	-0.2%
Domestic	1,111	1,121	0.9%
Fixed	505	506	0.1%
Fixed Services	496	498	0.3%
Voice	188	177	-5.5%
Data (Internet & Data Connectivity)	214	222	3.6%
TV	95	99	4.5%
Fixed Terminals (excl. TV)	9	8	-12.3%
Mobile	366	371	1.4%
Mobile Services	321	314	-1.9%
Postpaid	294	294	0.0%
Prepaid	27	20	-23.8%
Mobile Terminals	45	56	25.0%
ICT	133	135	1.4%
Advanced Business Services	6	7	7.5%
Subsidiaries (Tango)	31	34	10.2%
Other Products	27	30	9.9%
Wholesale	52	48	-8.7%
Other segment (incl. eliminations)	*-9*	*-8*	*10.9%*
International Carrier Services (BICS)	*332*	*319*	*-3.9%*

2.1.2 Underlying Group direct margin

Table 4: Group direct margin by segment

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	% Change	2018 IFRS 15
Group Reported	898	917	2.2%	917
Incidentals	*0*	*-1*		*-1*
Group underlying by Segment	898	917	2.1%	916
Domestic	834	840	0.8%	839
Consumer	547	556	1.8%	556
Enterprise	238	237	-0.4%	237
Wholesale	45	41	-9.7%	41
Other (incl. eliminations)	4	6	55.6%	6
International Carrier Services (BICS)	64	77	18.8%	77

For its Domestic operations, Proximus posted a first-quarter 2018 direct margin of EUR 840 million, up by 0.8% from the same period of 2017. This was driven by the higher direct margin posted by the Consumer segment, up by 1.8% compared with the prior year. The direct margin of the Enterprise segment remained nearly stable (-0.4%) while the Wholesale segment direct margin was down from a high comparable base, with the first quarter 2017 benefitting from a correction on Fixed Termination Rates. This aside, the Wholesale margin remained stable year-on-year with the higher margin from Visitor roaming fully offsetting the loss from traditional wholesale products. In line with its expectations, Proximus posted a net EUR -13 million decrease in roaming margin, i.e. equal to the roaming-out price regulation since the positive volume impact from visitor roaming was offset by decreasing roaming options within the Enterprise segment. In addition, last year's correction of Fixed Termination Rates[6] impacted the year-on-year direct margin variance by EUR -2 million. **For the first quarter of 2018, BICS posted a direct margin of EUR 77 million, a year-on-year increase by 18.8%,** including TeleSign's[7] contribution, resulting from boosting A2P messaging volumes and direct cost synergies. In aggregate, the **Proximus Group underlying direct margin grew by 2.1%, totaling EUR 917 million** for the first quarter of 2018.

[6] See section 2.2 on regulation

[7] Consolidated in BICS as of 1 November 2017

2.1.3 Underlying Group expenses[8]

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

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	% Change	2018 IFRS 15
Group Reported	470	474	0.9%	474
Incidentals	*-21*	*-12*		*-12*
Group Underlying	449	462	3.0%	462
Workforce expenses	294	296	0.8%	296
Non Workforce expenses	155	166	7.3%	166
Domestic Underlying	417	420	0.8%	420
Workforce expenses (*)	276	273	-1.0%	273
Non Workforce expenses (*)	141	147	4.3%	147
BICS Underlying	31	42	33.2%	42
Workforce expenses	18	23	29.0%	23
Non Workforce expenses	14	19	38.8%	19
Domestic Underlying by nature	417	420	0.8%	420
Marketing Sales & Servicing	216	224	3.6%	224
Network & IT	136	133	-2.0%	133
General and Administrative (G&A)	65	63	-3.0%	63

(*) Restated: split workforce - non workforce has been aligned for all subsidiaries, no impact on Group.

Proximus' Group underlying operating expenses for the first quarter 2018 were up by 3.0%. This was mainly attributable to a cost increase for BICS, including the consolidation of TeleSign[9]. Proximus' **Domestic expenses were up by 0.8% compared to the first quarter of 2017,** with non-workforce expenses, as expected, including some higher commercial means and a net negative impact of one-offs.

For the first quarter 2018, the Proximus Group posted underlying workforce expenses of EUR 296 million, 0.8% above those of the prior year, with Proximus' Group headcount decreasing over that same period to 13,088 FTEs.
Following the acquisition of TeleSign in November 2017, BICS' total headcount increased from the prior year, totaling 721 FTEs end-March 2018. This increase was also reflected in BICS' first quarter workforce expenses. Proximus' Domestic workforce ended 305 FTEs below that of one year ago, totaling 12,366 FTEs end-March 2018. The headcount decrease was largely due to the new wave of employees having left the company on 1 January 2018 in the voluntary early leave plan ahead of retirement. Furthermore, the Domestic headcount was reduced following legal retirements and natural attrition, partly offset by external hiring of business critical profiles. With the positive impact from the lower headcount in part offset by the impact of an inflation-based salary increase in July 2017 and the natural wage drift, the **Domestic workforce expenses decreased by 1% compared to the first quarter 2017.**

2.1.4 Group EBITDA

Table 6: Operating income before depreciation and amortization

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	% Change	2018 IFRS 15
Group Reported	428	443	3.5%	442
Incidentals	*21*	*11*		*11*
Group underlying	449	454	1.1%	453
Domestic	416	420	0.8%	419
International Carrier Services (BICS)	33	35	5.1%	35

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

[9] TeleSign consolidated since November 2017

(1) Underlying Group EBITDA

As a result of the higher margin for its **Domestic operations** in the first quarter 2018, Proximus posted **a 0.8% increase in underlying Domestic EBITDA, totaling EUR 420 million.** This includes a net regulatory impact by EUR -15 million[10]. This margin loss aside, the first quarter 2018 Domestic EBITDA grew by 4.3%.
BICS posted a first-quarter 2018 EBITDA of EUR 35 million, a **year-on-year increase of 5.1%** including TeleSign.
In aggregate, the Proximus Group's first quarter 2018 underlying EBITDA totaled EUR 454 million, a 1.1% increase compared with the same period of 2017, or +4.3% excluding the regulatory loss.

(2) Total Reported Group EBITDA (incidentals included)

In the first quarter of 2018, the Proximus Group recorded EUR 11 million negative EBITDA incidentals, related to the early leave plan prior to retirement. These included, the **Proximus Group's reported EBITDA totaled EUR 443 million**, compared to EUR 428 million the year before, i.e. **a 3.5% increase.** See section 8.2 for more information on the incidentals.

2.1.5 Net income

Depreciation and amortization

The first quarter 2018 **depreciation and amortization totaled EUR 250 million**. This compares to EUR 234 million for the same period of 2017, +6.8%, with the increase mainly due to an increasing asset base.

Net finance cost

The **net finance cost for the first quarter 2018 totaled EUR 12 million**, EUR 3 million lower versus last year's level of EUR 15 million, mainly resulting from refinancing at a lower interest rate.

Tax expenses

The first quarter 2018 tax expenses amount to EUR 51 million, leading to an **effective tax rate of 28.2%.** This is less than the 30.8% in 2017 as a result of the positive net effect of the Belgian corporate income tax reform. (Rate decrease mitigated by a decrease of the notional interest deduction 2018).

Net income (Group share)

The first quarter 2018 net income was EUR 124 million, i.e. a 4.2% increase from the prior year. This results from a higher underlying Group EBITDA, lower finance costs, and less tax expenses, only partly offset by higher depreciation and amortization.

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

	1st Quarter			
(EUR million)	**2017 IAS 18**	**2018 IAS 18**	**% Change**	**2018 IFRS 15**
EBITDA (1)	428	443	3.5%	442
Depreciation and amortization	-234	-250	6.8%	-250
Operating income (EBIT)	194	193	-0.5%	192
Net finance costs	-15	-12	-15.5%	-12
Share of loss on associates	0	-1	>100%	-1
Income before taxes	179	180	0.5%	179
Tax expense	-55	-51	-7.8%	-51
Non-controlling interests	5	5	5.5%	5
Net income (Group share)	119	124	4.2%	124

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.

[10] See section 2.2 on Regulation

2.1.6 Investments

After a seasonally higher fourth quarter capex, **Proximus invested in the first quarter of 2018 EUR 221 million**, in line with the first quarter of 2017, and fully on track for its full year 2018 capex guidance of around EUR 1 billion. Proximus continued its strategy to invest extensively in enhancing its networks and improving the overall customer experience. This includes the ongoing Fiber project, with Fiber being rolled-out in Antwerp, Brussels, Charleroi, Ghent, Hasselt, Liège and Namur. As such, the Fixed network is gradually being upgraded from an already wide coverage of FttC, (94%) and Vectoring (87%). Therefor Proximus customers enjoy at present good Broadband connection speeds with on average 74 Mbps, while over half of the population has access to 100 Mbps. The significant upgrade of Proximus' transport network has also started, and will allow to cope with the expected steep increase in the peak traffic on its networks over the coming years.

For Mobile, even though the 4G roll-out is completed (coverage of 99.8% outdoor, 98.8% indoor), Proximus continues to invest in its mobile network to maintain its high-quality standards while national data traffic volumes have been boosted by nearly 60% over the past 12 months. The monthly national data usage continues to increase, reaching almost 1.6 GB on average.

Proximus continues its deployment of 4.5G to ensure ample capacity to support the growing data usage and speed demands of customers.

Other investments covered IT systems, TV content and further simplification and transformation.

2.1.7 Cash flows

Table 8: Cash flows

	1st Quarter			
(EUR million)	2017 IAS 18	2018 IAS 18	% Change	2018 IFRS 15
Cash flows from operating activities	435	387	-11%	387
Cash paid for Capex (*)	-266	-302	13.5%	-302
Cash flows used in other investing activities	4	-6	<-100%	-6
Cash flow before financing activities (FCF)	**173**	**78**	**-55%**	**78**
Cash flows used in financing activities (**)	155	35	-77%	35
Net increase of cash and cash equivalents	**328**	**113**	**-65%**	**113**

(*) 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' first quarter 2018 FCF totaled EUR 78 million. The decrease compared to the EUR 173 million for the same period of 2017 was mainly the consequence of higher cash paid for Capex (carry-over effect from 2017) and higher working capital needs (mainly timing effect). This was partially offset by a growth in underlying EBITDA and lower Income Tax payments.

2.1.8 Balance sheet and shareholders' equity

Compared to year-end 2017 the goodwill increased with EUR 3 million as a consequence of the acquisition of ION-IP, a Dutch based security company, partially offset by the effects of the movements in foreign currency on the TeleSign goodwill. The TeleSign purchase price allocation is not completed yet and is still provisional.

Tangible and intangible fixed assets decreased by EUR 35 million to EUR 4,174 million, the amount of Capex being lower than the depreciation and amortization.

The shareholders' equity increased from EUR 2,857 million end of 2017 to EUR 3,121 million end of March 2018. This mainly results from the impact of the transition to IFRS 15 and IFRS 9 for a total amount of EUR 140 million[11] and from the net income (Group Share) of EUR 124 million.

End March 2018, Proximus' outstanding long-term debt amounted to EUR 2,262 million. Proximus maintained a solid financial position with a net debt of EUR 2,002 million end March 2018.

Table 9: Net financial position

(EUR million)	As of 31 December 2017	As of 31 March 2018
Investments, Cash and cash equivalents (*)	338	451
Derivatives	5	5
Assets	342	456
Non-current liabilities (**)	-1,860	-2,260
Current liabilities (**)	-570	-198
Liabilities	-2,430	-2,458
Net financial position	**-2,088**	**-2,002**

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

2.2 Regulation

Table 10: Estimated year-on-year impact from regulation

(EUR million)	Q1 2018		2018 estimate	
Regulation impact on YoY variance	Revenue	Direct Margin	Revenue	Direct Margin
Overall net impact on Roaming (price and volume impact of roaming-out & roaming-in)	-10	-13	~ -39	~ -40
Among which regulated price impact on Roaming-Out	-13	-13	-26	-26
Fixed Termination Rates	-4	-2	-14	-6

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

International Roaming

The lowered roaming prices following the EU roaming regulation impacted Proximus' Mobile services revenue and margin. For the first quarter 2018, the net roaming margin decreased year-on-year as expected by EUR 13 million. This includes the impact from Roam like at Home pricing, the decrease in roaming options for the Enterprise segment, and a positive impact from visitor roaming traffic.

Fixed Termination Rates (FTR)

Following annulment of the decision to lower the Fixed Termination Rates as from 1 November 2016, the previous, higher, FTR were reintroduced early 2017. This increased the revenue and EBITDA in the first quarter of 2017 by respectively EUR 4 million and EUR 2 million, and hence negatively impacted the year-on-year variance for the first quarter 2018.

[11] See section 7.1 Accounting policies

On 28 December 2017, the BIPT proposed to set the FTR at 0.103 eurocent/min for both regional (intra access area) and national (extra access area) termination (currently at 0.709 eurocent/min. and 0.909 eurocent/min respectively). BIPT announced it will publish its final decision for the third quarter 2018.

Spectrum

The BIPT launched consultations on the organization of an auction for new spectrum (700MHz and 3400-3800MHz) and for the renewal of existing spectrum (900MHz, 1800MHz and 2100MHz, which all expire by 15 March 2021). The licenses will be valid for 20 years. The timing of the auction has not yet been defined, but it is expected that one or more auctions would be organized in 2019.

BIPT market analysis

On 27 April 2018, the Belgian regulators (BIPT and media regulators CSA, VRM and Medienrat) notified towards the European Commission their review of the broadband Internet and TV market analysis. The outcome was in line with Proximus' expectations. Overall the proposal for deepening the cable regulation and extending Proximus' regulation from its copper to its fiber network was maintained. The fact that the proposed regulation does not impact Proximus' way of deploying Fiber networks is however a major upside. Overall proposed regulation for Fiber is in line with the wholesale strategy of Proximus to open its networks to other operators, and therefore no negative implications are expected in the near term. During the past years Proximus developed and evolved its wholesale offer and in the course of last year and this year it signed several commercial agreements with its main broadband wholesale customers, representing today already 80% of the bitstream market (excluding cable). Given its firm commitment to keep its networks open and given the success in closing commercial agreements, Proximus sees no need for regulation of its fiber network and remains concerned that too strong regulatory control slows down the market dynamics, adds unnecessary complexity and reduces the long term incentives to invest in the Belgian telecom markets. In terms of pricing, the regulators maintain the proposed "fair pricing" (i.e. price based on current costs, increased with a reasonable profit margin) both for fiber and for cable (cable prices are currently based on "retail minus"), be it as a yard stick to identify excessive pricing. Awaiting both cost models (expected towards 2020), the wholesale fiber pricing is partly set based on the commercial agreements Proximus has closed, while the wholesale Cable prices are set based on a national and international comparison.

Finally Proximus is satisfied there is now a clear framework for reciprocal access between cable and copper/fiber, meaning that also in the business market there is more level playing field. According to this framework there should be no more possibility for cable operators to offer back-up via the Proximus network, whereas Proximus was excluded from the Cable network. It was also confirmed that Proximus is allowed to access cable where there is no own coverage (and no viable business case to build).

2.3 Outlook

With the first quarter of the year 2018 closed, Proximus is well on track to achieve its provided 2018 full-year guidance of slightly growing Group EBITDA, and nearly stable Domestic revenue. This in spite of facing a negative regulatory[12] impact and a highly competitive market.

Potential spectrum auctions aside, the 2018 capex is estimated to be around EUR 1 billion, including further progress on Proximus' 'Fiber for Belgium' project.

Table 11: Outlook (2018 and comparable base of 2017 both under IAS 18)

Guidance metrics	FY2017 Actuals	FY2018 Outlook	Q1 YoY achievement
Domestic underlying **revenue**	€4,458m	Nearly stable	+0.9%
Group underlying **EBITDA**	€1,823m	Slight growth	+1.1%
Capex	1092m*	Around €1Bn**	221m

** Incl. renewal of 3-year football broadcasting licenses (Jupiler League, UEFA Champions league)*
*** Excl. potential Spectrum capex*

[12] See section 2.2. on Regulation

3 Consumer

- Value accretive customer mix, with increasing RGU improving the ARPH[13] by 1.3% to EUR 66.8
- Net customer growth for Internet (+15,000) and TV (+14,000), incl. strong Scarlet performance
- +12,000 mobile Postpaid net adds in the first 3 months of 2018, in highly competitive setting
- Another solid growth for Tuttimus and Bizz All-in, subscribers totaling 404,000 end-March '18
- First-quarter 2018 underlying revenue growth of 1.5%, including RLAH impact.
- Direct margin 1.8% higher, including the benefit from a better YoY product mix, and some one-off tailwinds.

Table 12: Consumer underlying revenue and direct margin

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	% Change	2018 IFRS 15
TOTAL SEGMENT INCOME	720	731	1.5%	730
Net Revenue	715	725	1.5%	725
Other Operating Income	5	5	8.8%	5
Costs of materials and charges to revenues	-173	-174	0.7%	-174
TOTAL SEGMENT DIRECT MARGIN	547	556	1.8%	556
Direct margin %	*76.0%*	*76.2%*	*0.2 p.p.*	*76.1%*

3.1 Consumer underlying revenue

Proximus' Consumer segment achieved for the first quarter of 2018 a 1.5% year-on-year growth in its underlying revenue, totaling EUR 731 million.
Revenue from Fixed services, including Voice, Internet and TV, was up by 1.7%. The main driver was a growing TV and Internet customer base and overall customer value management, including upselling of services and some price changes.

The total revenue from Mobile services was lower, reflecting the continued erosion of Prepaid revenue, due to a significantly lower Prepaid customer base compared to one year ago (-187,000), triggered by the Prepaid identification legislation. In contrast, revenue from Mobile postpaid was up by 1%, in spite of substantial roaming regulation headwinds, driven by the expanding Postpaid customer base, uptiering and revamped mobile offers since mid-August.
Proximus could attract once more a solid 44,000 customers to its all-in offers Tuttimus/Bizz All-In, closing the first quarter 2018 with 404,000 subscribers.

Fixed Data revenue up driven by larger customer base: +15,000 in Q1 2018; +55,000 YoY

The Proximus Consumer segment generated 5.4% more revenue from its Internet subscriptions compared to the prior year, totaling EUR 161 million revenue for the first quarter 2018. This resulted from a solid +55,000 customer growth over the past 12 months. The total Internet customer base increased to 1,861,000, or +3.1% from one year ago, supported by both the Proximus and Scarlet brands. In the first quarter 2018 a net Internet customer growth of +15,000 was achieved, in spite of the highly competitive market. The first quarter ARPU of EUR 28.9 was up by 1.8% on an annual basis, and up from the prior quarter, reflecting some price changes since the start of 2018.

TV customer base grew by 14,000 households in the first quarter, +58,000 YoY

In one year, the Proximus and Scarlet brands combined grew their TV customer base by 58,000 TV households, or +3.9%, ending the first quarter of 2018 with 1,575,000 TV customers[14]. Proximus attracted a net number of 14,000 customers on its TV platform in the first quarter, with stable TV ARPU of EUR 20.9. The growing TV subscriber base remains an important revenue driver for the Consumer segment, with TV revenues up by 4.5% year-on-year to total EUR 99 million for the first quarter of 2018.

13 Average Revenue Per Household. See Section 3.2.

14 Referring households and small-offices, not including multiple settop boxes

The customer growth was well supported by the Proximus branded Tuttimus and Familus offers, providing customers with more extensive TV content. On top of the Belgian professional football broadcasting rights and the exclusive coverage of the UEFA Champions League, Proximus customers enjoy, since 1 January 2018 also the family content offer from Studio 100, a very well-known Flemish children's content producer. Besides the kids TV–channel, Studio 100 and Proximus launched Studio 100 GO, a completely revamped digital platform, and the music channel Studio 100 HITS. Early 2018, Proximus' music offer was extended by Stingray Hits, a brand new music video channel. Proximus also concluded a partnership with Be TV. As of March, Proximus TV subscribers can benefit from Be TV's exclusive programs including blockbuster TV premieres, original award-winning series, HBO series, etc.

Fixed Voice line erosion and lower traffic driving Fixed Voice revenue erosion

By end-March 2018 the total Fixed Voice customer base totaled 2,020,000, down -2.2% from one year ago, including a net line loss of 16,000 in the first quarter of 2018.
The Fixed Voice ARPU for the first quarter of 2018 was EUR 20.4, i.e. a decline of 3.2% compared to the previous year. This was due to an ongoing decline in the use of Voice traffic, partly offset by the 1 January 2018 price changes for single-play Fixed Voice.
A lower Fixed Voice customer base compared to a year ago, combined with a lower ARPU, resulted in a -4.8% year-on-year revenue decline for Fixed Voice, reaching EUR 124 million in the first quarter of 2018.

Mobile Postpaid revenue up on growth in customer base; +12,000 cards in Q1.

In total, the Mobile Services revenue of the Consumer segment totaled EUR 237 million for the first quarter of 2018, or -1.7%. This included a continued growth for Postpaid services, with revenue up by 1.0%, in spite of the RLAH headwinds.
Year-on-year the revenue was still impacted by RLAH. Effective since 12 June 2017, RLAH enables Proximus customers to surf, call and text within the European Union like at home, without extra charges. The regulatory price impact was reflected in the Postpaid ARPU, down -1.9% year-on-year to EUR 27.3. This was, however, more than offset by the increase in Proximus' Consumer Postpaid base, up by 2.9% from the prior year, and by some uptiering and price changes. End-March 2018 the Postpaid base totaled 2,663,000 cards, 74,000 more compared to one year ago.

In a more competitive setting, the Mobile postpaid churn increased from one year back, though remained sequentially nearly stable to the prior quarter. Nonetheless, 12,000 net Postpaid subscriptions were added by the Proximus and Scarlet brands in the first 3 months of 2018. Over the same time period, the loss of Prepaid cards totaled -31,000, about half that of the decline of the comparable period in 2017. This brought the Prepaid base to 870,000. The decline in Prepaid cards was up though from the more stable last quarter of 2017, which benefitted from the recent completion of the Prepaid identification process.

As a consequence, the combined Prepaid-Postpaid Mobile customer base totaled 3,533,000 Mobile cards end-March 2018, with a blended mobile ARPU of EUR 22.4, up 1.7% from a year ago on a better customer mix.

The Mobile "joint offers" further improved smartphone penetration, which rose to 74%, leading to an increase in overall data usage. The blended monthly national data usage went up by 49% to an average of 1.6 GB. Usage by 4G users in the first quarter of 2018 increased by 40% to 1.8 GB[15] per month on average.

Tango revenue[16]

In the first quarter 2018, **Tango posted a 8.3% year-on-year revenue growth**, with its Consumer revenue totaling EUR 29 million. Despite the aggressive competitive market conditions and the application of the RLAH legislation, Tango improved its consumer revenue. This was driven by the commercial success of the revamped Smart portfolio, and its success in executing a convergence strategy on Fixed services. Moreover, broadband revenue increased driven by FttH. The first quarter 2018 also benefitted from higher Mobile device sales.

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

[16] A minor change has been applied to the split of Tango's revenue between the Consumer and Enterprise segments. The 2017 figures have been restated accordingly.

Table 13: Consumer revenue by product group

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	% Change
Revenues	720	731	1.5%
Fixed	381	387	1.4%
Fixed Services	377	384	1.7%
Voice	130	124	-4.8%
Data (Internet & Data Connectivity)	153	161	5.4%
TV	95	99	4.5%
Fixed Terminals (excl. TV)	4	3	-22.0%
Mobile	281	281	0.1%
Mobile Services	242	237	-1.7%
Postpaid	215	217	1.0%
Prepaid	27	20	-23.8%
Mobile Terminals	39	43	11.4%
ICT	7	8	8.5%
Subsidiaries (Tango)	27	29	8.3%
Other Products	24	26	10.3%

Table 14: Consumer operationals by product group

	Q117 IAS 18	Q118 IAS 18	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**3,872**	**3,881**	**9**
Voice	2,066	2,020	-46
Broadband	1,806	1,861	55
TV unique customers (thousands)	**1,516**	**1,575**	**58**
ARPU (EUR)			
ARPU Voice	21.0	20.4	-0.7
ARPU broadband	28.4	28.9	0.5
ARPU TV	20.9	20.9	0.0
From Mobile			
Number of active customers (thousands)	3,646	3,533	-113
Prepaid	1,057	870	-187
Postpaid	2,589	2,663	74
Annualized churn rate			
Prepaid	39.0%	29.0%	n.r.
Postpaid	15.1%	17.3%	2.2 p.p.
Blended	22.7%	20.4%	-2.3 p.p.
Net ARPU (EUR)			
Prepaid	8.1	7.6	-0.5
Postpaid	27.9	27.3	-0.5
Blended	22.0	22.4	0.4
Average Mobile data usage user/month (Mb)			
4G	1,303	1,818	515
Blended	1,083	1,614	532

3.2 Consumer reporting by X-Play

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). The figures provided below are all under IFRS 15, with a 2017 pro-forma comparison. The differences with 2017 reported figures are mainly the consequence of the application of IFRS 15, with in addition a minor fine-tuning of the X-Play model.
For the Consumer reporting the main implication of applying IFRS 15 is related to mobile joint-offers. Under IFRS 15, more revenue is allocated to "Terminals sales", and less to the "X-play" revenue, which represents the revenue retrieved from services. This is also reflected in the derived ARPH.

Table 15: Consumer **revenue by X-Play** (IFRS 15)

	1st Quarter		
(EUR million)	2017 IFRS 15* (pro forma)	2018 IFRS 15	% Change
Revenues (underlying)	719	730	1.5%
Net Revenue (underlying)	714	725	1.5%
X-Play Revenues	583	588	0.8%
4-Play	213	234	9.6%
3-Play	174	168	-3.5%
Convergent	87	83	-4.7%
Fixed	87	85	-2.3%
2-Play	76	72	-4.8%
Convergent	22	21	-6.7%
Fixed	54	51	-4.0%
1-Play	120	114	-5.0%
1P Fixed Voice	28	25	-9.4%
1P internet	12	13	11.5%
1P Mobile	81	76	-5.8%
Prepaid	27	20	-23.8%
Terminals sales	46	52	11.1%
Tango	26	28	5.7%
Other net revenues	32	37	16.6%
Other operating Income (underlying)	5	5	8.8%

*Unaudited company estimates of what 2017 would have been when applying IFRS 15, provided for information

For the first quarter 2018, the Consumer segment posted a **1.5% revenue growth, mainly owing to the generation of higher recurring revenue from services, with the total X-Play revenue up by 0.8% from the prior year.**

Upselling increases overall value per HH/SO. ARPH +1.3% YoY

Proximus kept its total base of Households/Small Office nearly stable (-2,000 in the first quarter), servicing end-March 2,935,000 HH/SO, though further improved its customer mix, with an increasing number of its customers on 4-Play. (see table 16) The successful upselling led to an increase in the overall RGUs, up by 2.5% from the prior year, to reach 2.76. This more than offset RLAH headwinds, and the erosion in Fixed Voice traffic, resulting in a 1.3% growth to EUR 66.8 ARPH for the quarter. The overall annualized full churn rate for the first quarter rose to 14.7%, up by 1pp from one year ago. This was mainly driven by single-play Mobile and Fixed Voice, and by Fixed-only 2 and 3-Play HH/SO. In contrast, convergent HH/SO (i.e. having at least one Fixed and one Mobile subscription) maintained very low churn rates, with limited impact from the higher competitive intensity.

4-Play revenue +9.6% YoY. Growing base to 701,000 HH/SO. ARPH of EUR 112

The success of the Proximus all-in offers Tuttimus and Bizz all-in resulted in another solid year-on-year revenue increase by 9.6% for 4-Play HH/SO. By end-March 2018, Proximus serviced 701,000 4-Play HH/SO, i.e. nearly 24% of its total base. Over the past twelve months, 61,000 4-Play HH/SO were added, i.e. + 9.5%, including a net 4-Play HH/SO growth of + 14,000 in the first quarter 2018. The first-quarter 2018 ARPH of a 4-Play HH/SO stood at EUR 112.1, -1.5% from the prior year, including the regulatory pressure on Mobile roaming. On average, a 4- Play HH/SO counted 4.87 RGUs, with an annualized full-churn level of 3.6%.

Upselling strategy leads to lower 2-Play and 3-Play.

With Proximus mainly upselling to 4-Play, the number of customers on a 2-Play of 3-Play decreases. Within the mix, the number of 3-Play HH/SO with only Fixed services was up by +1,000 in the first quarter, including the TRIO offer of Scarlet. The ongoing erosion of Fixed voice traffic, and the general move to Packs, explains the lower 3-Play Fixed ARPH of EUR 58.3. In contrast, the number of convergent 3-Play HH/SO decreased in the quarter by 2,000, including the upselling to Tuttimus/Bizz all-in. The Convergent 3-Play ARPH was up by 0.6% to EUR 106.9, with the roaming regulation impact more than offset by the more for more price changes.

The base of Single Play HH/SO decreased over the first quarter 2018 by -7,000, especially driven by 1-Play Fixed Voice, for which the base decreased by -12,000. As a consequence, the revenue from standalone Fixed Voice continued its erosion and totaled for the first quarter EUR 25 million, with its share in the total Consumer revenue now limited to 3.5%.

Fairly stable standalone Mobile base. RLAH impact partly offset by Mobile price changes and uptiering.

With 1-Play mobile HH/SO at 653,000 end-March 2018, the base remained fairly stable over the first quarter 2018. The single Play Mobile ARPH was EUR 39.1 for the first quarter 2018, i.e. a year-on-year decrease of -4%, including the impact from the RLAH regulation. These impacts were in part offset by the more-for-more price change in August 2017, and by uptiering of Mobile subscriptions.

Proximus' single-Play Internet HH/SO base increased to 141,000. Over the first quarter 2018 +4,000 1-Play Internet HH/SO were added, including the effect of Scarlet's successful standalone broadband offers. The corresponding ARPH of EUR 31 was up 2.4% from the prior year, including price increase of the Proximus standalone broadband offers.

3.3 Consumer underlying direct margin

Q1 direct margin up by 1.8%, in spite of regulatory pressure on roaming margins

The Consumer segment posted for the first quarter 2018 a solid year-on-year direct margin growth of 1.8%, totaling EUR 556 million. The underlying direct margin as percent of revenue was slightly above the prior year at 76.2%, benefitting from a better year-on-year revenue mix, with a strong direct margin growth from TV and Internet more than offsetting the impact of EU RLAH regulation on the Mobile services margin. The significant increase in roaming volumes increased the related wholesale costs, though remained under control as a result of a lower unit cost for retail roaming.
Moreover, the first quarter direct margin benefitted from some one-off tailwinds.

Table 16: Consumer operationals by X-Play

	Q117 IFRS 15 (pro forma)	Q118 IFRS 15	Val	%
HH/SO per Play - Total (000's)	**2,947**	**2,935**	**-13**	**-0.4%**
4-Play	640	701	61	9.5%
3-Play	750	743	-7	-0.9%
Convergent	269	259	-10	-3.8%
Fixed	480	484	3	0.7%
2-Play	427	400	-27	-6.3%
Convergent	101	95	-7	-6.5%
Fixed	326	306	-20	-6.2%
1-Play	1,130	1,091	-40	-3.5%
1P Fixed Voice	342	297	-45	-13.2%
1P internet	129	141	12	9.0%
1P Mobile	659	653	-6	-0.9%
ARPH x - play (in EUR)	**66.0**	**66.8**	**0.8**	**1.3%**
4-Play	113.9	112.1	-1.8	-1.5%
3-Play	77.0	75.3	-1.7	-2.2%
Convergent	106.3	106.9	0.6	0.6%
Fixed	60.3	58.3	-1.9	-3.2%
2-Play	58.7	59.5	0.8	1.3%
Convergent	72.7	72.8	0.1	0.2%
Fixed	54.3	55.4	1.0	1.9%
1-Play	35.2	34.9	-0.3	-0.8%
1P Fixed Voice	26.5	27.7	1.2	4.5%
1P internet	30.2	31.0	0.7	2.4%
1P Mobile	40.7	39.1	-1.6	-4.0%
Average #RGUs per HH/SO - Total	**2.69**	**2.76**	**0.07**	**2.5%**
4-Play	4.85	4.87	0.02	0.4%
3-Play	3.33	3.32	-0.01	-0.2%
Convergent	3.79	3.81	0.01	0.4%
Fixed	3.06	3.06	-0.01	-0.2%
2-Play	2.20	2.19	-0.01	-0.4%
Convergent	2.55	2.54	-0.02	-0.6%
Fixed	2.09	2.09	-0.01	-0.3%
1-Play	1.24	1.23	0.00	-0.3%
1P Fixed Voice	1.06	1.06	0.00	-0.1%
1P internet	1.00	1.00	0.00	0.3%
1P Mobile	1.38	1.37	-0.01	-0.9%
Annualized full churn rate (HH/SO) - Total	**13.7%**	**14.7%**	**1 p.p.**	
4-Play	2.8%	3.6%	**0.8 p.p.**	
3-Play	10.2%	11.3%	**1.1 p.p.**	
2-Play	12.3%	13.5%	**1.2 p.p.**	
1-Play	22.6%	24.6%	**2 p.p.**	
% Convergent HH/SO - Total *	**55.6%**	**57.2%**	**1.6 p.p.**	
4-Play	100.0%	100.0%	**0 p.p.**	
3-Play	35.9%	34.9%	**-1 p.p.**	
2-Play	23.7%	23.7%	**0 p.p.**	

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

4 Enterprise

- Q1'18 Underlying Enterprise revenue +0.8% YoY: pressure on legacy Telecom services more than compensated for by growth in ICT, Advanced Business Services, and especially high mobile terminal sales.
- Continued strong mobile customer growth in competitive market: +11,000 Postpaid cards
- Solid Mobile customer growth more than offset by steeper decline in ARPU, incl. some one-off commercial settlements coming on top of RLAH impact.
- Direct margin -0.4% with growth for ICT and Advanced Business Services nearly offsetting the pressure on Fixed Voice and Mobile services.

Table 17: Enterprise revenue and direct margin

	1st Quarter			
(EUR million)	**2017 IAS 18**	**2018 IAS 18**	**% Change**	**2018 IFRS 15**
TOTAL SEGMENT INCOME	349	351	0.8%	351
Net Revenue	347	350	0.9%	350
Other Operating Income	2	1	-18.9%	1
Costs of materials and charges to revenues	-111	-115	3.5%	-115
TOTAL SEGMENT DIRECT MARGIN	238	237	-0.4%	237
Direct margin %	*68.3%*	*67.4%*	*-0.8 p.p.*	*67.3%*

4.1 Enterprise underlying revenue

Operating in a competitive environment, **Proximus' Enterprise segment posted for the first quarter of 2018 EUR 351 million revenue, 0.8% above that of the 2017 comparable period**. This was driven by ICT, Advanced Business Services, Tango and especially Mobile devices. (table 18)

In line with the Enterprise segment strategy to manage the transitioning revenue mix, the revenue included higher revenue from ICT, +1%, with a year-on-year better product/services mix. In addition, the Enterprise segment posted some further progress in Advanced Business Services[17] (+7.5%), driven by Smart Mobility and convergent business solutions[18]. Furthermore, the revenue from mobile terminals was exceptionally high for the first quarter of 2018.
This more than offset the pressure on the more traditional telecom services. In the first quarter 2018, the Fixed Voice revenue continued its eroding trend, driven by a lower Fixed line park and lower usage, while Fixed Data revenue was marginally down from its comparable base of 2017. Mobile services revenue was 2.6% lower year-on-year, with some one-off commercial settlements leading to a steeper ARPU decline for the first quarter 2018. This could not be fully compensated for by the continued strong increase in the Mobile customer base and overall increased data usage.

[17] 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 (BeMobile). .

[18] Call Connect solutions

Lower Fixed Voice revenue on line erosion and lower usage

The Enterprise segment posted **EUR 53 million in Fixed Voice revenue for the first quarter of 2018, showing a year-on-year decline of 7.1%.** The Enterprise segment faces an ongoing rationalization by customers on Fixed line connections, lower usage, technology migrations to VoIP and competitive pressure. With a -13,000 net Fixed line erosion in the first quarter 2018, the Enterprise total Fixed Voice Line base totaled 567,000 at end-March 2018, i.e. a year-on-year line loss of -6.8%. The Fixed Voice ARPU of EUR 31 ended 0.5% below that of the previous year, with the decrease in traffic per line and a higher penetration of unlimited call options for a large part compensated for by some price indexations since 1 January 2018.

Ongoing migration of legacy Data products to new solutions at more attractive pricing. Maintaining Internet customer base fairly stable at 134,000 in competitive environment.

The first-quarter 2018 revenue from Fixed Data, consisting of Fixed Internet and, for a greater part, Data Connectivity, **totaled EUR 61 million, 0.8% below** that of the same period of 2017.

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 2.5% decrease in the Internet customer base over a twelve-month period. This includes for the first quarter 2018 a loss of 1,000 Internet lines, bringing the total to 134,000 by end-March 2018. The Broadband ARPU increased 1.1% year-on-year to EUR 43.3, including price indexation effects.

ICT revenue of EUR 127 million, up by 1% compared to high-product quarter in 2017

In the first quarter 2018, the one-shot Product-related ICT revenue was significantly below that of the comparable period in 2017. This was however more than offset by higher revenue from Security, Advanced Workplace and Outsourcing services, including growing recurring services. This resulted in a 1% revenue growth for ICT, totaling EUR 127 million, with a good revenue mix. Furthermore, the Enterprise segment benefitted from strengthening its Security services with the small-sized but highly specialized companies Davinsi Labs[19] and Unbrace, both positively contributing to the ICT revenue.

RLAH and one-off settlements impacted Mobile ARPU, partly offset by solid park increase

For the first quarter of 2018, the Enterprise segment posted **Mobile Services revenue of EUR 77 million, 2.6% lower versus the previous year.**

The Enterprise segment closed a strong first quarter in terms of customer acquisition, leading to a further growing Mobile customer base, +11,000 Mobile Voice cards. The net growth in the Mobile Voice customer base remains supported by a contained Mobile churn, standing at 9.7% in a highly competitive market.

The good customer experience provided by Proximus' mobile network and service levels is supportive to the growing customer base, increasing by 5% in a one-year period (M2M cards excluded), and reaching nearly 1 million cards. Besides the growing mobile customer base, the mobile revenue also benefits from the growing data usage per customer.

With smartphone penetration progressing and the number of 4G users growing, the average national data usage reached 1.5 GB/user/month, up by 37% compared to a year ago. Enterprise customers with a 4G device had an average national monthly data consumption of 1.6 GB, 30% more than during the same period of 2017.

The benefit from the customer growth was however more than offset by a lower Postpaid ARPU of EUR 24.8. For the first quarter 2018, the year-on-year ARPU decrease accelerated to -7.8%, driven by some one-off commercial settlements, on top of the ongoing regulatory price pressure from RLAH, and the decrease in subscriptions for Roaming Options. Moreover, Corporate customers are increasingly opting for mobile bundles or flat fees rather than usage-based subscriptions.

[19] Davinsi Labs, integrated since May 2017, is a small Antwerp-based cyber Security company with a strong position on the Benelux cybersecurity market. Unbrace, consolidated since October 2017, is a young Belgian application development company, supporting companies in their digital transformation journey.

Proximus' Enterprise segment maintained its leadership position on the M2M market. Over the first quarter of 2018, a net amount of 14,000 M2M cards were added, bringing the total number of M2M cards to 1,223,000 at end-March 2018, or a year-on-year growth of 3.6%.

4.2 Enterprise direct margin

For the first quarter of 2018, Enterprise posted an underlying direct margin of EUR 237 million, i.e. -0.4% below that of the same period of 2017.

The first-quarter direct margin was well supported by the contribution of ICT, and by Advanced Business Services which was able to nearly offset the margin erosion posted for Fixed Voice and Mobile Services.

The first-quarter direct margin as a percentage of revenue decreased year-on-year to 67.4% due to a less favorable product mix.

Table 18: Enterprise revenue by product group under IAS 18 (reference table for variances explanations)

	1st Quarter		
(EUR million)	2017 IAS 18	2018 IAS 18	% Change
Revenues	349	351	0.8%
Fixed	124	119	-3.9%
Fixed Services	119	114	-3.9%
Voice	57	53	-7.1%
Data (Internet & Data Connectivity)	62	61	-0.8%
Fixed Terminals (excl. TV)	5	5	-4.1%
Mobile	85	90	5.6%
Mobile Services	79	77	-2.6%
Mobile Terminals	6	13	112.2%
ICT	126	127	1.0%
Advanced Business Services	6	7	7.5%
Subsidiaries (Tango)	4	5	22.4%
Other Products	3	4	7.3%

Table 19: Enterprise revenue by product group under IFRS 15

	1st Quarter		
(EUR million)	**2017 IFRS 15 (pro forma)**	**2018 IFRS 15**	**% Change**
Revenues (underlying)	349	351	0.8%
Net Revenue (underlying)	347	350	0.9%
Fixed	124	119	-3.9%
Fixed Services	119	114	-3.9%
Voice	57	53	-7.1%
Data (Internet & Data Connectivity)	62	61	-0.8%
Fixed Terminals (excl. TV)	5	5	-4.1%
Mobile	85	90	5.7%
Mobile Services	79	77	-2.7%
Mobile Terminals	6	13	111.8%
ICT	125	127	1.1%
Advanced Business Services	6	6	9.9%
Subsidiaries (Tango)	4	5	20.4%
Other Products	2	3	18.4%
Other operating Income	2	1	-18.9%

Unaudited company estimates of what 2017 would have been when applying IFRS 15, provided for information.

Table 20: Enterprise operationals

	Q117 IAS 18	Q118 IAS 18	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**746**	**701**	**-45**
Voice	609	567	-41
Broadband	137	134	-3
ARPU (EUR)			
ARPU Voice	31.2	31.0	-0.1
ARPU Broadband	42.8	43.3	0.5
From Mobile			
Number of mobile cards (thousands)	2,132	2,222	91
Among which voice and data cards	952	999	48
Among which M2M	1,180	1,223	43
Annualized churn rate (blended)	10.6%	9.7%	-0.9pp
Net ARPU (EUR)			
Postpaid	26.9	24.8	-2.1
Average Mobile data usage user/month (Mb)			
4G	1,266	1,647	381
Blended	1,094	1,499	405

5 Wholesale

Table 21: Wholesale revenue and direct margin

	1st Quarter		
(EUR million)	**2017 IAS 18**	**2018 IAS 18**	**% Change**
TOTAL SEGMENT INCOME	52	48	-8.7%
Net Revenue	52	48	-8.7%
Other Operating Income	0	0	-3.0%
Costs of materials and charges to revenues	-7	-7	-2.4%
TOTAL SEGMENT DIRECT MARGIN	45	41	-9.7%
Direct margin %	*86.4%*	*85.4%*	*-0.9 p.p.*

Proximus' Wholesale segment reported **EUR 48 million in revenue** and a **direct margin of EUR 41** million for the **first quarter of 2018. This compares to a high first quarter 2017** which included a corrective impact following the annulment by the Brussels Appeal Court of the new Fixed Termination Rates. Apart from this impact, Wholesale revenues and direct margin remained fairly stable, with the positive variance for visitor roaming offsetting the decline in traditional Wholesale services.

BICS (International Carrier Services)

- **BICS operating in market in full transition, moving from Voice to Data usage.**
- **Steep growth in SMS A2P volumes, strongly supported by TeleSign's consolidation which accelerates BICS' strategic ambitions in this growing market.**
- **Q1'18 direct margin +18.8% YoY, TeleSign contribution and synergies increasing Direct margin to 24% of revenue.**
- **Q1'18 Segment result 5.1% up YoY, Segment contribution margin of 10.9%; +0.9pp YoY.**

Table 22: BICS P&L

	1st Quarter		
(EUR million)	**2017 IAS 18**	**2018 IAS 18**	**% Change**
TOTAL SEGMENT INCOME	332	319	-3.9%
Net Revenue	332	319	-4.0%
Other Operating Income	0	1	101.2%
Costs of materials and charges to revenues	-268	-242	-9.4%
TOTAL SEGMENT DIRECT MARGIN	64	77	18.8%
Direct margin %	*19.4%*	*24.0%*	*4.6 p.p.*
TOTAL EXPENSES	-31	-42	33.2%
Workforce expenses	-18	-23	29.0%
Non Workforce expenses	-14	-19	38.8%
TOTAL SEGMENT RESULT	33	35	5.1%
Segment contribution margin	*9.9%*	*10.9%*	*0.9 p.p.*

6.1 BICS Revenue

The International Carrier market is marked by an ongoing transition, with usage moving from Voice to Data, putting pressure on financials. However for the **first quarter of 2018, BICS' revenue variance showed some further sequential improvement, declining by -3.9% to EUR 319 million**. This was supported by the revenue contribution of TeleSign, consolidated since 1 November 2017. The weakening dollar on the other hand, increased the negative currency impact in the first quarter 2018.

The volume of Voice traffic carried by BICS decreased by a limited 2% year-on-year. The less favorable destination mix, and the negative USD currency effect, led to a 13.6% decline in Voice revenue, a slight improvement compared to prior quarters.
Messaging volumes carried by BICS continued their steep increase, up by 179.5% from the first quarter 2017. This was driven by boosting A2P[20] volumes, including the solid contribution of TeleSign, accelerating BICS' strategic ambitions in this growing market. This led to a firm 32% revenue growth for non-Voice to EUR 93 million for the first quarter 2018.

Table 23: BICS revenue

	1st Quarter		
(EUR million)	**2017 IAS 18**	**2018 IAS 18**	**% Change**
Voice	262	226	-13.6%
Non Voice	70	93	32.0%
Total revenue	332	319	-3.9%

[20] Application to Person

Table 24: BICS volumes

	1st Quarter		
Volumes (in million)	**2017**	**2018**	**% Change**
Voice	6,118	5,997	-2.0%
Non Voice (Messaging)	879	2,457	179.5%

6.2 BICS direct margin

For the first quarter of 2018, BICS posted direct margin of EUR 77 million, up 18.8% compared to the year before. The higher direct margin resulted from both a higher Voice and non-Voice direct margin.
Whereas the first quarter Voice revenue was down compared to the prior year, BICS managed to grow its Voice direct margin by 16.1%, resulting from a higher-margin destination mix in BICS' core business, and the contribution by TeleSign's authentication services.
BICS' direct margin benefitted from the BICS-TeleSign combination, with strong growth in SMS A2P volumes and realizing direct cost synergies, resulting in an overall non-Voice margin growth of 21% compared to first quarter of 2017.

Table 25: BICS direct margin

	1st Quarter		
(EUR million)	**2017 IAS 18**	**2018 IAS 18**	**% Change**
Voice	29	34	16.1%
Non Voice	36	43	21.0%
Total direct margin	64	77	18.8%

6.3 BICS segment result

BICS' underlying segment result for the first quarter of 2018 totaled EUR 35 million, up 5.1% compared to the previous year. The direct margin increase was partly offset by higher first-quarter expenses, up by EUR 10 million, largely due to the consolidation of TeleSign.
The underlying segment margin as percent of revenue increased by 0.9p.p. in the first quarter of 2018 to 10.9%.

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.

7.1 Accounting policies

The accounting policies and methods of the Group used as of 2018 are consistent with those applied in the 31 December 2017 consolidated financial statements, with the exception that the Group applied the new standards, interpretations and revisions that become mandatory for the Group on 1 January 2018. As from 1 January 2018 the Group adopted IFRS 15 and 9 which resulted in changes in accounting policies described below.

Changes following adoption of IFRS 15 – Revenue from contracts with customers

Before IFRS 15 (IAS 18)	IFRS 15
	Revenue recognition
- Revenue is recognized to the extent that it is probable that the **economic benefits** will flow to the Group and the revenue can be reliably measured.	- Revenue is recognized when (or as) **control** of the asset (goods and services) is transferred to the customer.
- The revenue from sales arrangements with multiple deliverables are allocated to the different components of the arrangements based on their **relative fair values.** When an amount allocated to a delivered component is contingent upon delivery of additional components or meeting specified performance conditions, the amount allocated to that delivered component is limited to the non-contingent amount (cash cap).	- The revenue from sales arrangements with multiple deliverables are allocated to the different components of the arrangements based on their **relative stand-alone selling prices**. When an amount allocated to a delivered component is contingent upon delivery of additional components or meeting specified performance conditions, the amount allocated to that delivered component is not limited to the non-contingent amount (**no cash cap**)
	Contract asset
Not applicable	- Contract assets are Proximus' **right to consideration in exchange for goods or services that it has already transferred** to a customer and arise essentially in the context of a mobile or fix offer with a subsidised device. These assets are classified as **current assets** as they are expected to be realized as part of the Group normal operating cycle.
Not applicable	- When a contract for which a contract asset was recognized is terminated anticipatively by the customer, the net amount resulting from the **contract asset settlement is recognized as device revenue**. The compensation for the device corresponds to the unamortized part of the device when the contract is terminated.
	Contract costs
Commissions paid to acquire contracts are expensed as incurred.	- Commissions paid for the acquisition of postpaid contracts are considered by the Group as incremental costs to obtain a contract. **These commissions are deferred** as contract costs. Other commissions, including for prepaid mobile services are expensed when incurred.
Not applicable	- The resulting contract asset is deferred over a period of **3 years** when the contract acquired belongs to the CBU segment and **5 years** when it belongs to the EBU segment. Because of this long term duration, the contract costs balances are disclosed as **non-current asset**. The amortization of the contract cost is recognized in 'cost of material and services related to revenue'
	Contract liabilities
Items were recognized in deferred income	IFRS 15 requires reclassification of some items previously recognized in deferred income as contract liability. Contract liabilities are netted of with contract assets on contract by contract basis.

The initial application of IFRS 15 resulted in a positive impact of EUR 140 million (after deferred tax) on the retained earnings per 1 January 2018 in the consolidated financial statements.

The net revenue by segment is disclosed in the table below. The disaggregation of this net revenue in categories can be found for the Consumer segment in item 3.2, for the Enterprise segment in item 4.1, for Wholesale in item 5 and for BICS in item 6.1.

(EUR million)	31 March 2018 (IFRS 15)						
	Group	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	1428	319	1110	725	350	48	-12
Net revenue (incidentals)	0	0	0	0	0	0	0
Net revenue (reported)	1428	319	1110	725	350	48	-12
Other operating income (underlying)	12	1	11	5	1	0	4
Other operating income (incidentals)	*1*	*0*	*1*	*0*	*0*	*0*	*1*
Other operating income (reported)	13	1	12	5	1	0	5
Revenue (underlying)	1440	319	1121	730	351	48	-8
Total income (incidentals)	1	0	1	0	0	0	1
Total income (reported)	1,441	319	1,122	730	351	48	-7

Changes following adoption of IFRS 9 – Financial instruments

In the context of the first application of IFRS 9, the Group identified following changes:

- Participating interests in non-quoted companies, previously recognized at cost less impairment, are measured at fair value and classified on a case by case basis either as fair value through other comprehensive income (FVTOCI) or fair value through the income statement (FVTPL). No impact from this accounting policy change on these financial assets value is identified.
- The application of the IFRS 9 expected credit loss model on the contract asset recognized in application of IFRS 15, (although not financial instruments), resulted in a negative impact on retained earnings of EUR 3 million (after deferred tax) per 1 January 2018.

The Group took advantage of the exemption allowing it not to restate comparative information for prior periods with respect to the classification and measurement changes.

The impacts of the changes in accounting policies are as follows:

(EUR million)	Adjustment from initial application on Opening Balance Sheet
IFRS 15	
Contract assets	83
Contract costs	120
Deferred tax on initial application	-60
IFRS 9	
Contract assets	-5
Deferred tax on initial application	1
Total	140

Judgments and estimates

The Group does not make any significant judgments and estimates other than those mentioned under note 2 in the 31 December 2017 consolidated financial statements and other than those mentioned below in this report.

Significant events or transactions in 2018

EUR 400 million loan from the European Investment bank

In March 2018 the Group entered into a EUR 400 million loan from the European Investment Bank due 2028 at a very attractive fixed interest rate. Proximus pre-hedged the underlying rate end 2017 and managed to further reduce the all-in interest cost of this transaction. The Group applied hedge accounting for this derivative.

ION-IP business combination

On March 27, 2018 the Proximus subsidiary Telindus-ISIT BV acquired the Dutch based security company, ION-IP.

7.2 Consolidated income statement

(EUR million)	1st Quarter			
	2017 IAS 18 restated (*)	2018 IAS 18	% Change	2018 IFRS 15
Net revenue	1,433	1,429	-0.3%	1,428
Other operating income	11	13	19.4%	13
TOTAL INCOME	**1,444**	**1,441**	**-0.1%**	**1,441**
Costs of materials and services related to revenue	-545	-524	-3.9%	-525
Workforce expenses	-313	-308	-1.7%	-308
Non workforce expenses	-157	-166	6.3%	-166
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,015**	**-998**	**-1.7%**	**-999**
OPERATING INCOME before depreciation & amortization	**428**	**443**	**3.5%**	**442**
Depreciation and amortization	-234	-250	6.8%	-250
OPERATING INCOME	**194**	**193**	**-0.5%**	**192**
Finance income	1	1	19.5%	1
Finance costs	-16	-14	-12.8%	-14
Net finance costs	**-15**	**-12**	**-15.5%**	**-12**
Share of loss on associates	0	-1	>100%	-1
INCOME BEFORE TAXES	**179**	**180**	**0.5%**	**179**
Tax expense	-55	-51	-7.8%	-51
NET INCOME	**124**	**129**	**4.2%**	**129**
Non-controlling interests	5	5	5.5%	5
Net income (Group share)	119	124	4.2%	124
Basic earnings per share	0.37 EUR	0.39 EUR	4.2%	0.38 EUR
Diluted earnings per share	0.37 EUR	0.39 EUR	4.2%	0.38 EUR
Weighted average number of outstanding shares	322,660,677	322,595,356	0.0%	322,595,356
Weighted average number of outstanding shares for diluted earnings per share	322,883,752	322,702,750	-0.1%	322,702,750

(*)Restated: Split workforce - non workforce has been aligned at group's level

7.3 Consolidated statements of other comprehensive income

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	2018 IFRS 15
Net income	124	129	129
Other comprehensive income:			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations	0	-6	-6
Cash flow hedges:			
Gain taken to equity	4	5	5
Total before related tax effects	4	0	0
Related tax effects			
Cash flow hedges:			
Loss taken to equity	-1	-2	-2
Income tax relating to items that may be reclassified	-1	-2	-2
Items that may be reclassified to profit and loss, net of related tax effects	3	-2	-2
Total comprehensive income	127	128	127
Attributable to:			
Equity holders of the parent	122	125	125
Non-controlling interests	5	3	3

7.4 Consolidated balance sheet

(EUR million)	As of 31 December 2017 IAS 18	As of 31 March 2018 IAS 18	As of 1 January 2018 IFRS 15	As of 31 March 2018 IFRS 15
ASSETS				
NON-CURRENT ASSETS	**6,735**	**6,705**	**6,842**	**6,808**
Goodwill	2,431	2,434	2,431	2,434
Intangible assets with finite useful life	1,233	1,219	1,233	1,219
Property, plant and equipment	2,976	2,955	2,976	2,955
Contract costs	0	0	120	120
Investments in associates	3	2	3	2
Other participating interests at FVOCI	8	9	8	9
Deferred income tax assets	27	31	15	14
Other non-current assets	56	55	56	55
CURRENT ASSETS	**1,793**	**1,937**	**1,871**	**2,015**
Inventories	123	150	123	150
Trade receivables	1,111	1,097	1,111	1,097
Contract assets	0	0	78	78
Current tax assets	83	83	83	83
Other current assets	137	156	137	156
Investments	5	5	5	5
Cash and cash equivalents	333	446	333	446
TOTAL ASSETS	**8,527**	**8,642**	**8,713**	**8,823**
LIABILITIES AND EQUITY				
EQUITY	**3,013**	**3,140**	**3,153**	**3,280**
Shareholders' equity	**2,857**	**2,982**	**2,997**	**3,121**
Issued capital	1,000	1,000	1,000	1,000
Reserves	-454	-452	-454	-452
Retained earnings	2,310	2,434	2,310	2,434
Retained earnings from transition to IFRS 15	0	0	140	140
Non-controlling interests	**156**	**158**	**156**	**158**
NON-CURRENT LIABILITIES	**2,789**	**3,177**	**2,835**	**3,218**
Interest-bearing liabilities	1,860	2,260	1,860	2,260
Liability for pensions, other post-employment benefits and termination benefits	515	518	515	518
Provisions	140	143	140	143
Deferred income tax liabilities	72	69	118	110
Other non-current payables	202	187	202	187
CURRENT LIABILITIES	**2,725**	**2,325**	**2,725**	**2,325**
Interest-bearing liabilities	570	198	570	198
Trade payables	1,415	1,295	1,415	1,295
Contract liabilities	0	0	96	105
Tax payables	112	173	112	173
Other current payables	628	660	532	555
TOTAL LIABILITIES AND EQUITY	**8,527**	**8,642**	**8,713**	**8,823**

7.5 Consolidated cash flow statement

(EUR million)	1st Quarter 2017 IAS 18	2018 IAS 18	% Change	2018 IFRS 15
Cash flow from operating activities				
Net income	124	129	4.2%	129
Adjustments for:				
Depreciation and amortization on intangible assets and property, plant and equipment	234	250	6.8%	250
Increase of impairment on intangible assets and property, plant and equipment	1	0	-88.6%	0
Increase in provisions	0	3	>100%	3
Deferred tax income	-2	-8	>100%	-9
Loss from investments accounted for using the equity method	0	1	>100%	1
Gain on disposal of property, plant & equipment	0	-1	<-100%	-1
Operating cash flow before working capital changes	**358**	**374**	**4.3%**	**373**
Increase in inventories	-6	-26	>100%	-26
Decrease in trade receivables	59	16	-73.9%	16
Decrease in contract costs	0	0	-	1
Decrease in current income tax assets	31	0	-99.3%	0
Increase in other current assets	-30	-23	-22.4%	-23
Decrease in trade payables	-60	-53	-11.3%	-53
Increase in contract liability	0	0	-	9
Increase in income tax payables	21	61	>100%	61
Increase in other current payables	50	36	-28.0%	27
Increase in net liability for pensions, other post-employment benefits and termination benefits	12	3	-77.1%	3
Decrease in working capital, net of acquisitions and disposals of subsidiaries	**77**	**13**	**-83.3%**	**14**
Net cash flow provided by operating activities (1)	**435**	**387**	**-11.2%**	**387**
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment	-266	-302	13.5%	-302
Cash paid for acquisitions of other participating interests	0	-2	>100%	-2
Cash paid for acquisition of consolidated companies, net of cash acquired	0	-6	-	-6
Cash received from sales of intangible assets and property, plant and equipment	5	2	-66.6%	2
Net cash used in investing activities	**-262**	**-308**	**17.6%**	**-308**
Cash flow before financing activities (FCF)	**173**	**78**	**-54.8%**	**78**
Cash flow from financing activities				
Dividends paid to shareholders	-1	0	-95.8%	0
Net sale of treasury shares	3	0	-95.1%	0
Cash received from cash flow hedge instrument related to long term debt	3	8	>100%	8
Issuance of long term debt	500	400	-20.1%	400
Repayment of long term debt (2)	0	-405	>100%	-405
Issuance / (repayment) of short term debt	-350	33	>100%	33
Cash flows from financing activities	**155**	**35**	**-77.2%**	**35**
Net increase of cash and cash equivalents	**328**	**113**	**-65.5%**	**114**
Cash and cash equivalents at 1 January	297	333	12.2%	333
Cash and cash equivalents at 31 March	625	446	-28.6%	446
(1) Net cash flow from operating activities includes the following cash movements :				
Interest paid		-23		-23
Interest received		0		0
Income taxes paid		2		2
(2) The repayment of long term debt is the net of cash received and paid for the debt and related derivatives				

7.6 Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Remeasurement reserve	Foreign currency translation	Stock Compensation	Retained Earnings	Shareholders' Equity	Non-controlling interests	Total Equity
Balance at 31 December 2016	**1,000**	**-430**	**100**	**2**	**-127**	**0**	**5**	**2,270**	**2,819**	**162**	**2,981**
Total comprehensive income and expense	**0**	**0**	**0**	**3**	**0**	**0**	**0**	**119**	**122**	**5**	**127**
Treasury shares											
Sale of treasury shares	0	1	0	0	0	0	0	0	1	0	1
Stock options											
Exercise of stock options	0	2	0	0	0	0	0	0	2	0	2
Total transactions with equity holders	**0**	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**3**	**0**	**3**
Balance at 31 March 2017 (IAS 18)	**1,000**	**-427**	**100**	**4**	**-127**	**0**	**5**	**2,390**	**2,944**	**166**	**3,111**
Balance at 31 December 2017 (IAS 18)	**1,000**	**-431**	**100**	**5**	**-128**	**-4**	**4**	**2,310**	**2,857**	**156**	**3,013**
Total comprehensive income and expense	**0**	**0**	**0**	**4**	**0**	**-3**	**0**	**124**	**125**	**3**	**128**
Treasury shares											
Purchase of treasury shares	0	0	0	0	0		0	-1	-1	0	-1
Total transactions with equity holders	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1**
Balance at 31 March 2018 (IAS 18)	**1,000**	**-431**	**100**	**9**	**-128**	**-7**	**4**	**2,434**	**2,982**	**158**	**3,140**
Balance at 31 December 2017 (IAS 18)	**1,000**	**-431**	**100**	**5**	**-128**	**-4**	**4**	**2,310**	**2,857**	**156**	**3,013**
Transition to IFRS 15	0	0	0	0	0	0	0	144	144	0	144
Transition to IFRS 9	0	0	0	0	0	0	0	-3	-3	0	-3
Balance per 1 January 2018 (IFRS 15)	**1,000**	**-431**	**100**	**5**	**-128**	**-4**	**4**	**2,451**	**2,997**	**156**	**3,153**
Total comprehensive income and expense	**0**	**0**	**0**	**4**	**0**	**-3**	**0**	**124**	**125**	**3**	**127**
Treasury shares											
Purchase of treasury shares	0	0	0	0	0		0	-1	-1	0	-1
Total transactions with equity holders	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1**
Balance at 31 March 2018 (IFRS 15)	**1,000**	**-431**	**100**	**9**	**-128**	**-7**	**4**	**2,574**	**3,121**	**158**	**3,280**

7.7 Segment reporting

See reconciliation of reported and underlying figures in section 8.2

	31 March 2018										
	Group Proximus					underlying by segment					
(EUR million)	Reported under IFRS 15	IFRS 15 Adjustment	Reported under IAS 18	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	1,428	0	1,429	0	1,429	319	1,110	725	350	48	-12
Other revenues	13	0	13	1	12	1	11	5	1	0	4
TOTAL INCOME	1,441	0	1,441	1	1,441	319	1,121	731	351	48	-8
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-525	-1	-524	0	-524	-242	-282	-174	-115	-7	14
Direct margin	917	-1	917	1	917	77	840	556	237	41	6
Workforce expenses	-308	0	-308	-12	-296	-23	-273				
Non workforce expenses	-166	0	-166	0	-166	-19	-147				
TOTAL OPERATING EXPENSES	-474	0	-474	-12	-462	-42	-420				
OPERATING INCOME before depreciation & amortization	442	-1	443	-11	454	35	420				
Depreciation and amortization	-250	0	-250	0	-250	-21	-229				
OPERATING INCOME	192	-1	193	-11	204	14	191				
Net finance costs	-12	0	-12								
Share of loss on associates	-1	0	-1								
INCOME BEFORE TAXES	179	-1	180								
Tax expense	-51	0	-51								
NET INCOME	129	-1	129								
Non-controlling interests	5	0	5								
Net income (Group share)	124	-1	124								

(EUR million)	Group Proximus Reported under IAS 18	Incidental	Underlying	underlying by segment BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
	31 March 2017								
Net revenue	1,433	0	1,433	332	1,101	715	347	52	-13
Other revenues	11	0	11	0	10	5	2	0	3
TOTAL INCOME	1,444	0	1,443	332	1,111	720	349	52	-9
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-545	0	-545	-268	-278	-173	-111	-7	13
Direct margin	898	0	898	64	834	547	238	45	4
Workforce expenses (*)	-313	-19	-294	-18	-276				
Non workforce expenses (*)	-157	-2	-155	-14	-141				
TOTAL OPERATING EXPENSES	-470	-21	-449	-31	-417				
OPERATING INCOME before depreciation & amortization	428	-21	449	33	416				
Depreciation and amortization	-234	0	-234	-19	-215				
OPERATING INCOME	194	-21	215	14	201				
Net finance costs	-15								
Share of loss on associates	0								
INCOME BEFORE TAXES	179								
Tax expense	-55								
NET INCOME	124								
Non-controlling interests	5								
Net income (Group share)	119								

(*) Restated: split workforce - non workforce has been aligned at group's level

7.8 Group financing activities related to interest bearing liabilities

(EUR million)	As of 31 December 2017	Cash flows	As of 31 March 2018
Long-term			
Unsubordinated debentures	1,850	0	1,851
Leasing and similar obligations	6	0	6
Credit institutions	0	400	400
Derivatives held for trading	4	0	4
Current portion of amounts payable > one year			
Unsubordinated debentures	405	-405	0
Leasing and similar obligations	2	0	2
Other financial debts			
Credit institutions	164	33	196
Total liabilities from financing activities	2,430	27	2,458

7.9 Financial instruments

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

- The carrying amounts and fair values of the financial instruments at 31 December 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

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of assets and financial liabilities at January 1, 2018. It includes as well the fair value hierarchy of the financial instruments and the valuation levels

As of January 1, 2018 (EUR million)	Original classification under IAS 39 (1)	New classification under IFRS 9 (2)	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Fair value	Level
ASSETS						
Non-current assets						
Other participating interests	AFS	FVTOCI	8	8	8	
Other non-current assets						
Derivatives held for trading	FVTPL	FVTPL	5	5	5	Level 2
Other financial assets	LaR	Amortized cost	25	25	25	
Current assets						
Trade receivables	LaR	Amortized cost	1,111	1,111	1,111	
Interest bearing						
Other receivables	LaR	Amortized cost	6	6	6	
Non-interest bearing						
Other receivables	LaR	Amortized cost	8	8	8	
Derivatives held-for-hedging	HeAc	FVTOCI	2	2	2	Level 1
Investments	HTM	Amortized cost	5	5	5	
Cash and cash equivalents						
Short-term deposits	LaR	Amortized cost	28	28	28	
Cash at bank and in hand	LaR	Amortized cost	305	305	305	
LIABILITIES						
Non-current liabilities						
Interest-bearing liabilities						
Unsubordinated debentures not in a hedge relationship	OFL	Amortized cost	1,850	1,850	1,989	Level 2
Derivatives held for trading	FVTPL	FVTPL	4	4	4	Level 2
Non-interest-bearing liabilities						
Other non-current payables	OFL	Amortized cost	202	202	202	
Current liabilities						
Interest-bearing liabilities, current portion						
Unsubordinated debentures not in a hedge relationship	OFL	Amortized cost	405	405	407	Level 2
Interest-bearing liabilities						
Other loans	OFL	Amortized cost	164	164	164	
Trade payables	OFL	Amortized cost	1,415	1,415	1,415	
Other current payables						
Other derivatives	FVTPL	FVTPL	1	1	1	Level 1
Other debt	FVTPL	FVTPL	37	37	37	Level 3
Other amounts payable	OFL	Amortized cost	289	289	289	

(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
OFL: Other financial liabilities
Hedge activity
HeAc: Hedge accounting

(2) New categories according to IFRS 9 are as follows :
FVTPL: Financial assets/liabilities at fair value through profit and loss
FVTOCI: Financial assets at fair value through other comprehensive income
Amortized costs

As of March 31, 2018 (EUR million)	Classification under IFRS 9 (1)	Carrying amount under IFRS 9	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	FVTOCI	9	9	
Other non-current assets				
Derivatives held for trading	FVTPL	5	5	Level 2
Other financial assets	Amortized cost	24	24	
Current assets				
Trade receivables	Amortized cost	1,097	1,097	
Interest bearing				
Other receivables	Amortized cost	6	6	
Non-interest bearing				
Other receivables	Amortized cost	1	1	
Investments	Amortized cost	5	5	
Cash and cash equivalents				
Short-term deposits	Amortized cost	248	248	
Cash at bank and in hand	Amortized cost	199	199	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	Amortized cost	1,851	1,959	Level 2
Credit institutions	Amortized cost	400	400	Level 2
Derivatives held for trading	FVTPL	4	4	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	187	187	
Current liabilities				
Interest-bearing liabilities, current portion				
Interest-bearing liabilities				
Other loans	Amortized cost	196	196	
Trade payables	Amortized cost	1,295	1,295	
Other current payables				
Other debt	FVTPL	37	37	Level 3
Other amounts payable	Amortized cost	254	254	

(1) New categories according to IFRS 9 are as follows :
FVTPL: Financial assets/liabilities at fair value through profit and loss
FVTOCI: Financial assets at fair value through other comprehensive income
Amortized costs

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 31 March 2018 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.

7.10 Contingent liabilities

Compared to the 2017 annual accounts, no change occurred during the first quarter of 2018 in the contingent liabilities:

7.11 Post balance sheet events

The Annual General Meeting of April 2017 approved the dividend distribution for the year 2017 which will impact the cash flow of the Group in the second quarter of 2018 for EUR 323 million.

7.12 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 15 impact on reporting

The main implications for Proximus relate to mobile joint offers and to commissions paid to acquire contracts.

1. Under IFRS 15, as of 1 January 2018, revenue arising from customer contracts, is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

   The revenue allocation to Service revenue and Device revenue is based on the relative stand-alone selling price of the device and services:
   - More revenue is allocated to the device, and less to Service revenue.
   - Higher upfront revenue is recorded related to the device.

2. Commissions paid for the acquisition of contracts are deferred whereas they were recognized immediately under IAS 18.

Comparative table for Q1 2018 (underlying)

(EUR million)	under IAS 18 Q1'18	under IFRS 15 Q1'18	Variance abs.	
Revenues	**1,441**	**1,440**	**-0.3**	
Net revenue	**1,429**	**1,428**	**-0.3**	
Services	812	797	-15.4	nearly fully within Consumer
Devices	64	84	19.4	nearly fully within Consumer
Other (including Tango & penalties)	552	548	-4.2	mainly within Consumer
Other operating income	**12**	**12**	**0.0**	
Cost of Goods Sold	-524	-525	-0.6	equally split between Consumer and Enterprise
Direct Margin	**917**	**916**	**-0.9**	
direct margin %	63.6%	63.6%	-0.1pp	
Operating Expenses	**-462**	**-462**	**0.0**	
Workforce	-296	-296	0.0	
Non Workforce	-166	-166	0.0	
EBITDA	**454**	**453**	**-0.9**	
ebitda %	31.5%	31.5%	-0.1pp	

2018 reporting
Group and Segment variance commentary will be provided under IAS 18 for the 4 quarterly reports of 2018. There is one exception however, the Consumer X-Play reporting, for which variance explanations are given under IFRS 15, referring to a 2017 pro-forma comparison.
As of 2019, the X-Play reporting will fully replace the product view for the Consumer segment.

Restatement split workforce non workforce expenses in 2017

The split in expenses between work force and non workforce has been aligned for all subsidiaries, with the total unchanged on Group level. The 2017 figures have been restated accordingly, with for full year 2017 EUR 30 million moving from non-workforce to workforce expenses.

Restatement linked to Tango reallocation to segments in 2017

Fine tuning of Tango reallocation key between Consumer and Enterprise segments (small impact).

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	
(EUR million)	Q1'17	Q1'18	Q1'17	Q1'18
Reported	1,444	1,441	428	443
Underlying	1,443	1,441	449	454
Incidentals	0	1	-21	-11
Incidentals:	0	1	-21	-11
Capital gains on building sales	0	1	0	1
Early Leave Plan and Collective Agreement	0	0	-19	-11
M&A-related transaction costs	0	0	-2	-1

8.3 Quarterly results tables (IAS 18 unless otherwise stated)

8.3.1 Group – Financials

(EUR million)	Q117	Q217	Q317	Q417	2017	Q118
REPORTED						
Revenues	1,444	1,417	1,463	1,478	5,802	1,441
EBITDA	428	445	468	431	1,772	443
UNDERLYING						
Revenues per Segment	1,443	1,417	1,441	1,477	5,778	1,441
Domestic	1,111	1,105	1,105	1,137	4,458	1,121
Consumer	720	727	729	734	2,909	731
Enterprise	349	343	340	369	1,400	351
Wholesale	52	48	56	51	207	48
Other (incl. eliminations)	-9	-13	-20	-17	-58	-8
International Carrier Services (BICS)	332	312	336	339	1,320	319
Costs of materials and charges to revenues (*)	-545	-516	-539	-565	-2,166	-524
Direct Margin	898	901	901	912	3,612	917
Direct Margin %	*62.2%*	*63.6%*	*62.6%*	*61.7%*	*62.5%*	*63.6%*
Total expenses before D&A	-449	-436	-437	-466	-1,789	-462
EBITDA	449	464	464	445	1,823	454
Segment EBITDA margin %	*31.1%*	*32.8%*	*32.2%*	*30.2%*	*31.6%*	*31.5%*

Product view

(EUR million)	Q117	Q217	Q317	Q417	2017	Q118
Revenues	1,443	1,417	1,441	1,477	5,778	1,441
Domestic	1,111	1,105	1,105	1,137	4,458	1,121
Fixed	505	502	500	500	2,007	506
Fixed Services	496	494	491	491	1,972	498
Voice	188	182	177	175	721	177
Data (Internet & Data Connectivity)	214	216	217	219	866	222
TV	95	96	97	98	385	99
Fixed Terminals (excl. TV)	9	9	9	8	34	8
Mobile	366	373	374	381	1,493	371
Mobile Services	321	326	327	322	1,296	314
Postpaid	294	298	302	300	1,195	294
Prepaid	27	28	25	22	101	20
Mobile Terminals	45	47	47	58	198	56
ICT	133	128	128	149	538	135
Advanced Business Services	6	6	7	9	28	7
Subsidiaries (Tango)	31	33	31	35	131	34
Other Products	27	27	28	30	112	30
Wholesale	52	48	56	51	207	48
Other segment (incl. eliminations)	*-9*	*-13*	*-20*	*-17*	*-58*	*-8*
International Carrier Services (BICS)	*332*	*312*	*336*	*339*	*1,320*	*319*

8.3.2 Consumer –Financials

X-Play view

(EUR million)	Q117 IFRS15 (pro forma)	Q217 IFRS15 (pro forma)	Q317 IFRS15 (pro forma)	Q417 IFRS15 (pro forma)	2017 IFRS15 (pro forma)	Q118 IFRS15
Revenues (underlying)	719	734	730	744	2,928	730
Net Revenue (underlying)	714	729	725	740	2,908	725
X-Play Revenues	583	589	586	585	2,343	588
4-Play	213	223	226	230	892	234
3-Play	174	172	169	168	683	168
Convergent	87	86	84	83	341	83
Fixed	87	86	85	85	343	85
2-Play	76	74	72	72	294	72
Convergent	22	22	21	21	87	21
Fixed	54	52	51	51	208	51
1-Play	120	120	118	116	473	114
1P Fixed Voice	28	26	25	25	105	25
1P internet	12	12	12	12	48	13
1P Mobile	81	82	80	78	321	76
Prepaid	27	28	25	22	101	20
Terminals sales	46	49	49	56	200	52
Tango	26	28	28	30	113	28
Other net revenues	32	34	39	46	151	37
Other operating Income (underlying)	5	5	5	5	20	5

Product view

(EUR million)	Q117	Q217	Q317	Q417	2017	Q118
REPORTED						
Revenues	720	727	729	734	2,909	731
UNDERLYING						
Revenues	720	727	729	734	2,909	731
Fixed	381	380	380	381	1,522	387
Fixed Services	377	376	376	377	1,507	384
Voice	130	126	124	122	503	124
Data (Internet & Data Connectivity)	153	154	156	157	619	161
TV	95	96	97	98	385	99
Fixed Terminals (excl. TV)	4	4	4	4	15	3
Mobile	281	288	289	290	1,148	281
Mobile Services	242	247	248	243	979	237
Postpaid	215	219	223	221	878	217
Prepaid	27	28	25	22	101	20
Mobile Terminals	39	42	41	47	170	43
ICT	7	7	7	7	28	8
Subsidiaries (Tango)	27	29	28	31	114	29
Other Products	24	23	24	25	96	26

8.3.3 Consumer Operationals

X-play view

	Q117 IFRS15 (pro forma)	Q217 IFRS15 (pro forma)	Q317 IFRS15 (pro forma)	Q417 IFRS15 (pro forma)	**2017 IFRS15 (pro forma)**	Q118 IFRS15
HH/SO per Play - Total (000's)	**2,947**	**2,956**	**2,942**	**2,937**	**2,937**	**2,935**
4-Play	640	662	673	687	**687**	701
3-Play	750	748	744	743	**743**	743
Convergent	269	265	262	261	**261**	259
Fixed	480	483	483	483	**483**	484
2-Play	427	419	413	409	**409**	400
Convergent	101	100	98	96	**96**	95
Fixed	326	319	315	312	**312**	306
1-Play	1,130	1,127	1,111	1,098	**1,098**	1,091
1P Fixed Voice	342	330	320	309	**309**	297
1P internet	129	130	132	136	**136**	141
1P Mobile	659	666	659	652	**652**	653
ARPH x - play (in EUR)	**66.0**	**66.6**	**66.3**	**66.3**	**66.3**	**66.8**
4-Play	113.9	114.3	113.1	112.8	**113.5**	112.1
3-Play	77.0	76.5	75.6	75.1	**76.1**	75.3
Convergent	106.3	107.2	106.4	106.1	**106.5**	106.9
Fixed	60.3	59.5	58.9	58.3	**59.2**	58.3
2-Play	58.7	58.3	58.0	58.1	**58.3**	59.5
Convergent	72.7	72.6	72.0	72.0	**72.4**	72.8
Fixed	54.3	53.8	53.7	53.8	**53.9**	55.4
1-Play	35.2	35.5	35.1	34.8	**35.1**	34.9
1P Fixed Voice	26.5	26.1	26.1	26.4	**26.3**	27.7
1P internet	30.2	30.0	30.2	30.4	**30.2**	31.0
1P Mobile	40.7	41.3	40.5	39.8	**40.6**	39.1
Average #RGUs per HH/SO - Total	**2.69**	**2.71**	**2.73**	**2.74**	**2.74**	**2.76**
4-Play	4.85	4.86	4.86	4.86	**4.86**	4.87
3-Play	3.33	3.32	3.32	3.32	**3.32**	3.32
Convergent	3.79	3.80	3.80	3.80	**3.80**	3.81
Fixed	3.06	3.06	3.06	3.06	**3.06**	3.06
2-Play	2.20	2.20	2.20	2.19	**2.19**	2.19
Convergent	2.55	2.55	2.54	2.54	**2.54**	2.54
Fixed	2.09	2.09	2.09	2.09	**2.09**	2.09
1-Play	1.24	1.24	1.24	1.24	**1.24**	1.23
1P Fixed Voice	1.06	1.06	1.06	1.06	**1.06**	1.06
1P internet	1.00	1.00	1.00	1.00	**1.00**	1.00
1P Mobile	1.38	1.38	1.38	1.37	**1.37**	1.37
Annualized full churn rate (HH/SO) - Total	**13.7%**	**11.7%**	**13.5%**	**13.3%**	**13.1%**	**14.7%**
4-Play	2.8%	2.5%	3.1%	3.0%	**2.8%**	3.6%
3-Play	10.2%	8.9%	10.1%	9.4%	**9.6%**	11.3%
2-Play	12.3%	10.5%	11.7%	10.7%	**11.3%**	13.5%
1-Play	22.6%	19.3%	22.7%	23.1%	**21.9%**	24.6%
% Convergent HH/SO - Total *	**55.6%**	**56.1%**	**56.4%**	**56.8%**	**56.8%**	**57.2%**
4-Play	100.0%	100.0%	100.0%	100.0%	**100.0%**	100.0%
3-Play	35.9%	35.4%	35.2%	35.1%	**35.1%**	34.9%
2-Play	23.7%	23.8%	23.7%	23.6%	23.6%	23.7%

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

Product view

	Q117	Q217	Q317	Q417	2017	Q118
From Fixed						
Number of access channels (thousands)	3,872	3,885	3,877	3,883	3,883	3,881
Voice	2,066	2,063	2,048	2,036	2,036	2,020
Broadband	1,806	1,821	1,829	1,847	1,847	1,861
TV unique customers (thousands)	1,516	1,533	1,543	1,560	1,560	1,575
ARPU (EUR)						
ARPU Voice	21.0	20.4	20.1	19.9	20.4	20.4
ARPU broadband	28.4	28.3	28.4	28.4	28.4	28.9
ARPU TV	20.9	20.8	20.9	21.0	20.9	20.9
From Mobile						
Number of active customers (thousands)	3,646	3,631	3,552	3,552	3,552	3,533
Prepaid	1,057	998	909	901	901	870
Postpaid	2,589	2,633	2,643	2,651	2,651	2,663
Annualized churn rate						
Prepaid	39.0%	38.5%	n.r.	24.3%	n.r.	29.0%
Postpaid	15.1%	13.3%	16.3%	17.1%	15.6%	17.3%
Blended	22.7%	21.0%	32.5%	19.1%	23.9%	20.4%
Net ARPU (EUR)						
Prepaid	8.1	9.0	8.7	8.2	8.5	7.6
Postpaid	27.9	28.0	28.3	27.8	28.0	27.3
Blended	22.0	22.6	23.1	22.8	22.6	22.4
Average Mobile data usage user/month (Mb)						
4G	1,303	1,407	1,546	1,625		1,818
Blended	1,083	1,192	1,330	1,414		1,614

8.3.4 Enterprise – Financials

(EUR million)	**Q117**	**Q217**	**Q317**	**Q417**	**2017**	**Q118**
REPORTED						
Revenues	349	343	340	369	1,400	351
UNDERLYING						
Revenues	349	343	340	369	1,400	351
Fixed	124	122	119	119	484	119
Fixed Services	119	118	115	114	465	114
Voice	57	55	53	52	218	53
Data (Internet & Data Connectivity)	62	62	61	62	247	61
Fixed Terminals (excl. TV)	5	5	5	5	19	5
Mobile	85	85	85	90	345	90
Mobile Services	79	79	79	79	317	77
Mobile Terminals	6	5	6	11	28	13
ICT	126	121	121	141	509	127
Advanced Business Services	6	6	7	9	28	7
Subsidiaries (Tango)	4	4	3	5	17	5
Other Products	3	4	4	4	16	4
Costs of materials and charges to revenues	-111	-104	-106	-125	-445	-115
Direct Margin	238	239	234	244	955	237
Direct Margin %	*68.3%*	*69.7%*	*68.8%*	*66.1%*	*68.2%*	*67.4%*

8.3.5 Enterprise – Operationals

	Q117	Q217	Q317	Q417	2017	Q118
From Fixed						
Number of access channels (thousands)	746	735	724	715	715	701
Voice	609	599	589	580	580	567
Broadband	137	137	135	135	135	134
ARPU (EUR)						
ARPU Voice	31.2	30.5	29.9	29.8	30.4	31.0
ARPU Broadband	42.8	43.3	43.2	43.4	43.2	43.3

	Q117	Q217	Q317	Q417	2017	Q118
From Mobile						
Number of mobile cards (thousands)	2,132	2,155	2,173	2,197	2,197	2,222
Among which voice and data cards	952	965	975	988	988	999
Among which M2M	1,180	1,190	1,198	1,209	1,209	1,223
Annualized churn rate (blended)	10.6%	10.5%	9.4%	10.4%	10.2%	9.7%
Net ARPU (EUR)						
Postpaid	26.9	26.6	26.3	26.1	26.5	24.8
Average Mobile data usage user/month (Mb)						
4G	1,266	1,345	1,412	1,480		1,647
Blended	1,094	1,180	1,254	1,328		1,499

8.3.6 Wholesale – Financials

(EUR million)	**Q117**	**Q217**	**Q317**	**Q417**	**2017**	**Q118**
REPORTED						
Revenues	52	48	56	51	207	48
UNDERLYING						
Revenues	52	48	56	51	207	48
Direct Margin	45	41	46	43	175	41
Direct Margin %	*86.4%*	*86.2%*	*81.2%*	*85.4%*	*84.7%*	*85.4%*

8.3.7 Retail Operationals and MVNO customers reported in Wholesale

	Q117	Q217	Q317	Q417	2017	Q118
From Fixed						
Number of access channels (thousands)						
Voice (1)	8	8	8	8	8	8
Broadband (1)	1	1	1	1	1	1
From Mobile						
Number of active Mobile customers (thousands)						
Retail (1)	9	9	9	8	8	9
MVNO	17	19	21	21	21	22

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

8.3.8 BICS – Financials

(EUR million)	Q117	Q217	Q317	Q417	2017	Q118
REPORTED						
Revenues	332	312	336	339	1,320	319
Segment Result	31	33	37	37	139	34
UNDERLYING						
Revenues	332	312	336	339	1,320	319
Revenues from Voice	262	241	251	249	1,003	226
Revenues from non-Voice	70	71	85	90	317	93
Costs of materials and charges to revenues	-268	-245	-266	-261	-1,041	-242
Direct Margin	64	67	70	78	279	77
Direct Margin %	*19.4%*	*21.5%*	*20.8%*	*23.0%*	*21.2%*	*24.0%*
Total expenses before D&A	-31	-33	-32	-41	-137	-42
Workforce expenses	-18	-17	-17	-21	-72	-23
Non Workforce expenses	-14	-16	-15	-20	-65	-19
Segment result	33	34	38	37	143	35
Segment contribution margin %	*9.9%*	*11.0%*	*11.2%*	*11.0%*	*10.8%*	*10.9%*

8.3.9 BICS - Operationals

Volumes in million	Q117	Q217	Q317	Q417	2017	Q118
Voice	6,118	5,907	6,241	6,118	24,385	5,997
Non-Voice (Messaging)	879	939	1,101	1,909	4,828	2,457

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 (i.e. per voice line, per broadband line, per mobile card…)

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

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

Fixed 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 activities, gains and losses on disposal of buildings, transaction costs related to M&A (acquisitions, mergers, divestments etc.), deferred M&A purchase price, pre-identified one shot projects (such as rebranding costs), changes of accounting treatments (such as the application of IFRIC 21), financial impacts of litigation files, fines and penalties, financial impact of law changes (one-off impact relative to previous years), recognition of previously unrecognized assets and impairment losses.

(**) The materiality threshold is met when exceeding individually EUR 5 million. No materiality threshold is defined for costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, divestments of consolidated companies, gains and losses on disposal of buildings and M&A-related transaction costs. No threshold is used for adjustments in a subsequent quarter 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, visitor roaming excluded), divided by the average number of Active Mobile Voice and Data customers for that period, divided by the number of months of that same period. This also includes 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: 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, Guillaume Boutin, Chief Consumer Market Officer, Geert Standaert, Chief Technology Officer, Renaud Tilmans, Chief Customer Operations Officer, Jan Van Acoleyen, Chief Human Resources Officer and Dirk Lybaert, Chief Corporate Affairs Officer.

8.6 Financial calendar

11 July 2018	Start quiet period ahead of Q2 2018 results
27 July 2018	Announcement of Q2 2018 results
8 October 2018	Start of quiet period ahead of Q3 2018 results
26 October 2018	Announcement of Q3 2018 results

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 4 May 2018.	
Time: 02:00pm Brussels – 01:00pm London – 08:00am New York	
Dial-in UK	+44 20 71943759
Dial-in USA	+1 8442860643
Dial-in Europe	+32 24035816
Code	14974616#