2015 Q2

Quarterly Report

proximus

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

Brussels, 31 July 2015 7.00 (CET)
Regulated Information

1. Highlights Q2 2015

- **Growing customer base driving solid financial performance**
- **Continued growth in underlying[1] Core[2] revenue, + 2.4% year-on-year**
- **Underlying Group EBITDA of EUR 450 million, +4.3% YoY**
- **Full-year 2015 guidance revised upwards : underlying Group EBITDA expected to grow 3%to 5%**

In the second quarter of 2015 the **Proximus Group** generated underlying revenue of EUR 1, 505 million, a 1.5% increase compared to the comparable quarter of 2014. This resulted from:

- a **2.4% underlying revenue increase of Proximus' Core business to EUR 1,094 million**, driven by both higher Fixed and Mobile revenues from a growing customer base.
- a **0.8% year-on-year revenue decline of** BICS from a high comparable base. The continued solid revenue growth from Mobile Data and a positive currency effect was more than offset by lower Voice revenue.

The **Proximus Group** posted a **2.9% Direct Margin growth** to EUR 915 million for the second quarter 2015, with the Core business and BICS contributing equally to the year-on-year improvement.

For the second quarter of 2015, the **Proximus Group posted an underlying EBITDA of EUR 450 million, i.e. a 4.3% increase** compared with the previous year. This results from a continued EBITDA growth from Proximus' Core Business (+1.6%), and another strong quarter for BICS (+34.9%).

Proximus' second-quarter **Capex totaled EUR 272 million**, including EUR 75 million for spectrum renewal. Besides commercially driven Capex, this also includes accelerated Mobile investments, expanding the outdoor 4G coverage to 96.5%, the continued roll-out of the vectoring technology on our Fixed network and higher investments in network and IT simplification.

In the second quarter of 2015, Proximus generated EUR 207 million in Free Cash Flow (FCF) bringing the **total FCF by end June 2015 to EUR 215 million**. In spite of the positive contribution of the underlying EBITDA, the year-to-date FCF was lower versus last year, largely due to less cash received from the sale of consolidated companies and buildings, and higher cash paid for Capex.

In the second quarter 2015, the Proximus Group showed **good net customer growth for its two main brands Proximus and Scarlet**. Through the continuous improvements in customer experience, Proximus not only attracts new customers, but also obtains better customer retention, showing in lower churn levels. Scarlet's Trio offer saw some further benefit from successfully attracting remaining Snow customers.

+ 35,000[3] TV subscriptions, increasing the total TV customer base to 1,692,000

+25,000 Fixed Internet lines, bringing the total Internet customer base to 1,813,000

-14,000 Fixed Voice Lines, total of 2,822,000 lines

+ 61,000[4] Mobile Postpaid cards, -42,000 Mobile Prepaid cards, incl. impact from Mobisud's discontinuation. Total Mobile customer base end-June at 5,736,000[5]

+14,000 3 & 4-Play Households/Small offices, total of 1,161,000, i.e. 42% of total base

54.7% Convergent households/small offices, +3 p.p. vs previous year

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[1] Adjusted for incidentals to get a better view of the ongoing business performance. See page 28.

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

[3] Corresponds to total number of set-top boxes. Second quarter 2015 net adds included 10,000 multiple set-top boxes.

[4] Of which 22,000 Free data and M2M cards.

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

Dominique Leroy, CEO of Proximus Group:

I'm proud to announce another strong set of figures. With Proximus' solid achievements so far we have beaten our own ambition, and see our growth objective to be achieved already in 2015.

The sustained rise in our customer base thanks to our investments to improve the overall customer experience, benefits the financial performance of our Core business, with both Fixed and Mobile revenue showing continued progress. This combined with a value-based approach led to a growing Core Direct Margin. BICS also recorded another strong quarter, driven by the continued growth in non-Voice Direct Margin and a positive, though volatile, Direct Margin contribution from currency-effects and voice trading.

Our achievements so far show that we are making good progress on our "Fit for Growth"-strategy and give us confidence to revise the full-year 2015 guidance upwards. Therefore, I believe that we will end the year 2015 with an underlying Core revenue growth of around 2% and a Group underlying EBITDA growth of 3% to 5% compared to 2014. As a result Proximus will achieve its growth ambition one year earlier than expected.

Analyst conference call details

Proximus will host a conference call for investors and analysts on Friday 31 July 2015.

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

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2. Financial review Proximus Group

- **Q2'15 Group revenue of EUR 1,505 million, up by 1.5% v.s. last year on underlying basis**
- **Underlying Core revenue up 2.4% in Q2'15 on growing Fixed and Mobile revenue**
- **Q2'15 underlying Group EBITDA growing by 4.3% to EUR 450 million**
- **Year-to date June 2015 Free Cash Flow of EUR 215 million**

From underlying Group income to EBITDA

Quarterly financials as of page 29

	2nd Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
TOTAL INCOME	1,483	1,505	1.5%	2,885	2,984	3.4%
Costs of materials and charges to revenues (*)	-593	-590	-0.6%	-1,122	-1,180	5.1%
TOTAL DIRECT MARGIN	889	915	2.9%	1,763	1,805	2.4%
Direct margin %	*60%*	*61%*	*0.8 p.p.*	*61%*	*60%*	*-0.6 p.p.*
TOTAL EXPENSES	-458	-465	1.6%	-924	-932	0.9%
Personnel expenses and pensions (**)	-258	-254	-1.5%	-513	-505	-1.6%
Other operating expenses (***)	-201	-212	5.6%	-412	-428	3.9%
TOTAL EBITDA	431	450	4.3%	839	873	4.0%
Segment EBITDA margin %	*29.1%*	*29.9%*	*0.8 p.p.*	*29.1%*	*29.2%*	*0.2 p.p.*

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

Revenue per Business Unit

	2nd Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
Group Reported	1,631	1,511	-7.3%	3,111	2,994	-3.8%
Incidentals	*-148*	*-7*		*-226*	*-10*	
Group underlying per Business Unit	1,483	1,505	1.5%	2,885	2,984	3.4%
Core underlying revenue	1,068	1,094	2.4%	2,114	2,174	2.8%
Consumer	699	726	3.9%	1,374	1,437	4.6%
Enterprise	327	327	0.0%	649	656	1.0%
Technology and Carrier & Wholesale	60	58	-2.4%	124	114	-8.3%
Staff & Support	8	5	-30.3%	15	13	-10.2%
Inter-segment eliminations	-25	-23	9.6%	-48	-46	3.7%
International Carrier Services revenue	415	411	-0.8%	772	811	5.1%

In the second-quarter of 2015, the **Proximus Group** generated underlying revenue of EUR 1,505 million, an **increase of 1.5%** compared to the second-quarter of 2014. This resulted from a solid Proximus **Core revenue growth, up by 2.4%** chiefly driven by a continued solid revenue increase from both Fixed and Mobile. The growth from the Core business was somewhat offset in the second quarter by **lower revenue from BICS (-0.8%)**.

More precisely, the second-quarter revenue variance was the result of:

- **A 3.9% underlying revenue increase for the Consumer segment**[6], continuing at a similar growth level as seen for the first quarter, excluding the impact from the more promotion-driven mobile devices revenue. Through its growing customer base, CBU achieved further improvement in TV and Fixed Internet revenue and continued to post a positive variance for Mobile services.

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

- **A stable year-on-year underlying revenue from the Enterprise Business segment**, with the higher revenue from Mobile services and setup fees for Road User Charging offsetting the lower revenue from Fixed Voice and ICT.

- **A 2.4% revenue decline from the Technology & Wholesale Business Unit**, as the revenue from Carrier Wholesale Services continued to be impacted by the decline in traditional Wholesale business, including the outphasing of SNOW customers following the decision of BASE to stop their Fixed triple-play offer. However, the larger part of the former Snow customers opted for Scarlet, benefiting Proximus' retail offer.

Furthermore, the second quarter 2015 revenue from **Proximus' International Carrier Services (BICS) was 0.8% lower** year-on-year from a high comparable base. The solid ongoing growth in non-Voice revenue, and the continued positive impact on revenue from the stronger USD, was more than offset by lower Voice revenue.

Year-to-date June 2015, the Proximus Group underlying revenue totaled EUR 2,984 million, i.e. 3.4% higher compared to the same period of 2014.

Direct Margin per Business Unit

	2nd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Group Reported	1,011	922	-8.8%	1,916	1,815	-5.3%
Incidentals	*-122*	*-7*		*-153*	*-10*	
Group underlying per Business Unit	889	915	2.9%	1,763	1,805	2.4%
Core underlying direct margin	827	840	1.6%	1,642	1,665	1.4%
Consumer	535	552	3.0%	1,059	1,093	3.1%
Enterprise	238	236	-0.8%	473	472	-0.3%
Technology and Carrier & Wholesale	51	50	-2.8%	106	96	-9.2%
Staff & Support	8	5	-30.0%	15	13	-10.0%
Inter-segment eliminations	-6	-3	40.4%	-11	-9	19.1%
International Carrier Services	62	75	20.6%	121	140	15.7%

The underlying Group Direct Margin increased by 2.9% to a total of EUR 915 million for the **second quarter 2015**. This increase resulted from both the Core business and from BICS. The higher Core revenue driven by Fixed and Mobile services and by subsidiaries (Tango) resulted in a 1.6% increase in Direct Margin. In addition, BICS posted a record Direct Margin, benefiting from a positive volatility in Voice trading business, ongoing Mobile data growth and the stronger USD.

Year-to-date June 2015, the underlying Group Direct Margin totaled EUR 1,805 million, 2.4% more than for the same period of 2014.

Expenses (excluding CoS)

	2nd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Group Reported	452	465	2.9%	953	934	-2.0%
Incidentals	*6*	*0*		*-29*	*-1*	
Group Underlying Operating Expenses	458	465	1.6%	924	932	0.9%
Personnel expenses and pensions (*)	258	254	-1.5%	513	505	-1.6%
Other operating expenses (**)	201	212	5.6%	412	428	3.9%

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

Underlying HR expenses 1.5% lower due to natural attrition

The Proximus Group posted EUR 254 million underlying[7] HR-expenses for **the second quarter of 2015**, 1.5% lower versus the prior year, i.e. a similar decrease to the first quarter. This includes the positive impact from a lower headcount base, with a natural attrition of -318 FTEs over the past 12 months. As a result, the Proximus Group headcount decreased to 13,983 FTEs by end-June 2015.
In comparison with the personnel base of 14,398 FTEs reported one year ago, the number of FTEs decreased by -415 over the past 12 months, including a divesture[8] impact of -97 FTEs.

Year-to-date June 2015, the HR-expenses totaled EUR 505 million, 1.6% below that of the same period of 2014.

Higher underlying non-HR expenses including timing impact of pylon tax provision

On an underlying basis, the Proximus Group recorded EUR 212 million non-HR expenses in the **second quarter of 2015**, which was 5.6% more from a low comparable base in 2014. This includes a timing impact from the provisioned Walloon Region Pylon tax which was booked in its entirety in the last quarter of 2014, whereas it is spread over the year in 2015. Furthermore renting costs are temporarily higher due to the sale and lease-back of some buildings which were sold as part of the network simplification program.

Year-to-date June 2015 the non-HR expenses totaled EUR 428 million, or 3.9% above that of the same period of 2014.

Operating income before depreciation and amortization

EBITDA per Business Unit

	2nd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Group Reported	559	456	-18.3%	964	881	-8.6%
Incidentals	*-128*	*-7*		*-125*	*-8*	
Group underlying per Business Unit	431	450	4.3%	839	873	4.0%
Core underlying EBITDA	397	403	1.6%	775	787	1.6%
Consumer	353	369	4.6%	695	723	4.1%
Enterprise	147	146	-0.5%	292	294	0.6%
Technology and Carrier & Wholesale	-35	-44	-25.1%	-70	-88	-26.2%
Staff & Support	-67	-67	-0.7%	-143	-142	0.2%
International Carrier Services	35	47	34.9%	64	86	33.8%

Proximus' **second-quarter 2015** underlying Group EBITDA totaled EUR 450 million, a EUR 19 million or 4.3% improvement compared to the same period of 2014. The year-on-year increase resulted from a higher Direct Margin posted in the Consumer segment, and BICS. The Direct Margin growth was partly offset by the Group's expenses (HR and non-HR costs) which were up by 1.6%, including an unfavorable timing impact from the provisioned Walloon Region Pylon tax. **Year-to-date June 2015**, the Group underlying Group EBITDA totaled EUR 873 million, up by 4.0% from the previous year.

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

[8] Divesture of Telindus UK

Depreciation and amortization

The **second-quarter 2015** depreciation and amortization totaled EUR 218 million bringing the **year-to-date June 2015** total to EUR 432 million. This compares to EUR 403 million for 2014, with the increase mainly due to a higher asset base to depreciate, partially offset by the divestment of consolidated subsidiaries[9].

Net finance cost

The **year-to-date June 2015** net finance cost was EUR 5 million up year-on-year to EUR 48 million, mainly as a result of higher interest expenses partly offset by a gain on the repurchased 85% of the JPY 10 billion Notes and related Interest and Currency swap.

Tax expense

The **year-to- date June 2015** tax expenses amounted to EUR 111 million, representing an effective tax rate of 27.8%, This is up from 20.0% for the same period of 2014, due to lower tax deductions.

Net income (Group share)

Proximus reported a net income (Group share) of EUR 145 million for the **second quarter of 2015**, bringing the total **year-to-date June** Net income (Group share) to EUR 274 million. This compares to EUR 397 million reported for the first six months of 2014, which benefited from higher positive incidentals.

From EBITDA as reported to Net Income

(EUR million)	2nd Quarter 2014 - restated	2nd Quarter 2015	2nd Quarter % Change	Year-to-date 2014 - restated	Year-to-date 2015	Year-to-date % Change
EBITDA	559	456	-18.3%	964	881	-8.6%
Depreciation and amortization	-207	-218	5.4%	-403	-432	7.2%
Operating income (EBIT)	352	238	-32.3%	561	449	-20.0%
Net finance costs	-20	-27	33.9%	-43	-48	11.8%
Income before taxes	331	210	-36.4%	517	399	-22.8%
Tax expense	-66	-58	-13.1%	-104	-111	6.8%
Non-controlling interests	12	8	-36.9%	16	14	-13.6%
Net income (Group share)	252	145	-42.5%	397	274	-31.0%

Investments

For the **second quarter of 2015**, Proximus' Capex totaled EUR 272 million, including EUR 75 million for the renewal of the 900Mhz/1800Mhz spectrum. This compares to EUR 245 million for the second quarter of 2014, which included the capitalization of the 3-year Jupiler Pro League football broadcasting rights.

Over the **first six months of 2014**, Proximus Group invested EUR 499 million. Proximus a.o. accelerated its Mobile network upgrade to 4G, living up to its 'Best in Class' mobile network reputation by providing its customers with the best Mobile customer experience. By end-June 2015, Proximus' 4G network reached 96.5% outdoor population coverage, and 81.6% indoor coverage. Besides the large nation-wide 4G-footprint, Proximus also offers the best possible mobile surfing experience with an average download speed of 19[10] Mbps on a 4G capable device, which is 20% to 40% faster than competitor networks.

The Fixed network too was subject to further improvements. Thanks to the continued roll-out of the vectoring technology on the VDSL2 network, more than one third of the VDSL2 network

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

[10] Based on Q2 2015 Comm Square drive tests.

is now covered with Vectoring. The number of customers having access to Internet download speeds of 70 Mbps grew to more than 435,000 or 45,000 more than last quarter.

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

Cash flows

	2nd Quarter			Year-to-date		
(EUR million)	**2014 - restated (*)**	**2015**	**% Change**	**2014 - restated (*)**	**2015**	**% Change**
Cash flows from operating activities	368	480	31%	668	716	7%
Cash paid for Capex (**)	-256	-278	8.6%	-436	-508	16.5%
Cash flows from other investing activities	160	5	-	158	7	-
Cash flow before financing activities (FCF)	**272**	**207**	**-24%**	**391**	**215**	**-45%**
Net cash used in financing activities (***)	-479	-413	-14%	-225	-407	81%
Net increase / (decrease) of cash and cash equivalents	**-207**	**-205**	**-1%**	**166**	**-192**	**-**

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

In the **second quarter 2015**, Proximus generated EUR 207 million in Free Cash Flow (FCF) bringing the Group's Free Cash flow over the **first six months of 2015** to EUR 215 million. Whereas the growth in underlying EBITDA contributed positively, the FCF was EUR 176 million lower versus last year, mainly due to less cash received from the sale of consolidated companies and buildings, higher cash paid for Capex and higher working capital needs, partly offset by lower income tax payments (largely timing impact).

Balance sheet and shareholders' equity

The intangible and tangible fixed assets increased by EUR 64 million to EUR 3,924 as a consequence of the invested Capex which was higher than the amount of depreciation and amortization. The shareholders' equity decreased from EUR 2,779 million end-2014 to EUR 2,746 million end-June 2015, mainly due to the return of the normal dividend (EUR 322 million for 2014), typically exceeding the net income (Group share) generated over the first six months. Compared to end 2014, the net financial debt increased by EUR 131 million to EUR 1,931 million at the end of June 2015. The outstanding long term debt amounted to EUR 2,461 million.

Regulation

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

Regulatory measures on Mobile Termination rates and especially Roaming rates negatively impacted Proximus' revenue and EBITDA year-on-year variance by an estimated amount of EUR -23 million over the first 6 months of 2015. With these measures annualizing, there is no further impact expected for the remainder of 2015.

Mobile Termination Rates

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

International Roaming

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

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

The Roaming III Regulation will expire in principle on 30 June 2022. However, in the meantime, the EU Authorities (Commission, Council and Parliament) have, on 30 June 2015, reached an agreement on the future of the roaming charges.

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

During the transitory period from April 2016 until June 2017, operators will be able to apply a surcharge up to the current regulated wholesale rates.

The text will be finalized in the coming weeks under Luxembourg presidency. Final approval by the EU Parliament plenary and EU Council is expected in September/October 2015.

Cable wholesale prices

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

Spectrum

After a first extension covering the period 2010-2015, the second extension of the 2G license started on 8 April 2015 (valid until 15 March 2021). Proximus has to pay a total of EUR 75 million for this extension and has opted for yearly installments. The first payment of nearly EUR 12 million was made on 16 April 2015.

Consumer protection

BIPT has consulted the market until 1 July 2015 about concrete modalities aimed at facilitating migration for the consumers (residential clients) of fixed services (telephony, Internet, TV and packs). The draft foresees in particular a "One stop shopping" procedure (inspired by the current number portability process), the obligation for the operators to establish a signed visit report describing the field intervention or to prove the absence of customers and compensations for customers in case of a delay in the execution of the migration.

Tax on mobile sites

See contingent liabilities page 47

On-net legal case versus Base and Mobistar

See contingent liabilities page 47

Outlook

With the solid achievements of the first-quarter being confirmed in the second quarter, Proximus Group closed the first half of the year 2015 with better results than it expected. Through the good progress made on the company's 'Fit-for-Growth' strategy, and some of the initiatives already being translated in improved underlying trends, the company is running ahead on its 2016 objective of returning to underlying revenue and EBITDA growth.

Taking into account the achievements so far, and its best estimate for the remainder of the year, Proximus' management revises its full-year 2015 guidance upwards and believes to end the year 2015 with an underlying Core revenue growth of around 2% and a Group underlying EBITDA growing by 3% to 5% compared to 2014.

Guidance metrics	FY 2014	Outlook 2015 27 Feb '15	Revised Outlook 2015 31 July '15
Core underlying revenue	4,287 million	Stable to slightly positive	Around 2% growth
BICS underlying revenue	1,577 million	Stable	Slightly positive
Group underlying EBITDA	1,653 million	Stable to slightly positive	3% - 5% growth
Capex (excl. spectrum license)	978 million*	About 900 million	About 900 million

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

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

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

3. Consumer Business Unit – CBU[11]

- **Underlying revenue +3.9% as a result of rising revenue from Fixed, Mobile and subsidiaries**
- **Mobile service revenue trend remaining positive on customer growth and better ARPU trends**
- **Improving customer experience supporting solid net adds: +25,000 BB; +35,000 TV; +38,000 Postpaid**
- **Total segment Direct Margin growing 3% year-on-year; Segment result up by 4.6%**
- **Firm 3- and 4-play revenue growth driven by larger base and higher ARPH**

P&L Consumer Business Unit (underlying)

	2nd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
TOTAL SEGMENT INCOME	699	726	3.9%	1,374	1,437	4.6%
Costs of materials and charges to revenues (*)	-163	-174	6.8%	-315	-345	9.6%
TOTAL SEGMENT DIRECT MARGIN	535	552	3.0%	1,059	1,093	3.1%
Direct margin %	*77%*	*76%*	*-0.6 p.p.*	*77%*	*76%*	*-1.1 p.p.*
TOTAL EXPENSES	-183	-183	0.0%	-364	-369	1.4%
Personnel expenses and pensions (**)	-102	-99	-3.2%	-203	-198	-2.7%
Other operating expenses (***)	-81	-84	4.0%	-161	-172	6.6%
TOTAL SEGMENT RESULT	353	369	4.6%	695	723	4.1%
Segment contribution margin %	*50.5%*	*50.8%*	*0.3 p.p.*	*50.6%*	*50.3%*	*-0.3 p.p.*

CBU quarterly financial and operational results: page 30

Revenue

CBU continued to grow its total revenue in the **second quarter 2015**, with **underlying revenue up by 3.9%** year-on-year to EUR 726 million. Setting aside the more promotion-driven revenue from mobile devices, CBU's revenue showed a growth level fairly similar to that of the previous quarter.
The 2015 second-quarter revenue includes an estimated impact from regulatory measures[12] of EUR -5 million (-0.8%).
The solid second-quarter 2015 revenue resulted from a good performance from both fixed and mobile, as well as from Proximus' Luxembourg subsidiary Tango.
The revenue trend for Fixed products improved to a 4.1% year-on-year increase, driven by both Proximus and Scarlet, with products mainly sold through attractive Packs. The total Mobile revenue was up by 2.5%, including a 0.9% growth from Mobile services. Following the Mobile promotions during the second quarter 2015, the revenue from Mobile devices was up by 14% versus the previous year.
Year-to-Date June 2015, CBU posted EUR 1,437 million revenue, **4.6% higher year-on-year**.

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

Note

In line with Proximus' strategy, most products are sold through multi-play Packs. Therefore, the revenue and ARPU of standalone products as described below, are largely the result of the allocation of revenue and discounts to the respective products included in the Packs, as required by IFRS rules. The Average Revenue per Household, as described on page 17, this therefore more relevant.

	2nd Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
Revenues	699	726	3.9%	1,374	1,437	4.6%
From Fixed	355	369	4.1%	708	735	3.8%
Voice	143	137	-4.0%	287	276	-3.8%
Data (Internet & Data Connectivity)	130	137	5.8%	257	272	5.9%
TV	69	82	18.1%	138	161	16.5%
Terminals (excl. TV)	5	6	5.3%	11	11	1.1%
ICT	7	7	-3.4%	15	15	-2.1%
From Mobile	288	295	2.5%	556	583	5.0%
Mobile Services	253	255	0.9%	496	503	1.5%
Terminals	35	40	14.3%	60	80	33.0%
From Subsidiaries	28	31	11.0%	56	62	10.2%
Tango	28	31	11.0%	56	62	10.2%
Other	28	30	8.9%	53	57	6.2%
Of which Installation & Activation	*5*	*5*	*-4.7%*	*10*	*11*	*8.9%*

-5,000

CBU Fixed Voice lines. Scarlet gained more former Snow customers, Proximus erosion limited

During the **second quarter** 2015, CBU's **Fixed Voice** customer base erosion was limited to -5,000 lines, leading to a total of 2,136,000 Fixed Voice lines end of June 2015. During the second quarter Scarlet attracted an additional 6,000 former Snow customers to its Scarlet Trio offer, while the Proximus brand continued to be positively impacted by the increased Sales focus on 3- and 4-play Packs. The Fixed Voice ARPU for the second quarter 2015 was EUR 21.4, -3.0% lower than that of the prior year due to the increasing number of Voice customers with a multi-play Pack, benefiting from a discount. The lower year-on-year Fixed Voice customer base combined with the lower ARPU resulted in a -4.0% year-on-year revenue decline for Fixed Voice, ending the second quarter of 2015 with EUR 137 million.

+25,000

Internet customers Scarlet attracted additional former Snow customers

CBU's **second quarter** 2015 revenue from **Fixed Data** totaled EUR 137 million, a 5.8% growth compared with the prior year, i.e. a similar growth rate as for the first quarter. The positive Fixed Data revenue trend is driven by the growing customer base, up by 111,000 or 7.1% in the space of one year to reach a total of 1,674,000 Fixed Internet customers by end-June 2015. After a successful customer gain in the first-quarter 2015, CBU saw another good net customer gain in the second quarter for its two main brands Proximus and Scarlet, in total gaining another 25,000 lines. The Scarlet brand attracted an additional 6,000 former Snow customers to its Trio offer, while the Proximus brand grew its base by 19,000. The second-quarter Broadband ARPU of EUR 27.5 was 0.8% lower than that of the same period in 2014, driven by the migration of customers to Packs, though remained fairly stable to the prior quarter (EUR 27.6).

+35,000

TV net adds, by Proximus and Scarlet

The **second-quarter** 2015 **TV** revenue totaled EUR 82 million, 18.1% above the same period of 2014. CBU's TV revenue continued to do well, driven by the continued subscriber growth, with both the Proximus and Scarlet brands increasing their customer base. For the second quarter, 35,000 TV subscribers in total were added, of which 25,000 unique customers. The Scarlet Trio offer saw strong growth by attracting an additional 6,000 former Snow customers. As a result, CBU ended June 2015 with a total TV customer base of 1,692,000, up by 168,000 customers or +11% from the prior year. The recurring TV ARPU grew 7.6% year-on-year to EUR 20.2 driven by the increased uptake of TV options.

+ 38,000

Postpaid net adds. Mobile service revenue remaining positive, driven by growing Postpaid base and ARPU trend

Driven by the continuously growing Postpaid customer base and higher ARPU, CBU's revenue from **Mobile services** further progressed by 0.9% to EUR 255 million for the **second quarter** 2015. This included the impact from regulated roaming rate cuts mid-2014.
In spite of the many mobile promotions on the market from all mobile players, Proximus' Postpaid churn level remained low at 13.4% and it grew its Postpaid customer base by 38,000 cards, or +26,000 when excluding the Internet-Everywhere data cards. On a year-on-year basis, CBU's postpaid customer base grew by 192,000 mobile cards or +7.2%.
The Mobile Prepaid park on the other hand further eroded by -40,000 cards in the second quarter 2015, of which -13,000 due to the discontinuation of Mobisud. This excluded, the loss of Proximus prepaid cards showed sequential improvement. Combining Prepaid and Postpaid, CBU's Mobile customer base ended the second quarter at a total of 4,229,000 cards, 0.8% higher versus one year ago.

CBU's Mobile Postpaid ARPU for the second quarter 2015 progressed year-on-year by 1.5% to EUR 29.6. The ARPU trend continued to be positive since the turnaround in the first-quarter 2015, driven by a better customer tiering versus one year ago, mainly driven by last year's high-end Joint-Offers, and the increased smartphone penetration. In the second quarter 2015, the growth in average data usage per customer persisted, resulting from an increasing number of customers with a 4G-device and increased 4G usage. 4G-users used 851 Mb (on the 4G and 3G networks) per month on average, increasing the blended data usage to 511 Mb, up 65% from one year ago. The average data consumption of 4G users is over 3 times greater than that of non-4G users.

CBU's Mobile Prepaid ARPU for the second quarter 2015 was EUR 11.2 , down 11.3% year-on-year, though slightly higher than the first quarter (EUR 10.7). With the Postpaid/Prepaid customer mix improving to 67%/33% from 63%/36% one year ago, the blended Mobile ARPU increased by 1.8% to EUR 22.7 and was up versus the prior quarter (EUR 22.0).

11%

Revenue growth for Tango as a result of growing customer base and ARPU

Tango's revenue for the second quarter 2015 fully benefited from its growing customer base for Mobile Postpaid as well as for 3-play & 4-play and was also strengthened by the volume and average sales price increase of mobile devices. In the second quarter Tango added net 1,000 mobile customers with Mobile postpaid growth of 3,000 cards partially offset by 2,000 less prepaid cards.

	2nd Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
Revenue (in EUR mio) (1)	28.2	31.3	11.0%	56.5	62.2	10.2%
Total active mobile customers (in '000)	283	287	1.4%	283	287	1.4%
Blended mobile net ARPU (EUR/month)	27.3	29.4	7.6%	27.4	28.5	4.0%

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

Segment Direct Margin

3% year-on-year segment Direct Margin growth

The solid underlying revenue growth in the second quarter of 2015, resulted in a continued positive Direct Margin compared with last year. For the second quarter the Direct Margin totaled EUR 552 million, i.e. 3.0% more than for the same period in 2014. The Cost of Sales for the second quarter were EUR 174 million, i.e. 6.8% higher year-on-year. This is significantly less than the increase seen in the first quarter which was impacted by higher costs related to mobile devices and other volume driven cost of sales.

In the second quarter 2015 underlying Direct Margin was 76% of revenue, a 0.6p.p. decrease year-on-year due to the push of mobile devices in the market to support the Smartphone penetration.

Year-to-date June 2015, CBU posted Direct Margin of EUR 1.093 million, 3.1% higher versus the previous year.

Expenses

HR expenses decreased as a result of lower headcount

HR expenses for the second quarter 2015 totaled EUR 99 million, i.e. 3.2% lower versus the prior year. The decline was mainly the result of a lower personnel base following natural attrition.

Year-to-date June 2015, CBU posted HR expenses of EUR 198 million, down 2.7% compared to the previous year.

Second quarter non-HR expenses 4% higher year-on-year

CBU's second-quarter 2015 non-HR expenses of EUR 84 million were up 4% from the same period of 2014, driven by targeted marketing campaigns, volume related costs and resources needed for the acceleration of the e-transformation program.

Year-to-date June 2015, CBU's non-HR expenses totaled EUR 172 million, up 6.6%.

CBU segment result (underlying)

For the **second quarter 2015**, CBU posted an underlying segment result of EUR 369 million, i.e. a year-on-year increase of 4.6%, sequentially improving from the prior quarter. This includes an estimated negative impact from regulatory measures of EUR -5 million (-1.5%)[13]. The segment contribution margin was 50.8%, +0.3p.p. versus the previous year.

Year-to-date June 2015, CBU's segment result was EUR 723 million, 4.1% above that of the same period of 2014.

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

CBU operationals

	2nd Quarter		
	Q2'14	Q2'15	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**3,716**	**3,810**	**94**
Voice	2,153	2,136	-18
Broadband	1,563	1,674	111
TV (thousands)	**1,525**	**1,692**	**168**
Unique Customers	1,244	1,365	121
of which multiple settop boxes	281	327	47
ARPU (EUR)			
ARPU Voice	22.0	21.4	-0.7
ARPU Broadband	27.8	27.5	-0.2
ARPU TV	18.7	20.2	1.5
From Mobile			
Number of active customers (thousands)***	4,195	4,229	33
Prepaid	1,535	1,376	-159
Postpaid	2,660	2,853	192
Among Which Paying cards	2,240	2,359	119
Among Which Internet Everywhere cards	421	494	73
Annualized churn rate			
Prepaid	33.6%	32.7%	
Postpaid	14.3%	13.4%	
Blended	22.6%	20.9%	
Net ARPU (EUR)			
Prepaid	12.6	11.2	-1.4
Postpaid	29.2	29.6	0.4
Blended	22.3	22.7	0.4
Average Mobile data usage user/month (Mb)			
4G	789	851	62
Blended	309	511	202

CBU X-play household reporting

This chapter explains CBU's operational and financial results through metrics that are better aligned with Proximus' long-term convergence and value strategy. In this strategy the focus is not on individual products but on the number of Plays[14] and RGUs[15] per household/small office, with the aim to gradually move households/small offices up the value chain.

Operational X-play performance

By end-Q2 2015, Proximus serviced 2,786,000 households/small offices. The decrease from the prior quarter by 13,000 was mainly due to the loss of single-play Fixed Voice line households/small offices, partly compensated for by the growth in 3- and 4-play.

Of all households/small offices that Proximus was serving, 58% were multi-play[16] households/small offices, or +2.4 p.p. from one year ago.

In the second quarter 2015, Proximus' household mix further improved, growing its 3-play customer base by 3,000 households/small offices and its 4-play customer base by 11,000. As such, Proximus ended the second quarter with 652,000 households/small offices having 3-play (+2.9% YoY) and 509,000 4-play households/small offices (+ 12.8% YoY). As a consequence, Proximus strengthened its customer base with households/small offices having typically a lower churn rate, i.e. a full churn rate of 8.7% for 3-play, and 2.9% for 4-play.

The average RGU continued to show progress in the second quarter 2015, with the average across all X-play households/small offices rising to 2.55, the increase coming from 3-play (to 3.38 RGUs) and 4-play (to 4.83 RGUs), mainly driven by Mobile postpaid family offers.

Furthermore, the number of multi-play households/small offices having both Proximus Fixed and Mobile services, i.e. convergent households/small offices, grew to 54.7%, up 3.1p.p. versus a year ago.

An important enabler for CBU to increase the number of multi-play households/small offices and the number of plays per household is selling Plays in a Pack. The success of bundling plays in a Pack, giving customers attractive pricing and value for money, also continued in the second quarter of 2015. CBU added 23,000 households/small offices with Packs; as such, the number of households/ small offices with at least one Pack totaled 1,366,000 end-June 2015.

	CBU Households/Small Offices per Play & Net adds of the Quarter										Variance YoY		
	Q2 2014					Q2 2015					Q2 2015		
HH/SO in ('000)	Fixed Voice	Fixed Internet	TV	Mobile Post-paid	Sum #HH/SO	Fixed Voice	Fixed Internet	TV	Mobile Postpaid	Sum #HH/SO	Average #RGUs/ HH SO	Annualized full churn rate of HH/SO (**)	% Fixed + Mobile Postpaid (***)
1-Play	516	73	N/A(*)	675	1,265	444	82	N/A(*)	650	1,177	1.22	18.2%	
	-18			-11	-29	-14	2		-9	-22	0.01	-1.1p.p.	
2-Play	●	●	●	●	481	●	●	●	●	449	2.22	10.3%	24.0%
					-6					-5	0.00	1.1p.p.	0.8p.p.
3-Play	●	●	●	●	633	●	●	●	●	652	3.38	8.7%	40.5%
					-1					3	0.01	2.6p.p.	1.7p.p.
4-Play	●	●	●	●	451	●	●	●	●	509	4.83	2.9%	100.0%
					15					11	0.02	0.9p.p.	
Total					2,831					2,786	2.55	12.0%	54.7%
					-21					-13	0.11	-0.0p.p.	3.1p.p.

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

Financial X-play performance

In the second quarter 2015, CBU generated EUR 726 million revenue, of which EUR 544 million[17] came from X-play households/small offices. The revenue generated through X-play households/ small offices increased by 2.9% versus the previous year, driven by an uptiering in the X-play customer base and a higher average revenue per household (ARPH). The average monthly revenue per household/small office rose year-on-year by 4.9% to EUR 65.1.

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

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

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

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

Multi-play households/small offices contributed for 77% to the X-play revenue, a favorable evolution of 2 p.p. from last year. The revenue from 3-play and 4-play households/small offices continued to show good growth. The 4-play revenue in particular was strong for the second quarter with EUR 175 million, up by 13.7% from the prior year. This resulted from the combined favorable evolution of the number of 4-play households/small offices together with an average revenue per 4-play household (ARPH) increasing to EUR 116.0 (+0.1%).

Revenues (*) per x-play in EUR million

	2nd quarter		YoY change	
	Q214	Q215	€ million	%
Total	**529**	**544**	**15**	**2.9%**
1-Play	131	126	-5	-3.5%
2-Play	85	79	-6	-7.0%
3-Play	159	164	5	3.0%
4-Play	154	175	21	13.7%

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

Average revenue in EUR per x-play (EUR)

	2nd quarter		YoY change	
	Q214	Q215	€	%
Total	**62.0**	**65.1**	**3.1**	**4.9%**
1-Play	34.1	35.7	1.5	4.5%
2-Play	58.1	58.1	0.0	0.0%
3-Play	83.7	83.9	0.3	0.4%
4-Play	115.8	116.0	0.1	0.1%

4. Enterprise Business Unit - EBU[18]

- **Stable underlying Q2 revenue: Mobile and Road User Charging setup fees offsetting the decline in Fixed Voice and ICT**
- **Mobile service revenue trend remains positive at +1.8%, supported by a larger customer base and higher data usage**
- **Total segment Direct Margin 0.8% lower on product mix**
- **Segment result of EUR 146 million, -0.5% year-on-year**

P&L Enterprise Business Unit (underlying)

	2nd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
TOTAL SEGMENT INCOME	327	327	0.0%	649	656	1.0%
Costs of materials and charges to revenues (*)	-89	-90	2.1%	-175	-183	4.6%
TOTAL SEGMENT DIRECT MARGIN	238	236	-0.8%	473	472	-0.3%
Direct margin %	*73%*	*72%*	*-0.6 p.p.*	*73%*	*72%*	*-0.9 p.p.*
TOTAL EXPENSES	-91	-90	-1.3%	-181	-178	-1.6%
Personnel expenses and pensions (**)	-69	-68	-1.1%	-136	-135	-0.8%
Other operating expenses (***)	-23	-22	-1.7%	-45	-43	-4.1%
TOTAL SEGMENT RESULT	147	146	-0.5%	292	294	0.6%
Segment contribution margin	*44.9%*	*44.7%*	*-0.2 p.p.*	*45.1%*	*44.8%*	*-0.2 p.p.*

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Revenue

The underlying[19] revenue of the Enterprise segment (EBU) totaled EUR 327 million for the **second quarter 2015, i.e. a stable result compared to the same period of 2015**. This includes an estimated impact from regulatory measures[20] of EUR -8 million (-2.4%).
In the second quarter, the higher revenue from Mobile Services and setup fees for Road User Charging (reported in 'Other') offset the lower revenue from Fixed Voice and ICT.
The slow-down versus the favorable revenue variance of the first quarter was mainly driven by lower revenue from Mobile devices and by lower year-on-year revenue from the ICT business on a tougher comparable base.
Year-to-date June 2015, the underlying revenue from EBU totaled EUR 656 million, 1.0% up from the prior year.

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

[19] The 2014 figures are adjusted for impact from the divesture of Telindus France (May 2014) and Telindus UK activities (December 2014). See page 28 for detailed information on all adjustments.

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

(EUR million)	2nd Quarter 2014	2nd Quarter 2015	% Change	Year-to-date 2014	Year-to-date 2015	% Change
Revenues	327	327	0.0%	649	656	1.0%
From Fixed	241	236	-1.9%	480	474	-1.3%
Voice	65	62	-5.7%	132	125	-4.9%
Data (Internet & Data Connectivity)	62	62	0.7%	125	124	-0.7%
Terminals (excl. TV)	5	5	-0.4%	10	10	-1.0%
ICT	109	107	-1.2%	214	215	0.5%
From Mobile	83	84	1.3%	162	169	4.1%
Mobile Services	79	80	1.8%	155	159	2.6%
Terminals	4	3	-10.4%	7	9	37.9%
Other	3	7	104.7%	7	13	99.4%
Of which Installation & Activation	*1*	*1*	*-20.2%*	*2*	*2*	*-11.9%*

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

For the **second quarter 2015**, EBU reported EUR 62 million revenue in Fixed Voice, showing a year-on-year decline of 5.7% due to a continued Fixed Voice line erosion triggered by companies rationalizing on Fixed line connections and the move to VoIP. The Fixed Line erosion remained however stable, with a loss of 9,000 lines for the second quarter. This brought the EBU total Fixed Voice Line customer base to 677,000 by end-June 2015, i.e. a year-on-year line loss of -4.9%.
Lower traffic caused the second quarter Fixed Voice ARPU to decrease slightly (-0.9%) to EUR 30.1.

Year-to-date June 2015, EBU's Fixed Voice revenue totaled EUR 125 million, or a 4.9% decline from the prior year.

Fairly stable second quarter Fixed Data revenue

The **second-quarter 2015** revenue from Fixed Data, consisting of Fixed Internet and Data Connectivity revenue, totaled EUR 62 million. This is 0.7% above that of the same period of 2014 and, as such, a continuation of the trend improvement seen in previous quarters.

Revenue from Data Connectivity increased year-on-year driven by the roll-out of a number of large customer projects on the Proximus Explore platform. This while the second-quarter revenue from Fixed Internet remained fairly stable year-on-year, with ARPU 1.6% up to EUR 43.8[21] and the Fixed Internet customer base slightly down (-1,000 in the second quarter). By end-June 2015 EBU counted 138,000 Fixed Internet customers.

Year-to-date June 2015, the revenue from Fixed Data totaled EUR 124 million, -0.7% compared to the previous year.

ICT revenue 1.2% lower year-on-year

In the **second quarter** 2015**,** EBU generated 2015 EUR 107 million revenue from ICT, 1.2% below the same period of 2014, though remaining stable in absolute amount versus the first quarter of 2015. The second quarter 2015 shows an impact from the termination of some ICT contracts earlier this year, which reduced the recurring ICT revenue. This was partly compensated for by higher revenue from ICT products.

Year-to-date June 2015, EBU's ICT revenue totaled EUR 215 million, i.e. slightly above the comparable period of 2014.

Mobile Service revenue up 1.8% on larger Mobile customer base and higher data usage

In the **second quarter 2015**, EBU's Mobile Service revenue of EUR 80 million was up by 1.8% from last year, continuing the positive variance seen since the first quarter. One of the main drivers of the growing Mobile Service revenue was the larger Mobile customer base, closing June 2015 with 1,200,000 Mobile cards, 105,000 or 9.6% more versus one year ago.

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

In the second quarter of 2015, EBU added a total of 20,000 mobile cards as Proximus' high-quality mobile network remains an important driver in attracting and retaining EBU customers. This includes an increase by 10,000 cards for Mobile Voice and paying data, i.e. a greater increase versus previous two quarters due to a number of successful acquisitions in the Corporate segment and the launch of the new Mobile portfolio for Medium Enterprises end-March 2015. Furthermore, EBU added 10,000 M2M cards in the second quarter. The second quarter Mobile churn remained limited to 10%.

Furthermore, the Mobile service revenue benefited from an improved tiering in the Medium Enterprise segment and the increased data usage. Whereas Data Roaming volumes are seasonally lower in the second quarter, EBU saw a good increase in national mobile data usage, resulting from a greater smartphone penetration and a growing number of 4G-users, up by 2.8-times compared to one year ago. In the second quarter 2015 EBU customers with a 4G-device had an average monthly data consumption of 752 MB, 17% more versus the same period of 2014. Customers with a 4G–device use 2.6 times as much data per month than customers with a non-4G device.

These evolutions have contributed to the ARPU trend, limiting the year-on-year decline since the first quarter of 2015. With the Business segment still impacted by some year-on-year re-pricing effects, the ARPU[22] for the second quarter 2015 was 2.8% down to EUR 29.7, though higher versus the prior quarter (EUR 29.3).

Year-to-date June 2015, EBU's revenue from Mobile Services totaled 159 million, i.e. 2.6% more than for the comparable period of 2014.

Segment Direct Margin

For the **second quarter 2015**, EBU posted a Direct Margin of EUR 236 million, i.e. a 0.8% less compared with the same period of 2014, mainly attributable to the lower Fixed Voice revenue and the unfavorable product mix within ICT.

The **year-to-date June 2015** Direct Margin of EUR 472 million, remained fairly stable in relation to the comparable period of 2014.

Expenses

Fairly stable underlying HR expenses

EBU ended the **second quarter 2015** with fairly stable HR expenses of EUR 68 million, or -1.1% on an underlying basis. **Year-to-date June 2015** EBU's HR expenses ended 0.8% lower versus the previous year.

Underlying non-HR expenses lower

For the **second quarter 2015**, EBU posted EUR 22 million non-HR expenses, 1.7% less than for the comparable period of 2014 as a result of some efficiency gains. **Year-to-date June 2015** non-HR expenses were 4.1% down.

EBU segment result (underlying)

EBU's **second-quarter 2015** underlying segment result totaled EUR 146 million, i.e. 0.5% lower than the same period of 2014. This mainly resulted from the lower Direct Margin in part offset by less costs, with both HR-and non-HR expenses slightly down compared to the second quarter 2014. In the second quarter 2015, the underlying contribution margin was 44.7%.

Year-to-date June 2015, EBU's segment result totaled EUR 294 million, up by 0.6% from the previous year.

[22] ARPU excludes M2M and free data cards

EBU operationals

	Q2'14	Q2'15	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	**854**	**815**	**-39**
Voice	712	677	-35
Broadband	142	138	-4
ARPU (EUR)			
ARPU Voice	30.4	30.1	-0.3
ARPU Broadband	43.2	43.8	0.6
From Mobile			
Number of active customers (thousands)	1,095	1,200	105
Among which voice and data cards	844	879	35
Among which M2M	243	311	68
Among which Internet Everywhere card	8	10	1
Annualized churn rate (blended)	**10.1%**	**10.0%**	
Net ARPU (EUR)			
Postpaid	30.5	29.7	-0.9
Average Mobile data usage user/month (Mb)			
4G	642	752	110
Blended	349	529	180

5. Technology & Wholesale – TEC&W

P&L Technology & Wholesale (underlying)

	2nd Quarter			Year-to-date		
(EUR million)	2014	2015	% Change	2014	2015	% Change
TOTAL SEGMENT INCOME	60	58	-2.4%	124	114	-8.3%
Costs of materials and charges to revenues (*)	-9	-9	0.1%	-18	-17	-2.6%
TOTAL SEGMENT DIRECT MARGIN	51	50	-2.8%	106	96	-9.2%
Direct margin %	*86%*	*85%*	*-0.4 p.p.*	*86%*	*85%*	*-0.9 p.p.*
TOTAL EXPENSES	-87	-94	8.6%	-176	-184	4.8%
Personnel expenses and pensions (**)	-42	-41	-2.0%	-83	-82	-2.0%
Other operating expenses (***)	-45	-53	18.6%	-92	-102	11.0%
TOTAL SEGMENT RESULT	-35	-44	-25.1%	-70	-88	-26.2%
Segment contribution margin	*-59.1%*	*-75.8%*	*-16.6 p.p.*	*-56.3%*	*-77.4%*	*-21.1 p.p.*

TEC&W quarterly financial and operational results: page 35

Revenue

TEC&W reported EUR 58 million revenue for the **second quarter of 2015**, or -2.4% year-on-year. The revenue from Carrier Wholesale Services continued to be impacted by lower volume from traditional Wholesale business (broadband lines, leased lines and traffic volumes). This also includes the outphasing of SNOW customers following the decision of BASE to stop their Fixed triple-play offer. However, the larger part of the former Snow customers opted for Scarlet. As a result, the reduction in Wholesale lines was largely compensated for through the Proximus retail offer. **Year-to-date June 2015**, the revenue of TEC&W totaled EUR 114 million,-8.3% versus the comparable period of 2014.

Expenses

TEC&W posted EUR 41 million in **HR expenses** for the **second quarter 2015**, down 2% from the previous year as result of HR efficiency actions and lower headcount. **Year-to-date June** 2015, HR expenses were 2% down from the previous year.

Non-HR expenses increased to EUR 53 million for the **second quarter 2015.** This includes a timing impact from the provisioned Walloon Region Pylon tax which was booked in its entirety in the last quarter of 2014, whereas it is spread over the year in 2015. This compares to a second quarter 2014 which benefitted from a favorable one off provision reversal. **Year-to-date June 2015**, non-HR expenses totaled EUR 102 million.

6. Staff & Support – S&S

P&L Staff and Support (underlying)

(EUR million)	2nd Quarter 2014	2nd Quarter 2015	2nd Quarter % Change	Year-to-date 2014	Year-to-date 2015	Year-to-date % Change
TOTAL SEGMENT INCOME	8	5	-30.3%	15	13	-10.2%
Costs of materials and charges to revenues (*)	0	0	-148.1%	0	0	-68.1%
TOTAL SEGMENT DIRECT MARGIN	8	5	-30.0%	15	13	-10.0%
Direct margin %	*100%*	*100%*	*0.5 p.p.*	*100%*	*100%*	*0.1 p.p.*
TOTAL EXPENSES	-75	-73	-2.5%	-157	-155	-1.1%
Personnel expenses and pensions (**)	-34	-32	-4.4%	-67	-65	-3.7%
Other operating expenses (***)	-41	-41	-0.9%	-90	-91	0.8%
TOTAL SEGMENT RESULT	-67	-67	-0.7%	-143	-142	0.2%

S&S quarterly financial results: page 35

For the second quarter 2015, Staff and Support recorded underlying revenue of EUR 5 million, 3 million lower compared to the prior year.

The underlying HR expenses recorded for the second quarter 2015 were 4.4% below those for the comparable period of 2014 mainly as result of a lower personnel base.

The underlying non-HR expenses for the second quarter 2015 totaled EUR 41 million, fairly stable in relation to the same quarter of 2014.

7. International Carrier Services – BICS

- **Record Direct Margin resulting from continued positive volatility in Voice trading activities and Mobile data growth**
- **Slight underlying revenue decrease of 0.8%, from a high comparable base**
- **Second-quarter underlying segment result up by 34.9% to EUR 47 million, with margin rising to 11.3%**

P&L International Carrier Services (underlying)

	2nd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
TOTAL SEGMENT INCOME	415	411	-0.8%	772	811	5.1%
Costs of materials and charges to revenues (*)	-352	-336	-4.6%	-651	-671	3.1%
TOTAL SEGMENT DIRECT MARGIN	62	75	20.6%	121	140	15.7%
Direct margin %	*15%*	*18%*	*3.3 p.p.*	*16%*	*17%*	*1.6 p.p.*
TOTAL EXPENSES	-28	-29	3.0%	-57	-54	-4.7%
Personnel expenses and pensions (**)	-11	-14	20.9%	-23	-25	11.6%
Other operating expenses (***)	-17	-15	-9.3%	-34	-29	-15.7%
TOTAL SEGMENT RESULT	35	47	34.9%	64	86	33.8%
Segment contribution margin	*8.3%*	*11.3%*	*3.0 p.p.*	*8.3%*	*10.6%*	*2.3 p.p.*

ICS quarterly financial and operational results: page 36

Revenue

The second-quarter 2015 underlying revenue from BICS totaled EUR 411 million, down by 0.8% from a high comparable base in 2014. The ongoing growth in non-Voice revenue, and the continued positive impact on revenue from the stronger USD, was more than offset by lower Voice revenue.
Year-to-date June 2015, BICS generated EUR 811 million revenue, i.e. 5.1% more than for the same period of 2014.

	2nd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Voice	357	347	-3.0%	662	682	3.0%
Non Voice	57	64	12.6%	110	129	17.3%
Total revenues	415	411	-0.8%	772	811	5.1%

Segment Direct Margin

BICS posted for the **second quarter 2015** a record Direct Margin of EUR 75 million, 20.6% up from the comparable period of 2014. This resulted from the favorable variance for both Voice and Mobile data. The Mobile Data Direct Margin remained positively impacted by the stronger USD as well as by improved volumes while the Voice unit margin was high in the second quarter 2015, benefiting again from favorable - but volatile - market conditions.
Year-to-date June 2015, BICS' Direct Margin amounted to EUR 140 million, 15.7% above that of the previous year.

	2nd Quarter			Year-to-date		
(EUR million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Voice	31	39	23.3%	59	68	14.9%
Non Voice	31	37	17.9%	61	71	16.5%
Total Gross margin	62	75	20.6%	121	140	15.7%

BICS segment result

BICS's underlying segment result totaled EUR 47million for the **second quarter of 2015**, a 34.9% increase from the same period of 2014. This increase was the result of the steep increase in Direct Margin, while the total Expenses remained well under control. Consequently the underlying EBITDA margin rose to an all-time high 11.3%, 3p.p. higher compared to the year before.
Year-to-date June 2015, the segment result of BICS was EUR 86 million, 33.8% higher versus the same period of 2014.

BICS operationals

	2nd Quarter			Year-to-date		
Volumes (in million)	**2014**	**2015**	**% Change**	**2014**	**2015**	**% Change**
Voice	7,259	6,859	-5.5%	13,502	13,363	-1.0%
Non Voice (SMS/MMS)	583	710	21.9%	1,082	1,366	26.3%

8. Additional information

8.1. Reporting Changes applied since 2015, and for which 2014 figures were revised

Changes in Group reporting

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

Changes in Segment reporting

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

Main drivers for this decision:

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

Other changes since 2015

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

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

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

8.2. From reported to underlying revenue and EBITDA (rounded numbers)

	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
(EUR million)	Q214	Q215	Q214	Q215	YTD '14	YTD '15	YTD '14	YTD '15
Reported	1,631	1,511	559	456	3,111	2,994	964	881
Underlying	1,483	1,505	431	450	2,885	2,984	839	873
Incidentals - Total	148	7	128	7	226	10	125	8
Non Recurring Items	63	0	65	-1	63	0	64	-1
Other incidentals	86	7	62	8	163	10	61	10
Non-recurring items:	63	0	65	-1	63	0	64	-1
Gain/losses from disposals ***Telindus France (EUR 43m), BICS (EUR 20 million)***	64		64		64		64	
Other : mainly *resulting from a partial settlement of a post-employment benefit plan.*	-1		1	-1	-1		0	-1
Other incidentals:	86	7	62	8	163	10	61	10
Impact from disposed companies	40	0	1	1	118	0	1	0
- CBU: Scarlet Netherlands (March 2014) and Sahara Net (May 2014)	*2*		*0*		*7*		*0*	
- EBU: Divesture of Telindus France (May 2014) and the activities of Telindus UK (December 2014)	*38*		*1*	*1*	*111*		*1*	*0*
Real Estate Taxes			6				6	
Comp. payment Pension transfer			10				10	
Transformation & Rebranding			-1				-2	
Capital gains on building sales	45	7	45	7	45	10	45	10

8.3. Quarterly results

Group – Financials

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

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

CBU – Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215
REPORTED							
Revenues	680	701	705	724	2,810	711	726
Segment Result	342	357	360	335	1,394	354	368
UNDERLYING							
Revenues	675	699	705	724	2,803	711	726
From Fixed	353	355	357	364	1,430	366	369
Voice	144	143	142	143	572	139	137
Data (Internet & Data Connectivity)	127	130	130	132	520	135	137
TV	68	69	72	76	286	79	82
Terminals (excl. TV)	6	5	6	6	22	6	6
ICT	8	7	7	7	29	7	7
From Mobile	268	288	289	298	1,142	288	295
Mobile Services	243	253	252	252	1,000	248	255
Terminals	25	35	36	46	143	40	40
Subsidiaries	28	28	30	31	117	31	31
Tango	28	28	30	31	117	31	31
Other	26	28	30	31	114	27	30
Of which Installation & Activation	5	5	6	5	21	6	5
Costs of materials & charges to revenues (*)	-152	-163	-162	-196	-672	-171	-174
Direct Margin	524	535	544	528	2,131	541	552
Direct Margin %	*77.6%*	*76.6%*	*77.1%*	*72.9%*	*76.0%*	*76.0%*	*76.0%*
Total expenses before D&A	-181	-183	-183	-192	-739	-186	-183
Personnel expenses and pensions (**)	-102	-102	-102	-95	-400	-99	-99
Other operating expenses (***)	-80	-81	-81	-97	-339	-87	-84
Segment result	342	353	361	336	1,392	354	369
Segment contribution margin %	*51%*	*50%*	*51%*	*46%*	*50%*	*50%*	*51%*

CBU – Operationals

	Q114	Q214	Q314	Q414	2014	Q115	Q215
From Fixed							
Number of access channels (thousands)	**3,722**	**3,716**	**3,713**	**3,724**	**3,724**	**3,789**	**3,810**
Voice	2,172	2,153	2,137	2,126	2,126	2,140	2,136
Broadband	1,550	1,563	1,576	1,598	1,598	1,649	1,674
TV (thousands)	1,495	1,525	1,558	1,593	1,593	1,657	1,692
Unique Customers	1,225	1,244	1,264	1,288	1,288	1,340	1,365
of which multiple settop boxes	269	281	294	304	304	317	327
ARPU (EUR)							
ARPU Voice	22.0	22.0	22.1	22.3	22.1	21.8	21.4
ARPU broadband	27.5	27.8	27.8	27.7	27.7	27.6	27.5
ARPU TV	18.8	18.7	19.3	19.9	19.2	19.9	20.2

	Q114	Q214	Q314	Q414	2014	Q115	Q215
From Mobile							
Number of active customers (thousands)* **	4,173	4,195	4,198	4,232	4,232	4,230	4,229
Prepaid	1,580	1,535	1,495	1,457	1,457	1,416	1,376
Postpaid	2,593	2,660	2,702	2,775	2,775	2,815	2,853
Among Which Paying cards	2,199	2,240	2,256	2,306	2,306	2,333	2,359
Among Which Internet Everywhere cards	394	421	446	469	469	482	494
Annualized churn rate (blended)							
Prepaid	32.5%	33.6%	35.3%	32.8%	33.4%	33.7%	32.7%
Postpaid	15.2%	14.3%	16.3%	18.3%	16.1%	15.4%	13.4%
Blended	22.8%	22.6%	24.2%	24.3%	23.4%	22.7%	20.9%
Net ARPU (EUR)							
Prepaid	11.8	12.6	11.7	11.7	11.9	10.7	11.2
Postpaid	28.4	29.2	29.5	29.3	29.1	29.0	29.6
Blended	21.3	22.3	22.3	22.3	22.1	22.0	22.7
Average Mobile data usage user/month (Mb)							
4G	642	789				855	851
Blended	253	309				474	511

CBU – X-play reporting

	Q114	Q214	Q314	Q414	2014	Q115	Q215
Households/Small Offices per Play - Total (000's)	**2,851**	**2,831**	**2,806**	**2,804**	**2,804**	**2,799**	**2,786**
1 - Play	1,293	1,265	1,232	1,221	1,221	1,198	1,177
Fixed Voice	534	516	497	479	479	459	444
Fixed Internet	73	73	75	77	77	80	82
TV	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mobile Postpaid	686	675	660	665	665	659	650
2 - Play	487	481	472	462	462	454	449
3 - Play	634	633	637	641	641	649	652
4 - Play	436	451	465	480	480	498	509
Revenues per x - play (EUR million)	**515**	**529**	**537**	**539**	**2,119**	**538**	**544**
1 - Play	128	131	132	130	520	128	126
2 - Play	85	85	84	83	336	80	79
3 - Play	156	159	161	162	638	161	164
4 - Play	146	154	160	165	625	169	175
Average revenue x - play (in EUR)	**60.1 €**	**62.0 €**	**63.5 €**	**64.1 €**	**62.4 €**	**64.1 €**	**65.1 €**
1 - Play	32.7 €	34.1 €	35.1 €	35.2 €	34.3 €	35.3 €	35.7 €
2 - Play	57.7 €	58.1 €	58.6 €	59.0 €	58.3 €	58.2 €	58.1 €
3 - Play	82.1 €	83.7 €	84.6 €	84.5 €	83.7 €	83.4 €	83.9 €
4 - Play	113.4 €	115.8 €	116.9 €	116.5 €	115.7 €	115.0 €	116.0 €
Average #RGUs per househould/Small Office - Total	**2.41**	**2.44**	**2.47**	**2.50**	**2.50**	**2.52**	**2.55**
1 - Play	1.21	1.21	1.22	1.22	1.22	1.22	1.22
2 - Play	2.23	2.22	2.22	2.23	2.23	2.23	2.22
3 - Play	3.36	3.37	3.37	3.38	3.38	3.38	3.38
4 - Play	4.78	4.80	4.80	4.81	4.81	4.82	4.83
Annualized full churn rate (household/Small Office level) - Total	**12.9%**	**12.0%**	**14.1%**	**14.4%**	**13.3%**	**14.7%**	**12.0%**
1 - Play	20.9%	19.3%	22.1%	22.6%	21.2%	22.4%	18.2%
2 - Play	9.3%	9.3%	12.5%	11.8%	10.7%	12.2%	10.3%
3 - Play	6.7%	6.1%	7.8%	8.8%	7.4%	10.5%	8.7%
4 - Play	2.1%	2.0%	2.6%	2.9%	2.4%	3.7%	2.9%
% Convergent households / small offices - Total (i.e. % of HH/SO having Mobile + Fixed component)	**50.7%**	**51.7%**	**52.5%**	**53.3%**	**53.3%**	**54.1%**	**54.7%**
1 - Play							
2 - Play	23.3%	23.2%	23.5%	23.7%	23.7%	23.9%	24.0%
3 - Play	37.7%	38.8%	39.4%	39.7%	39.7%	39.9%	40.5%
4 - Play	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EBU – Financials

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

EBU – Operationals

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

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

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

TEC&W – Financials

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

TEC&W – Retail Operationals and MVNO customers

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

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

S&S – Financials

(EUR million)	Q114	Q214	Q314	Q414	2014	Q115	Q215
REPORTED							
Revenues	7	64	7	8	85	11	12
Segment Result	-75	-17	-67	-83	-242	-71	-60
UNDERLYING							
Revenues	7	8	7	8	29	8	5
Costs of materials and charges to revenues (*)	0	0	0	0	0	0	0
Personnel expenses and pensions (**)	-34	-34	-34	-31	-132	-33	-32
Other operating expenses (***)	-49	-41	-44	-53	-187	-50	-41
Segment result	-76	-67	-71	-76	-290	-75	-67

ICS - Financials

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

ICS - Operationals

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

9. Interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been subject to a limited review by the independent auditor.

9.1. Basis of preparation

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

9.2. Accounting policies

The accounting policies and methods of the Group used as of 2015 are consistent with those applied in the 31 December 2014 consolidated financial statements, with the exception that the Group adopted the new standards, interpretations and revisions that became mandatory for the Proximus Group on 1 January 2015. These have only a limited impact .
Applicable as from 1 January 2015, with retrospective application, IFRIC 21 requires recognizing liabilities for levies in the period during which the criteria that triggers those taxes are met. As a consequence for taxes with a triggering event on January 1st the liability and related cost is recognized at that date.
As for tax on mobile sites Proximus considers the legality of these taxes to be questionable evidenced by legal cases at national and European level. With reference to the European Authorization Directive Proximus believes such taxes are only justified to the extent they are transparent, objective, non-discriminatory and proportionate to reach the objective of an optimal use of pylons over the territory. In this context Proximus continues to spread the cost for these levies over the year.

Restated income statement

	Six months ended 30 June 2014		
(EUR million)	Reported	Restatement	Restated
EBITDA (*) before non-recurring items	904	-4	900
EBITDA (*) after non-recurring items	968	-4	964
Operating income (EBIT)	565	-4	561
Income before taxes	521	-4	517
Tax expenses	-105	1	-104
Net Income	**416**	**-3**	**413**
Net Income (Group Share)	**400**	**-3**	**397**

9.3. Judgments and estimates

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

9.4. Significant events or transactions

In the first-quarter 2015, the Group repurchased 85% ofJPY 10 billion Notes due in December 2026 and unwound the related Interest and Currency swap resulting in a financial gain of EUR 6 million. The cash settlement of this transaction took place on 1 April 2015.
In April 2015, the Group acquired a non-controlling interest in Tessares, a recent spin-off of the Catholic University of Louvain (UCL) which aspires to become the reference supplier of telecom network convergence software.
The 900MHz/1800 MHz licenses have been renewed from 8 April 2015 until 15 March 2021 for EUR 75 million. Proximus has chosen to pay by yearly installments. The first payment of EUR 12 million was made on 16 April 2015.

9.5. Consolidated income statements

(EUR million)	2nd Quarter 2014 - restated	2nd Quarter 2015	2nd Quarter % Change	Year-to-date 2014 - restated	Year-to-date 2015	Year-to-date % Change
Net revenue	1,512	1,491	-1.4%	2,981	2,961	-0.7%
Other operating income	56	20	-63.8%	68	33	-51.5%
Non-recurring income	63	0	-	63	0	-
TOTAL INCOME	**1,631**	**1,511**	**-7.3%**	**3,111**	**2,994**	**-3.8%**
Costs of materials and services related to revenue	-620	-590	-4.8%	-1,195	-1,179	-1.3%
Personnel expenses and pensions	-255	-253	-0.8%	-534	-505	-5.4%
Other operating expenses	-199	-211	5.8%	-420	-428	1.7%
Non-recurring expenses	2	-1	-	1	-1	-
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,072**	**-1,055**	**-1.6%**	**-2,147**	**-2,113**	**-1.6%**
OPERATING INCOME before depreciation & amortization	**559**	**456**	**-18.3%**	**964**	**881**	**-8.6%**
Depreciation and amortization	-207	-218	5.4%	-403	-432	7.2%
OPERATING INCOME	**352**	**238**	**-32.3%**	**561**	**449**	**-20.0%**
Finance income	9	8	-11.2%	12	15	22.8%
Finance costs	-29	-35	20.1%	-55	-63	14.3%
Net finance costs	**-20**	**-27**	**33.9%**	**-43**	**-48**	**11.8%**
Share of loss on associates	-1	-1	-	-1	-2	-
INCOME BEFORE TAXES	**331**	**210**	**-36.4%**	**517**	**399**	**-22.8%**
Tax expense	-66	-58	-13.1%	-104	-111	6.8%
NET INCOME	**265**	**153**	**-42.3%**	**413**	**288**	**-30.3%**
Non-controlling interests	12	8	-36.9%	16	14	-13.6%
Net income (Group share)	252	145	-42.5%	397	274	-31.0%
Basic earnings per share	0.79 EUR	0.45 EUR	-42.9%	1.24 EUR	0.85 EUR	-31.4%
Diluted earnings per share	0.79 EUR	0.45 EUR	-42.8%	1.24 EUR	0.85 EUR	-31.4%
Weighted average number of ordinary shares	319,716,137	321,723,103	0.6%	319,507,015	321,564,813	0.6%
Weighted average number of ordinary shares for diluted earnings per share	320,515,575	322,244,036	0.5%	320,278,482	322,167,994	0.6%

9.6. Consolidated statements of other comprehensive income

(EUR million)	As of 30 June 2014 restated	As of 30 June 2015
Net income	413	288
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Cash flow hedges:		
Gain/(loss) taken to equity	4	-5
Transfer to profit or loss for the period	0	4
Total before related tax effects	3	-1
Related tax effects		
Cash flow hedges:		
Gain/(loss) taken to equity	-1	2
Transfer to profit or loss for the period	0	-1
Income tax relating to items that may be reclassified	-1	0
Items that may be reclassified to profit and loss, net of related tax effects	2	0
Total comprehensive income	415	287
Attributable to:		
Equity holders of the parent	399	273
Non-controlling interests	16	14

9.7. Consolidated balance sheets

(EUR million)	As of 31 December 2014	As of 30 June 2015
ASSETS		
NON-CURRENT ASSETS	**6,339**	**6,354**
Goodwill	2,272	2,272
Intangible assets with finite useful life	1,180	1,193
Property, plant and equipment	2,680	2,731
Investments in associates	4	3
Other participating interests	8	8
Deferred income tax assets	102	98
Other non-current assets	94	50
CURRENT ASSETS	**2,183**	**2,048**
Inventories	117	138
Trade receivables	1,182	1,223
Current tax assets	63	19
Other current assets	111	147
Investments	8	11
Cash and cash equivalents	702	510
TOTAL ASSETS	**8,522**	**8,402**
LIABILITIES AND EQUITY		
EQUITY	**2,969**	**2,913**
Shareholders' equity	**2,779**	**2,746**
Issued capital	1,000	1,000
Treasury shares	-470	-454
Restricted reserve	100	100
Remeasurement reserve	-128	-129
Stock compensation	8	6
Retained earnings	2,270	2,222
Non-controlling interests	**189**	**167**
NON-CURRENT LIABILITIES	**3,332**	**3,265**
Interest-bearing liabilities	2,386	2,306
Liability for pensions, other post-employment benefits and termination benefits	504	488
Provisions	154	156
Deferred income tax liabilities	110	104
Other non-current payables	178	211
CURRENT LIABILITIES	**2,221**	**2,223**
Interest-bearing liabilities	162	155
Trade payables	1,358	1,253
Tax payables	111	201
Other current payables	591	614
TOTAL LIABILITIES AND EQUITY	**8,522**	**8,402**

9.8. Consolidated cash flow statements

(EUR million)	2nd Quarter 2014 - restated	2nd Quarter 2015	Year-to-date 2014 - restated	Year-to-date 2015
Cash flow from operating activities				
Net income	265	153	413	288
Adjustments for:				
Depreciation and amortization on intangible assets and property, plant and equipment	207	218	403	432
Decrease in provisions	-18	4	-20	2
Deferred tax expense	9	-4	8	-2
Loss from investments accounted for using the equity method	1	1	1	2
Fair value adjustments on financial instruments	-2	-3	-4	-10
Loans amortization	2	4	3	5
Gain on disposal of consolidated companies and remeasurement of previously held interest	-62	0	-62	0
Gain on disposal of other participating interests and enterprises accounted for using the equity method	-1	0	-1	0
Gain on disposal of property, plant and equipment	-45	-6	-45	-10
Other non-cash movements	11	1	12	2
Operating cash flow before working capital changes	**365**	**367**	**708**	**710**
Decrease / (increase) in inventories	-4	11	8	-21
Decrease / (increase) in trade receivables	7	15	39	-26
Increase in current income tax assets	0	0	-1	0
Decrease / (increase) in other current assets	0	57	-63	31
Increase / (decrease) in trade payables (1)	77	9	-14	-73
Increase / (decrease) in income tax payables	-40	39	-7	90
Increase / (decrease) in other current payables	-8	-9	45	22
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-28	-10	-46	-16
Decrease / (increase) in working capital, net of acquisitions and disposals of subsidiaries	**3**	**113**	**-40**	**6**
Net cash flow provided by operating activities	**368**	**480**	**668**	**716**
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment (1)	-256	-278	-436	-508
Cash paid for acquisitions of other participating interests	0	-1	0	-1
Cash paid for acquisition of consolidated companies, net of cash acquired	-1	0	-1	0
Cash received from / (paid for) sales of consolidated companies, net of cash disposed of	98	0	96	-3
Cash received from sales of intangible assets and property, plant and equipment	63	8	64	12
Net cash paid for other non-current assets	0	-2	0	-1
Net cash used in investing activities	**-96**	**-273**	**-278**	**-501**
Cash flow before financing activities (FCF)	**272**	**207**	**391**	**215**
Cash flow from financing activities				
Dividends paid to shareholders	-542	-324	-545	-327
Dividends / capital paid to non-controlling interests	0	-36	-33	-36
Net sale of treasury shares	12	6	20	15
Net sale of investments	51	-2	50	-2
Issuance of long term debt	597	0	597	0
Repayment of long term debt (3)	0	-57	0	-57
Repayment of short term debt	-597	0	-314	0
Net cash used in financing activities (2)	**-479**	**-413**	**-225**	**-407**
Net increase / (decrease) of cash and cash equivalents	**-207**	**-205**	**166**	**-192**
Cash and cash equivalents at 1 January	355	702	355	702
Cash and cash equivalents at 30 June	521	510	521	510

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

9.9. Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Remeasur-ement reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Non-controlling interests	Total Equity
Balance at 31 December 2013	**1,000**	**-527**	**100**	**-3**	**-48**	**1**	**13**	**2,310**	**2,846**	**196**	**3,042**
Fair value changes in cash flow hedges - acquired during the year	*0*	*0*	*0*	*2*	*0*	*0*	*0*	*0*	*2*	*0*	*2*
Equity changes not recognised in the income statement	0	0	0	2	0	0	0	0	2	0	2
Net income	0	0	0	0	0	0	0	397	397	16	413
Total comprehensive income and expense	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**397**	**399**	**16**	**415**
Dividends to shareholders (relating to 2012)	0	0	0	0	0	0	0	-537	-537	0	-537
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-33	-33
Treasury shares											
Exercise of stock options	0	20	0	0	0	0	0	-1	20	0	20
Stock options											
Amortization deferred stock compensation	0	0	0	0	0	0	1	0	1	0	1
Exercise of stock options	0	0	0	0	0	0	-3	2	0	0	0
Total transactions with equity holders	**0**	**20**	**0**	**0**	**0**	**0**	**-1**	**-535**	**-517**	**-33**	**-550**
Balance at 30 June 2014	**1,000**	**-506**	**100**	**0**	**-48**	**0**	**12**	**2,172**	**2,728**	**178**	**2,907**
Balance at 31 December 2014	**1,000**	**-470**	**100**	**2**	**-130**	**0**	**8**	**2,270**	**2,779**	**189**	**2,969**
Fair value changes in cash flow hedges - acquired during the year	*0*	*0*	*0*	*-1*	*0*	*0*	*0*	*0*	*-1*	*0*	*0*
Equity changes not recognised in the income statement	0	0	0	-1	0	0	0	0	-1	0	0
Net income	0	0	0	0	0	0	0	274	274	14	288
Total comprehensive income and expense	**0**	**0**	**0**	**-1**	**0**	**0**	**0**	**274**	**273**	**14**	**287**
Dividends to shareholders (relating to 2013)	0	0	0	0	0	0	0	-322	-322	0	-322
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-36	-36
Treasury shares											
Exercise of stock options	0	16	0	0	0	0	0	-1	15	0	15
Stock options											
Exercise of stock options	0	0	0	0	0	0	-2	2	0	0	0
Total transactions with equity holders	**0**	**16**	**0**	**0**	**0**	**0**	**-1**	**-322**	**-307**	**-36**	**-343**
Balance at 30 June 2015	**1,000**	**-454**	**100**	**2**	**-130**	**0**	**6**	**2,222**	**2,746**	**167**	**2,913**

9.10. Segment reporting

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

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

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

Six months ended 30 June 2015

	Reported		Adjusted for incidentals						
(EUR million)	**Group**	**Incidentals**	**Group**	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**
Net revenue	2,921	0	2,921	1,423	650	95	3	790	-40
Other operating income	26	-10	17	11	3	3	4	0	-6
Intersegment income	3	0	3	3	3	15	5	20	0
Non-recurring income	0	0	0	0	0	0	0	0	0
Total income	**2,994**	**-10**	**2,984**	**1,437**	**656**	**114**	**13**	**811**	**-46**
Costs of materials and services related to revenue	-1,179	0	-1,180	-345	-183	-17	0	-671	37
Personnel expenses and pensions	-505	0	-505	-198	-135	-82	-65	-25	0
Other operating expenses	-428	0	-428	-172	-43	-102	-91	-29	9
Non-recurring expenses	-1	1	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	**-2,113**	**1**	**-2,112**	**-714**	**-362**	**-202**	**-156**	**-725**	**46**
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	**881**	**-8**	**873**	**723**	**294**	**-88**	**-142**	**86**	**0**
Depreciation and amortization	**-432**	0	**-432**	-89	-12	-263	-29	-39	0
OPERATING INCOME / (LOSS)	**449**	**-8**	**440**	**634**	**282**	**-351**	**-172**	**47**	**0**
Finance expense (net)	-48								
Share of gain/ (loss) on associates	-2								
INCOME BEFORE TAXES	399								
Tax expense	-111								
NET INCOME	**288**								
Non-controlling interests	14								
Net income (Group share)	274								

Six months ended 30 June 2014

	Reported		Adjusted for incidentals						
(EUR million)	**Group**	**Incidentals**	**Group**	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**
Net revenue	2,941	-117	2,824	1,363	643	104	3	751	-40
Other operating income	59	-46	12	10	3	2	5	1	-8
Intersegment income	48	0	48	2	3	18	7	20	0
Non-recurring income	63	-63	0	0	0	0	0	0	0
Total income	**3,111**	**-226**	**2,885**	**1,374**	**649**	**124**	**15**	**772**	**-48**
Costs of materials and services related to revenue	-1,195	73	-1,122	-315	-175	-18	0	-651	37
Personnel expenses and pensions	-534	21	-513	-203	-136	-83	-67	-23	0
Other operating expenses	-420	9	-412	-161	-45	-92	-90	-34	11
Non-recurring expenses	1	-1	0	0	0	0	0	0	0
Total operating expenses before depreciation & amortization	**-2,147**	**101**	**-2,046**	**-679**	**-356**	**-194**	**-157**	**-707**	**47**
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	**964**	**-125**	**839**	**695**	**292**	**-70**	**-143**	**64**	**0**
Depreciation and amortization	**-403**	0	**-403**	-9	-6	-1	155	-40	-502
OPERATING INCOME / (LOSS)	**561**	**-125**	**436**	**686**	**286**	**-71**	**12**	**24**	**-502**
Finance expense (net)	-43								
Share of gain/ (loss) on associates	-1								
INCOME BEFORE TAXES	517								
Tax expense	-104								
NET INCOME	**413**								
Non-controlling interests	16								
Net income (Group share)	397								

9.11. Financial instruments

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

- The carrying amounts and fair values of the financial instruments at 30 June 2015;
- The categorization of the fair valued financial instruments within the fair value hierarchy;
- The fair valuation techniques used.

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

Fair Value and Fair Value Hierarchy

Set out below is a comparison of the carrying amounts and fair value of financial instruments as at 30 June 2015 and the fair value hierarchy:
The financial instruments were categorized according to principles that are consistent with those applied for the preparation of Note 33.4 of the 2014 Financial Statements.
No transfer between Levels occurred during 2015.

As of 30 June 2015 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	8	8	
Other non-current assets				
Derivatives held-for-hedging	HeAc			
Derivatives held for trading	FVTPL	5	5	Level 2
Other financial assets	LaR	45	45	
Current assets				
Trade receivables	LaR	1,223	1,223	
Other current assets				
Derivatives held for trading - int. bearing	FVTPL	5	5	Level 2
Derivatives held for trading - non int. bearing	FVTPL	2	2	Level 1
Derivatives held-for-hedging	HeAc	1	1	Level 1
VAT and other receivables	N/A	25	25	
Investments	AFS	4	4	Level 1
Investments	HTM	7	7	
Cash and cash equivalents				
Short-term deposits	LaR	510	510	

As of 30 June 2015 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	2,299	2,426	Level 2
Leasing and similar obligations	OFL	3	3	
Other derivatives	FVTPL	4	4	Level 2
Other non-current payables	OFL	211	211	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	OFL	147	145	Level 2
Leasing and similar obligations	OFL	2	2	
Other derivatives	FVTPL	6	6	Level 2
Trade payables	OFL	1,253	1,253	
Other current payables				
Other derivatives	FVTPL	3	3	Level 1
V.A.T. and other amounts payable	OFL	300	300	

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

Valuation technique

The Group holds financial instruments classified in Level 1 or 2 only.
The valuation techniques for fair value measuring the Level 2 financial instruments are:

Other derivatives in Level 2

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

Unsubordinated debentures

The unsubordinated debentures not in a hedge relationship are recognized at amortized costs. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 30 June 2015 for similar debentures with the same remaining maturities.

9.12. Contingent liabilities

Compared to the March 2015 Interim report no changes occurred during the second quarter 2015 in the contingent liabilities except for the following developments:

On-net legal case versus Base and Mobistar

As a reminder, on 26 February 2015, the Court of Appeal gave an interlocutory judgment in which it modified the decision of the first judge of 2007. The Court first confirmed that there was no reason for examining further the allegations related to the alleged absence of cost orientation of the termination rates that had already been rejected by the first judge. However, with respect to the alleged abuses of dominant position, the Court considered that there were sufficient indications to extend the court expert proceedings to the other alleged abuses, as well as with respect to the reference period for Mobistar, an extension to 2005.
On 8 June 2015, Proximus lodged an appeal with the Supreme Court against the judgment of 26 February 2015, which it contests heavily. Given the complexity of the case and the number of arguments raised by Proximus, the procedure before the Supreme Court may take some time.
On 14 July 2015, the Court of Appeal of Brussels has rejected the request for replacement of the current experts lodged by Base and Mobistar. Consequently, the experts, now confirmed, will resume their work (suspended since the February 2015 decision) in the coming weeks.

Tax on mobile sites

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

9.13. Post balance sheet event

There are no events that occurred after 30 June 2015 that have not been reflected in the interim financial statements.

9.14. Others

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

10. Limited Review Report

Deloitte.

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Proximus NV van publiek recht / SA de droit public

Limited review report on the interim condensed consolidated financial statements for the six-month period ended 30 June 2015

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the interim condensed consolidated financial statements. These interim condensed consolidated financial statements comprise the consolidated balance sheet as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the period of six months then ended, as well as selective notes.

Report on the interim condensed consolidated financial statements

We have reviewed the interim condensed consolidated financial statements of Proximus NV van publiek recht / SA de droit public ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

The consolidated balance sheet shows total assets of 8.402 million EUR and the consolidated income statement shows a consolidated net income (group share) for the period then ended of 274 million EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review of the interim condensed consolidated financial statements in accordance with International Standard on Review Engagements (ISRE) 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Proximus NV van publiek recht / SA de droit public have not been prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Emphasis of matter

Without prejudice to the above unqualified review opinion, we draw the attention to the disclosures in section 10.12 "Contingent Liabilities" of the interim condensed consolidated financial statements, where disclosure is given about the recent evolution of the litigation concerning the alleged abuse of dominant position filed by Mobistar and KPN against the company.

Diegem, 31 July 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by

Geert Verstraeten

Nico Houthaeve

11. Definitions

Product definitions:

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

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

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

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

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

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

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

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

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

OLO:
Other Licensed Operator

X-play Household definitions:

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

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

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

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

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

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

12. Financial Calendar

5 October 2015
Start of quiet period ahead
of Q3 2015 results

30 October 2015
Announcement of
Q3 2015 results

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

26 February 2016
Announcement of
Q4 2015 results

13. For further information

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