Quarterly Report

2019 Q3

proximus

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- **Continued growth of main Domestic customer bases in a highly competitive setting.**
- **Solid Domestic cost control, lowering expenses by 2.9%.**
- **Underlying Domestic EBITDA of EUR 430 million, +0.4% on a comparable base of 2018. With BICS included, the Group underlying EBITDA was up by 0.5%.**
- **Solid year-to-date September 2019 FCF of EUR 517 million, acquisition impact excluded.**
- **Full-year 2019 outlook reiterated.**
- **Interim dividend of EUR 0.50 per share to be paid on 6 December 2019.**

1 Highlights Q3 2019

- For its **Domestic operations**, Proximus posted **underlying revenue of EUR 1,071 million**, -2.0% below that of the same period in 2018. The eroding **low-margin terminal revenue aside, the third quarter underlying Domestic revenue closed -1.8% below that of the prior year,** i.e. a stable decline to the prior quarter.

- For its **Domestic operations Proximus posted a direct margin of EUR 827 million, -1.2%** on the previous year, impacted by a regulatory headwind of EUR -6 million and the lapping of the 2018 acquired ICT companies which deliver high-margin ICT services, on top of the ongoing erosion in Fixed Voice direct margin.

- Proximus reduced its **Domestic expenses year-on-year by -2.9%** for the third quarter, supported by a favorable evolution for both its non-workforce expenses (- 2.7%) and workforce expenses (-3.0%). With the 2018 ICT acquisitions fully annualized, the benefits from the company's structural cost efficiencies and decreasing organic headcount became more pronounced.

- Driven by solid cost control, Proximus achieved an underlying **Domestic EBITDA of EUR 430 million**, year-on-year up by 0.4%.

- **BICS posted a direct margin of EUR 83 million, up by 4.4%.** The growth was fully driven by the non-Voice Direct margin, resulting from a strong A2P and roaming volume growth, while the effect of the renewed MTN contract remained limited in the third quarter. BICS' **EBITDA increased by 0.9% to a total of EUR 40 million**.

- In aggregate, the **Proximus Group**'s third-quarter **underlying EBITDA totaled EUR 470 million**, up by 0.5% from the same period in 2018. The underlying Group EBITDA margin improved by 0.9p.p. to 33.4%.

- By end-September 2019, the **Proximus Group invested EUR 688 million**, excluding the spectrum. Overall, Proximus continued its investments in, among other things, new digital platforms, the ongoing multi-year modernization of its transport network and Fiber for Belgium project. Proximus ensures a top-quality mobile network, providing a great customer experience while coping with a steep increase in data traffic.

- Proximus' third-quarter 2019 FCF totaled EUR 240 million, leading to a **year-to-date FCF of EUR 482** million. **Cash-out for acquisitions excluded, this was EUR 517 million** and compares to EUR 395 million for the same period in 2018.

Proximus Group operational results:

+7,000 Convergent HH, total of 1,104,000

+8,000 Fixed Internet lines, total of 2,079,000

+3,000 TV-customers, total of 1,635,000

-36,000 Fixed Voice lines, total of 2,440,000

+23,000 Mobile Postpaid cards, total of 4,088,000

-11,000 Mobile Prepaid cards, total of 742,000

+113,000 M2M cards, total of 1,679,000

- **Market situation**

The competitive environment in the **Consumer market** has been intense and active in the Back-to-School promotional period. Smartphones penetration and usage of data services continues to increase. The Fixed market has become more challenging with newly launched skinny offers addressing the market in a more segmented way (millennials, price seekers, …). The Fixed voice line base and usage continues to erode.

The **Enterprise market** remains a competitive with mobile and IT infrastructure pricing under pressure. While legacy Fixed Telecom and IT Infrastructure services face an ongoing erosion, Fiber connectivity and Professional IT services represent growth opportunities.

Sandrine Dufour
CEO a.i. Proximus Group

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In spite of a challenging market, we maintained a positive customer momentum, growing our Internet, TV and Mobile Postpaid customer bases, supported by our convergence and segmentation strategy. We continue to launch innovative offers to address the needs of customers, with the recent revamp of our millennials offer, EPIC Combo, providing an even more attractive fully digital experience. With Scarlet we maintain an attractive position in the price seekers segment.

The Enterprise segment sees a continued erosion in its legacy Fixed revenue, while facing intense competition on the local telecom market. Nevertheless, we have grown our Mobile base further and achieved to keep a fairly stable Internet park. Within the ICT area, we keep a strategic focus on the growing market of professional services, supported by the acquired ICT companies and defocus on simple product selling.

Based on our year-to-date results we are confident to reach our projections for the year. Our #shifttodigital strategy initiated since the start of this year is bearing fruit and we are seeing some cost benefits crystalizing somewhat earlier than expected in our Domestic operations. Driven by solid cost control and operational efficiencies of digitalization we increased our Domestic EBITDA by 0.4% in the third quarter and improved our EBITDA margin to 40.2%. For BICS, the impact of the progressive insourcing by MTN of services following the renewed commercial contract comes with some delay, with the effect in the third quarter being less than anticipated.

Our Fiber project is developing well, with the roll-out now ongoing in 12 Belgian cities and bringing attractive commercial achievements. Over the past year, we have been able to considerably improve the pace of our roll-out and we have recently signed up a 3rd consortium to ramp-up operational capacity and deliver the ambitious roll-out pace foreseen in our present plan.

I have now spent more than a month as CEO ad interim of this great company. After five years as CFO, I know the company well and adhere to the #shifttodigital strategy defined together with the Executive Committee and the Board of Directors. In an increasingly competitive market, we will keep focusing on acquiring new customers and driving convergence while continuing our cost reduction and further digitalisation. We will further progress on our Fiber roll-out for both our residential and enterprise customers, finalize the mobile access network sharing agreement with Orange Belgium and we can confirm the intention to finalise the negotiations with the unions before the end of the year on the company's transformation program.

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2 Proximus Group financial review

2.1 Group financials

Table 1: Underlying Group P&L

(EUR million)	3rd Quarter 2018	3rd Quarter 2019	% Change	Year-to-date 2018	Year-to-date 2019	% Change
Revenue[1]	1,440	1,407	-2.3%	4,332	4,235	-2.3%
Net Revenue	1,433	1,396	-2.6%	4,303	4,198	-2.4%
Other Operating Income	7	11	44.7%	29	37	26.6%
Cost of Sales[2]	-523	-496	-5.2%	-1,572	-1,475	-6.2%
Direct Margin	917	911	-0.7%	2,761	2,760	0.0%
Direct Margin %	*63.7%*	*64.7%*	*1.1 p.p.*	*63.7%*	*65.2%*	*1.5 p.p.*
Expenses	-449	-441	-1.9%	-1,351	-1,343	-0.6%
EBITDA	468	470	0.5%	1,410	1,417	0.5%
EBITDA Margin %	*32.5%*	*33.4%*	*0.9 p.p.*	*32.5%*	*33.5%*	*0.9 p.p.*

[1] Corresponds to "Total Income" excluding Incidentals (see section 7 for the reported figures)
[2] Corresponds to "Cost of materials and charges to revenues" excluding Incidentals (see section 7 for the reported figures)

2.1.1 Underlying Group revenue

Q3 2019

For the **third quarter of 2019**, Proximus posted **Domestic underlying revenue of EUR 1,071 million** (tables 2 and 3). This is -2.0% or EUR -22 million below that of the same period in 2018, showing some sequential improvement from prior quarters with the third quarter variance being less impacted by the reduced reselling of standalone mobile terminals to indirect sales channels. The total terminal revenue aside, the third-quarter Domestic underlying revenue totaled EUR 1,011 million, -1.8% below that of the prior year.

Revenue from **Telecom services** totaled EUR 782 million, down by -2.0% or EUR -16 million, of which EUR -9 million through regulatory[1] effects. Revenue from **Fixed Services** ended -1.4% lower year-on-year, driven by the eroding Fixed Voice park and accompanying traffic. In contrast, Proximus managed to grow both its Internet and TV customer base by 1.9% year-on-year, in spite of intense competition. This was supported by Proximus' multi-play offers gaining further traction, with converged multi-Play HH/SO[2] increasing over the quarter by +7,000.

For **Mobile Services**, Proximus posted EUR 301 million in revenue, i.e. a -3.0% year-on-year decline. The European regulation on tariffs for international calling and texting, effective since mid-May 2019, had a full-quarter effect and was the principle driver of the year-on-year decrease in Postpaid revenues by -1.8%. This in addition to the ongoing decline in low-margin Inbound revenue. The 2.6% year-on-year growth in Proximus' mobile Postpaid customer base could not fully compensate for a lower mobile Postpaid ARPU in both the Consumer and Enterprise segments. Driven by a further eroding base, revenue from mobile Prepaid contracted further to total EUR 15 million for the third quarter of 2019.

[1] Decrease in Fixed Termination rates and International calling/SMS. See section 2.2 Regulation

[2] Multi-play refers to Households/small offices subscribing to at least 2 'Plays'. A converged multi-play customer subscribes to Fixed and Mobile. See table 15 in section 3. Consumer.

ICT revenue for the Group totaled EUR 133 million in the third quarter of 2019, up by 0.4%, with the benefit from the expanded ICT portfolio in the Enterprise segment now fully annualized. Proximus continues its strategic focus on higher-margin ICT services rather than low-margin ICT products.

Proximus' **Wholesale segment** reported revenue of EUR 49 million for the third quarter of 2019, a -7.3% or EUR -4 million decrease from one year ago. This is driven by the negative revenue impact of the lowered Fixed Termination Rates following the new regulated rates taking effect on 1 January 2019.

Tango, the Telecom brand of Proximus Luxembourg SA, posted EUR 35 million in revenue for the third quarter, -3.6% or about EUR -1 million down from the prior year.

Proximus' carrier services, **BICS**, posted third-quarter revenue of EUR 335 million, i.e. -3.2% year-on-year. In line with ongoing market trends, BICS' revenue mix continued to move from Voice to Data.

This brought the **Proximus Group** third quarter 2019 revenue to a total of EUR 1,407 million, -2.3% from the prior year.

Table 2: Underlying Group Revenue by Segment

	3rd Quarter			Year-to-date		
(EUR million)	2018	2019	% Change	2018	2019	% Change
Group Underlying by Segment	1,440	1,407	-2.3%	4,332	4,235	-2.3%
Domestic	1,094	1,071	-2.0%	3,327	3,251	-2.3%
Consumer	714	700	-2.0%	2,168	2,113	-2.5%
Enterprise	347	342	-1.4%	1,049	1,047	-0.2%
Wholesale	53	49	-7.3%	151	137	-9.2%
Other (incl. eliminations)	-21	-20	4.3%	-41	-46	-11.0%
International Carrier Services (BICS)	347	335	-3.2%	1,006	983	-2.2%

YTD 2019

Over the **first nine months of 2019, the Proximus Group** posted revenue of **EUR 4,235 million**, -2.3% down from the same period in 2018. Within the mix, revenue from Proximus' Domestic operations totaled EUR 3,251 million, a year-on-year decrease of -2.3% or EUR -75 million, of which EUR -28 million is related to low-margin devices. Excluding this, the revenue ended -1.5% below that of the prior year. Furthermore, regulatory impact on Fixed Termination and International calling/texting rates, negatively affected the revenue by about EUR -21 million, excluding the unfavorable impact from the legislation on customer reminder fees. The remaining revenue pressure largely resulted from an eroding Prepaid and Fixed Voice base, and lower Mobile inbound revenue, which was not fully compensated by growth in Internet, TV, ICT and Advanced Business Services.

BICS posted revenue of EUR 983 million over the first nine months of 2019, -2.2% or EUR -22 million down from one year ago. In line with the ongoing market trend, BICS' revenue mix continued to move from Voice to Data. Revenue from non-Voice products was up by 17.0%, driven by a solid growth in messaging revenue, with TeleSign in particular, achieving a strong increase in A2P[3] volumes. Revenue from Voice services continued its eroding trend, down year-on-year by -10.4%, with a positive volume effect more than offset by a lower unit revenue as a consequence of lower termination rates, competition and a less favorable revenue destination mix. The impact of gradual insourcing by MTN came slower than expected, with only a limited effect on BICS' financials over the first nine months of 2019.

[3] Application-to-Person

Table 3:

Underlying Group Revenue by Product nature

NB: In line with Proximus' strategy, most products are sold through multi-play Packs. The Packs are sales arrangements with multiple deliverables. The revenue is allocated to the different services (fixed and mobile), based on their relative standalone selling prices, i.e. the amount for which the services could be sold separately. The revenue allocation by nature as reported in this report may be impacted by changes in the composition of multi-play offers.

The resulting ARPUs as reported in this document, and the variances compared to preceding periods, are therefore partly the mere mathematical consequence of the application of this accounting policy to a changed Pack composition.

	3rd Quarter			Year-to-date		
(EUR million)	2018	2019	% Change	2018	2019	% Change
REVENUES	1,440	1,407	-2.3%	4,332	4,235	-2.3%
Domestic	1,094	1,071	-2.0%	3,327	3,251	-2.3%
Other Operating Income	7	9	21.3%	29	34	17.3%
Net Revenues	1,086	1,063	-2.2%	3,298	3,218	-2.4%
Telecom	899	878	-2.3%	2,724	2,655	-2.6%
Services	798	782	-2.0%	2,396	2,360	-1.5%
From Fixed	489	482	-1.4%	1,478	1,460	-1.3%
From Mobile	310	301	-3.0%	918	901	-1.9%
Postpaid	291	286	-1.8%	858	852	-0.7%
Prepaid	19	15	-22.5%	60	49	-18.9%
Terminals	64	61	-5.4%	221	192	-12.9%
Tango	36	35	-3.6%	108	102	-5.1%
ICT	133	133	0.4%	397	408	2.7%
Advanced Business Services	8	9	9.9%	22	29	30.5%
Other Products	16	15	-4.5%	55	45	-17.6%
Wholesale	53	49	-7.3%	150	137	-9.2%
Other segment (incl. elim)	-22	-22	2.5%	-51	-56	-9.0%
BICS Total Income	347	335	-3.2%	1,006	983	-2.2%
Costs of Sales	-523	-496	-5.2%	-1,572	-1,475	-6.2%
Segment Direct Margin	917	911	-0.7%	2,761	2,760	0.0%
Direct Margin %	*63.7%*	*64.7%*	*1.1 p.p.*	*63.7%*	*65.2%*	*1.5 p.p.*

Table 4:

Group operationals per product

	Park			Net adds	
(in 000's)	Q3 '18	Q3 '19	% Change	Q3 '18	Q3 '19
Fixed Voice	2,575	2,440	-5.2%	-26	-36
Internet	2,041	2,079	1.9%	9	8
TV	1,604	1,635	1.9%	11	3
Mobile postpaid excl. M2M	3,984	4,088	2.6%	32	23
M2M	1,277	1,679	31.5%	32	113
Mobile prepaid	858	742	-13.5%	-27	-11

Group operationals cover Proximus (Consumer and Enterprise), Scarlet, Tango and Wholesale.

2.1.2 Underlying Group direct margin

Table 5: Underlying Group direct margin by Segment

	3rd Quarter			Year-to-date		
(EUR million)	2018	2019	% Change	2018	2019	% Change
Group Underlying by Segment	917	911	-0.7%	2,761	2,760	0.0%
Domestic	837	827	-1.2%	2,525	2,518	-0.3%
Consumer	551	550	-0.1%	1,669	1,663	-0.4%
Enterprise	241	236	-1.9%	716	729	1.8%
Wholesale	42	38	-8.6%	124	110	-11.6%
Other (incl. eliminations)	3	2	-36.1%	16	17	4.7%
International Carrier Services (BICS)	80	83	4.4%	236	242	2.7%

Q3 2019

The **third-quarter 2019** underlying direct margin of the **Proximus Group totaled EUR 911 million**. Within the mix, **Domestic operations posted direct margin of EUR 827 million**, -1.2% or EUR -10 million down on the previous year. However, the Domestic direct margin as a percentage of revenue improved by 0.7p.p. to 77.2% since part of the Domestic revenue pressure relates to low-margin products.

Moreover, the third quarter 2019 Direct Margin includes a negative impact of EUR -6 million from regulatory measures. This includes lowered Fixed Termination Rates, with the negative impact posted in the Wholesale segment partially offset in the Consumer and Enterprise segments; and regulated international calling/texting rates applicable since 15 May 2019.

For the third quarter of 2019, **BICS posted a direct margin of EUR 83 million, up by 4.4%**, with the impact from the progressive insourcing by MTN being less than anticipated due to a timing shift. BICS' direct margin growth was fully driven by the non-Voice Direct margin, which was up by 11.2% from the prior year following a strong volume growth in A2P and roaming. BICS' Direct margin as a percentage of revenue improved by 1.8 p.p. from the prior year to reach 24.9% in the third quarter of 2019.

YTD 2019

Over the **first nine months of 2019** the **Proximus Group Direct margin totaled EUR 2,760 million**, remaining stable compared to the same period in 2018. **Proximus' Domestic direct margin ended somewhat below (-0.3%) the high comparable base of 2018**, including a negative impact from the regulatory capping of pricing which reduced the direct margin by about EUR -12 million (excluding the loss following the reminder fee legislation). This was offset by the positive effect of Proximus' customer growth and higher ICT margin, including the benefit from acquired ICT companies.

The direct margin of **BICS increased by 2.7%** year-on-year over the first nine months. This was mainly driven by BICS' non-Voice direct margin which benefitted from the BICS-TeleSign combination, with growing SMS A2P volumes and the realization of direct cost synergies. This was only in a limited way offset by the impact of the gradual insourcing by MTN, with the effect coming slower than expected.

2.1.3 Underlying Group expenses[4]

Table 6: Underlying Group expenses

(EUR million)	3rd Quarter 2018	2019	% Change	Year-to-date 2018	2019	% Change
Group Underlying	449	441	-1.9%	1,351	1,343	-0.6%
Workforce expenses	303	299	-1.3%	894	894	0.0%
Non Workforce expenses	146	141	-3.2%	457	449	-1.8%
Domestic Underlying	409	397	-2.9%	1,228	1,214	-1.2%
Workforce expenses	282	273	-3.0%	826	819	-1.0%
Non Workforce expenses	127	124	-2.7%	402	395	-1.6%
BICS Underlying	40	44	7.9%	123	129	5.0%
Workforce expenses	22	26	20.8%	67	76	12.0%
Non Workforce expenses	19	18	-6.8%	56	54	-3.5%

Q3 2019

Proximus' Group underlying operating expenses for the third quarter 2019 were **down by -1.9%, totalling EUR 441 million,** in spite of a 7.9% increase for BICS, driven by TeleSign workforce expenses to support its growth.

For **Domestic operations, Proximus' expenses totaled EUR 397 million**, -2.9% lower than the comparable base of 2018. Within the mix, Domestic non-workforce expenses totaled EUR 124 million, a decrease of -2.7%, while the workforce expenses totaled EUR 273 million, i.e.-3.0%. With the 2018 acquisitions in the ICT domain now fully annualized, the benefits from a decreasing Proximus organic headcount became more pronounced, in spite of the wage indexation impact (October 2018) and the remaining limited increase in expenses following the Mediamobile[5] acquisition. The lower third quarter expenses also resulted from Proximus' achieved structural cost efficiencies, especially within customer contact centers, benefitting from digitalization.

YTD 2019

Over the **first nine months of 2019**, the **Proximus Group's expenses decreased by -0.6% to EUR 1,343 million. Domestic expenses of EUR 1,214 million were down by -1.2% or EUR -14 million,** with the companies' cost reduction efforts ofsetting acquisition related costs and and wage inflation.

End-September 2019, the Proximus Group had an internal workforce of 13,000 FTEs, of which 12,193 FTEs correspond to the Domestic headcount, including acquired companies. Over the first nine months of 2019, the Domestic headcount decreased by 465 FTEs, mainly driven by the ongoing "voluntary early leave before retirement"-program, retirement and other natural outflow, partly offset by hiring. Over the same period, BICS increased its internal headcount by 80 FTEs, including some additional hiring in TeleSign to support its growth. **BICS' expenses for the first nine months of 2019 totaled EUR 129 million, a 5% increase.**

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

[5] Mediamobile was acquired 15 November 2018

2.1.4 Group EBITDA- reported and underlying

Table 7:

From reported to underlying EBITDA

(EUR million)	3rd Quarter 2018	3rd Quarter 2019	3rd Quarter % Change	Year-to-date 2018	Year-to-date 2019	Year-to-date % Change
Group reported EBITDA	454	477	nr	1,352	1,452	nr
Lease depreciations	nr	-21	nr	nr	-64	nr
Lease interest	nr	-1	nr	nr	-2	nr
Incidentals	13	15	nr	57	31	nr
Group Underlying EBITDA	468	470	0.5%	1,410	1,417	0.5%
Domestic	428	430	0.4%	1,297	1,304	0.6%
BICS	39	40	0.9%	113	113	0.1%

Underlying Group EBITDA

Q3 2019

Driven by its good cost control, **Proximus posted a Domestic EBITDA of EUR 430 million**, year-on-year up by 0.4%. **BICS posted a third-quarter 2019 EBITDA of EUR 40 million**, a year-on-year increase of 0.9%, with its higher Direct Margin partly offset by a rise in Workforce expenses. Therefore, in aggregate, the **Proximus Group**'s third-quarter underlying **EBITDA totaled EUR 470 million, up by 0.5%** from the same period of 2018.

YTD 2019

Year-to-date September 2019, the **Proximus Group underlying EBITDA increased by 0.5%** to a total of EUR 1,417 million. For its Domestic operations, Proximus posted a 0.6% increase to EUR 1,304 million, while the EBITDA of BICS totaled a stable EUR 113 million (+0.1%).

Total Reported Group EBITDA

In the third quarter of 2019, the Proximus Group recorded EUR 15 million in negative EBITDA incidentals, mainly related to the ongoing early leave plan ahead of retirement and incidentals related to the #shifttodigital strategy. See section 8.2 for more information on the incidentals. Moreover, following the application of IFRS 16, the reported EBITDA of the third quarter 2019 no longer includes operating lease expenses for a total amount of EUR 21 million. With incidentals included and operating lease expenses excluded, the Proximus Group's reported EBITDA totaled EUR 477 million for the third quarter 2019. This was EUR 454 million for 2018.

2.1.5 Net income

YTD 2019

Depreciation and amortization

The depreciation and amortization over the first nine months of 2019 totaled **EUR 776 million** (EUR 840 million including lease depreciation), compared to EUR 763 million excluding lease depreciation for the same period of 2018. This was mainly due to an increased asset base following the higher investment level in recent years and from acquired companies.

Net finance cost

The year-to-date September 2019 **net finance cost totaled EUR 37 million,** down 15.7% from a high comparable base in 2018, which included an additional interest expense on the reassessed tax on pylons liability.

Tax expenses

The tax expenses over the first nine months of 2019 were EUR 157 million, i.e. an **effective tax rate of 27.4%**. This is below the Belgian statutory tax rate of 29.58%, due to the application of Belgian general principles of tax law such as the patent income deduction and other R&D incentives, partly offset by non-deductible expenses for income tax purposes.

Net income (Group share)

The net income over the first nine months totaled EUR 402 million, i.e. a 4.9% increase from the prior year. This results mainly from a higher underlying Group EBITDA, lower impact from negative incidentals and fewer net finance costs, partially off-set by higher resulting income taxes and depreciation and amortization.

Table 8:

From Group EBITDA to net income

	3rd Quarter			Year-to-date		
	2018	2019	% Change	2018	2019	% Change
(EUR million)	IAS 17	IFRS 16		IAS 17	IFRS 16	
Group reported EBITDA	454	477	4.9%	1,352	1,452	7.4%
Depreciation and amortization	-252	-256	1.5%	-763	-776	1.7%
Lease depreciation	n.a.	-21	n.a.	n.a.	-64	n.a.
Operating income (EBIT)	203	199	-1.5%	590	612	3.8%
Net finance costs (including lease interest)	-13	-12	-7.3%	-44	-37	-15.7%
Share of loss on associates	0	0	nr	-1	-1	-28.2%
Income before taxes	189	187	-1.0%	544	574	5.5%
Tax expense	-50	-51	2.6%	-144	-157	8.8%
Net income	139	136	-2.4%	399	416	4.3%
Non-controlling interests	6	6	8.6%	16	14	-11.3%
Net income (Group share)	133	130	-2.8%	383	402	4.9%

2.1.6 Investments

By end-September 2019, the Proximus Group invested EUR 688 million, excluding EUR 8 million of spectrum-related CAPEX for Proximus Luxembourg[6], slightly below the EUR 697 million invested over the same period in 2018.

Overall, Proximus continued its investments in, among other things, new digital platforms, the ongoing multi-year modernization of its transport network and Fiber for Belgium project. So far, Proximus is deploying Fiber in 12 cities, with Aalst, Vilvoorde and Knokke-Heist announced so far in 2019. Furthermore, Proximus continued to invest in its mobile network to provide a high-quality mobile service while coping with a continuing increase in data usage.

[6] Following a law change and Proximus Luxembourg spectrum meeting the conditions, this spectrum was recognized in the first quarter as an intangible asset for which the minimum amount is eligible for capitalization.

2.1.7 Cash flows

Table 9:

Cash flows

	3rd Quarter			Year-to-date		
	2018	2019	% Change	2018	2019	% Change
(EUR million)	IAS 17	IFRS 16		IAS 17	IFRS 16	
Cash flows from operating activities	485	517	6.6%	1,199	1,369	14.2%
Cash paid for Capex (*)	-274	-257	-5.9%	-814	-793	-2.6%
Cash flows used and provided in other investing activities	-21	2	>100%	-36	-32	-10.9%
Cash flow before financing activities	190	262	37.4%	349	544	56.0%
Lease payments	n.a.	-21	n.a.	n.a.	-63	n.a.
Free cash flow	190	240	26.2%	349	482	38.0%
Cash flows used and provided in financing activities other than lease payments	-168	-192	14.4%	-450	-479	6.4%
Net increase/(decrease) of cash and cash equivalents	23	49	>100%	-100	4	>100%

*Cash paid for acquisitions of intangible assets and property, plant and equipment.

Proximus' **third-quarter 2019 FCF totaled EUR 240 million**, leading to a **year-to-date FCF of EUR 482 million**. **Excluding cash-out for acquisitions[7], this was EUR 517 million** and compares to EUR 395 million for the same period in 2018 (adjusted for EUR 46 million acquisition cash-out).

The year-on-year increase in FCF was mainly the result of a lower tax payments (timing), less cash for CAPEX, lower interest payments, positive Business working capital and was supported by a year-to-date progress in underlying EBITDA.

2.1.8 Balance sheet and shareholders' equity

Compared to year-end 2019, the goodwill increased by EUR 12 million mainly as a consequence of the provisional purchase price allocation of Mediamobile and the conversion difference on the TeleSign goodwill. The purchase price allocation for Mediamobile is still provisional and will be completed in the last quarter of 2019.

Tangible and intangible fixed assets decreased by EUR 70 million to EUR 4,138 million, with the Capex amount being lower than the depreciation and amortization.

The shareholders' equity increased from EUR 3,005 million end-December 2018 to EUR 3,090 million end-September 2019 as the net income (Group Share) of EUR 402 million was higher than the payment of dividends (EUR 323 million).

The initial application of IFRS 16 did not impact the equity since the Group decided to apply the simplified transition approach (see Section 7).

End-September 2019, Proximus' outstanding long-term debt (excluding lease liabilities) amounted to EUR 2,361 million, and its adjusted net financial position to EUR -2,008 million.

[7] Mainly related to the acquisition of non-controlling interests in Be Mobile

Table 10: Net financial position

(EUR million)	As of 31 December 2018 IAS 17	As per 1 January 2019 IFRS 16	As of 30 September 2019
Investments, Cash and cash equivalents	344	344	348
Derivatives	5	5	6
Assets	349	349	354
Non-current liabilities (*)	-2,263	-2,475	-2,622
Current liabilities (*)	-234	-307	-75
Liabilities	-2,497	-2,782	-2,697
Net financial position (*)	-2,148	-2,433	-2,343
of which Leasing liabilities	-5	-290	-335
Adjusted financial position (**)	-2,143	-2,143	-2,008

(*) Including derivatives and leasing liabilities
(**) The adjusted financial position excludes leasing liabilities

2.2 Regulation

Table 11: Regulation impact

	3rd Quarter	Year-to-date
(YoY variance in EUR million, rounded)	2019	2019
Revenue	-9	-21
Fixed termination Rate	-5	-15
International calling	-5	-7
Direct Margin	-6	-12
Fixed termination Rate	-2	-5
International calling	-5	-7

Fixed Termination Rates (FTR)

On 23 November 2018, the BIPT defined new Fixed Termination Rates (FTR) at 0.116 eurocent/min (from 0.709 eurocent for regional and 0.909 eurocent for national previously) based on a pure "Long Run Incremental cost (LRIC)" model. The FTR have been applicable since 1 January 2019.

For the full-year 2019, Proximus estimates the new FTR will reduce revenue by about EUR -20 million and the margin by EUR -7 million.

Review of the EU Telecom framework – new caps on intra-EU calls and SMS

In the context of the EU Telecom review adopted end 2018 which entered into force on 20 December 2018, the European legislators adopted a regulation inserting caps on intra-EU call and SMS prices (calls and texts to another EU country). The new caps took effect on 15 May 2019 for Consumers at 19 eurocents/minute for calls and 6 eurocents/texts. Proximus estimates the 2019 impact on revenue and on margin of the new caps on intra-EU calls and SMS to be about EUR -13 million.

Cable and broadband regulation and pricing

The Belgian regulators' decisions of 29 June 2018 on the review of the broadband and TV market analysis have outlined the regulation of Proximus' fiber network and the cable networks. In terms of pricing, the regulators imposed a "fair pricing". In this context, on 5 July 2019, the BIPT issued a consultation on future prices for wholesale cable access based on their cost modelling exercise. The BIPT proposes a price structure that allows for tiering and a small margin of 5%-10% on the prices for internet services over 200Mbps in order to encourage investment. The new rates cover broadband access only, access to television and a combination of both services. The consultation ran until 6 September 2019. In our view, not all cost elements were taken into account and we therefore consider the currently proposed wholesale cable prices as being too low. A final decision is expected in the first quarter 2020. In terms of Proximus' access to the cable networks, the decision of June 2018 allows a limited wholesale access for Proximus in geographical areas without their own next-generation broadband access network. A consultation on the FTTH fair pricing is still pending.

Upcoming spectrum auction – timing and final conditions remain uncertain

The draft legislations defining the conditions for the renewal of the existing 2G/3G spectrum licenses (900MHz, 1800MHz and 2100MHz) as well as for the granting of new 5G spectrum (700MHz, 1400MHz and 3500MHz) and unsold spectrum in the 2100MHz and 2600MHz bands, have not been approved yet. The whole process is likely to be postponed until a new federal government is formed. Therefore, the timing and the final conditions of the auctions remain uncertain.

2.3 Outlook and shareholder return

Based on the best estimate for the remainder of the year, Proximus expects the full-year 2019 variance for its Domestic revenue excluding terminals to remain close to the -1.5% year-to-date decrease, in spite of the intensifying competition. With the solid cost reduction realized so far, and the benefits from the #shifttodigital strategy arriving somewhat sooner than expected, Proximus expects to end the year with slight growth for its Domestic EBITDA. The impact of the renewed agreement with MTN so far was limited and is expected to progressively build up in the coming quarters. Proximus reiterates its stable projection for the Group underlying EBITDA. This includes an estimated negative direct margin impact from regulatory measures of about EUR -20 million.

The Group CAPEX, spectrum excluded, for 2019 is expected to be stable compared to the level of 2018, including increasing investments in the Fiber for Belgium project.

Table 12: Outlook

Guidance metric	FY18 Actuals	FY19 Guidance	FY19 Q1 Revised Guidance	YTD Actuals
Domestic underlying revenue	€4,460m	nearly stable		
Domestic underlying revenue excluding terminals	€4,153m		nearly stable	-1.5%
Group underlying EBITDA	€1,865m	stable	stable	0.5%
Capex (excluding Spectrum)	€1,019m	stable	stable	€688M

In line with the three-year commitment announced on 16 December 2016, Proximus expects to return a stable gross dividend per share of €1.50 over the result of 2019.

Interim dividend

On 24 October 2019, the Proximus Board of Directors approved to return to the shareholders a gross interim dividend of EUR 0.50 per share.

Coupon 29
Gross dividend: EUR 0.50/share
Net dividend (30% withholding tax assumed): EUR 0.35/share

- Ex-coupon date: 4 Dec 2019
- Record date: 5 Dec 2019
- Payment date: 6 Dec 2019

3 Consumer

- Good Back-to-School momentum driving continued customer growth.
- In spite of competitive pressures, Internet base +9,000 subscribers, TV +3,000 and Mobile postpaid +16,000.
- Further upselling to convergent offers: 59.6% of all multi-play HH/SO convergent, +1.9p.p. YoY.
- Growing 4-Play and 3-Play HH/SO increasing ARPH by 1.7% to EUR 66.8.
- Revenue pressure largely on low-margin products.
- Direct margin remaining stable YoY despite regulation impact, 78.6% on revenue, i.e. +1.5p.p. YoY.

3.1 Consumer revenue

Revenue variance sequentially improved to -2.0%.

For the third quarter of 2019, Proximus posted **a total revenue of EUR 700 million for its Consumer segment (**see tables 13-14). The **year-on-year variance improved sequentially to -2.0%**, in spite of the full-quarter effect of EU regulation on international calling, impacting Mobile Services revenue. At the same time, the annualization of lowered customer reminder fees[8] posted in "Other Products" brought some relief and Terminal sales saw a more limited year-on-year revenue erosion in the third quarter.

Good growth in Postpaid base. +16,000 in Q3. International calling regulation taking full-effect.

For the third quarter of 2019, Proximus' Consumer segment posted **EUR 221 million in Mobile Services revenue**, -3.9% below that of the prior year. Revenue from **Postpaid mobile service revenue** was down by -2.3%, including an increasing loss of (low margin) inbound revenue and the full impact of the International calling regulation in the third quarter. This regulatory headwind primarily impacted consumer Mobile postpaid revenue, driving most of its year-on-year revenue decrease, and the decrease in Postpaid ARPU by -4.4% to EUR 25.0. This was in part compensated by the year-on-year enlarged Mobile postpaid customer base, driving a solid increase in subscription revenue. Amidst a competitive Back-to-School promotional period, Proximus' Consumer segment grew its Mobile postpaid base by a net 16,000 in the third quarter (see Table 14bis for the customer re-segmentation effect). In a very dynamic market, the Postpaid churn level improved to 14.8%, 1p.p. better than for the same period in 2018. Whereas Proximus managed to maintain a good acquisition and churn level, a more limited Prepaid erosion resulted in fewer customers migrating to a Postpaid offer partly driven by the launch of the new prepaid portfolio in April. End-September 2019, the Consumer Postpaid customer base represented 2,766,000 SIM cards (excluding 3,000 M2M cards), up by +2.1% from the prior year, while the Prepaid base for the Consumer segment totaled 710,000 cards (-11,000 in the third quarter), with an ARPU of EUR 6.8 (EUR -0.8 following usage erosion).

Flattish Fixed services revenue. TV and Internet compensating for Fixed Voice erosion.

In spite of the intensifying competition, the Consumer segment posted nearly stable revenue from Fixed Services, totaling EUR 376 million for the third quarter of 2019 (-0.3%). The ongoing erosion from Fixed Voice lines (-26,000 in the third quarter), of which a significant part comes from single-play Fixed) was compensated by growing Internet and TV revenue and was supported by the 1 January 2019 price indexation. Backed by its dual-brand and segmentation strategy, Proximus maintained a positive evolution in its Internet and TV customer bases, which grew respectively by 9,000[9] and 3,000 over the past three months. By end-September 2019, Proximus' Consumer segment counted a total of 1,912,000 Internet subscribers and 1,625,000 TV subscribers.

Of the EUR 700 million Consumer revenue in the third quarter of 2019, EUR 590 million was X-Play service revenue generated by Proximus' Households/Small Offices (HH/SO) base. The **X-Play**

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[8] Proximus' collection process was adapted 1 July 2018 in view of improving the customer experience, reducing the number of reminders on open invoices. Reminder fees were lowered following a new legislation.

[9] See table 14bis

Tuttimus, Minimus and EPIC combo driving +2.9% Convergent revenue.

revenue continued its steady positive trend, and was up by +0.7% from the prior year. Revenue from convergent HH/SO[10] increased by +2.9% compared with the prior year and Mobile-only revenue was up by +2.7%, more than offsetting the -4.6% decrease in Fixed-only revenue. The convergence revenue benefitted from year-on-year growth in 4-Play offers, and an increase in 3-Play convergent offers driven by the uptake of EPIC Combo and Minimus. End-September 2019, Proximus counted 1,104,000 convergent HH/ SO, thereby pushing its convergence rate to 59.6% on the total multi-play HH/SO, + 1.9p.p.on the prior year.

The successful upselling strategy led to a year-on-year improvement in RGU, up 1.0% to 2.78, and in ARPH, up by 1.7% to EUR 66.8, in spite of the impact from the International calling regulation on the mobile component.

3.2 Consumer direct margin

For the third quarter of 2019, the Consumer segment posted a **direct margin of EUR 550 million, stable (-0.1%) in relation to the comparable period of 2018,** with part of the revenue loss having no meaningful margin impact. The direct margin as a percentage of revenue therefore increased by 1.5p.p. to 78.6%. The direct margin continued to benefit from cost improvements following digital adoption, notably on commissions, and from the larger subscriber base for TV and Internet, offsetting the pressure in Fixed Voice and Prepaid.

Table 13:

Consumer revenue by nature and direct margin

(EUR million)	3rd Quarter			Year-to-date		
	2018	2019	% Change	2018	2019	% Change
Revenue	714	700	-2.0%	2,168	2,113	-2.5%
Other Operating Income	5	5	15.2%	16	19	21.1%
Net Revenue	709	695	-2.1%	2,153	2,095	-2.7%
Of Which X-Play Revenue	*586*	*590*	*0.7%*	*1,763*	*1,771*	*0.5%*
Service Revenue	607	597	-1.7%	1,821	1,798	-1.3%
From Fixed	377	376	-0.3%	1,140	1,135	-0.4%
From Mobile	230	221	-3.9%	681	662	-2.8%
Postpaid	211	207	-2.3%	621	614	-1.3%
Prepaid	19	15	-22.5%	60	49	-18.9%
Terminals (fixed and mobile)	53	49	-8.3%	178	153	-14.1%
*Of which revenue from joint offer devices (IFRS15 impact) **	*16*	*18*	*17.2%*	*46*	*53*	*14.7%*
Tango	29	29	-1.1%	85	84	-0.6%
ICT	7	7	2.1%	22	22	1.8%
Other Products	13	13	-0.4%	47	37	-20.5%
Costs of sales	-163	-150	-8.3%	-499	-450	-9.7%
Segment Direct Margin	551	550	-0.1%	1,669	1,663	-0.4%
Direct Margin %	*77.2%*	*78.6%*	*1.5 p.p.*	*77.0%*	*78.7%*	*1.7 p.p.*

Estimated revenue from joint offer devices, previously recognized as service revenue.

NOTE - In order to reconcile X-play revenues with Product net revenues, terminal sales, Tango, Prepaid, Fixed & Mobile other revenues and some smaller items need to be added.

[10] A convergent HH/SO subscribes to at least one Fixed and Mobile Proximus offer.

Table 14:

Consumer operationals by nature

	3rd Quarter			Year-to-date		
	2018	2019	% Change	2018	2019	% Change
Park (000's)						
Fixed voice lines	1,986	1,889	-4.9%	1,986	1,889	-4.9%
Broadband lines	1,877	1,912	1.9%	1,877	1,912	1.9%
TV unique customers	1,595	1,625	1.9%	1,595	1,625	1.9%
Mobile postpaid cards excl. M2M	2,709	2,766	2.1%	2,709	2,766	2.1%
M2M	4	3	-19.9%	4	3	-19.9%
Mobile prepaid cards	806	710	-11.8%	806	710	-11.8%
Net adds (000's)						
Fixed voice lines	-17	-26		-50	-80	
Broadband lines	9	5		30	19	
TV unique customers	11	3		35	14	
Mobile postpaid cards excl. M2M	17	14		61	33	
M2M	0	-2		1	-1	
Mobile prepaid cards	-26	-11		-96	-61	
ARPH - all Plays (EUR)	65.7	66.8	1.7%	65.9	66.8	1.3%
ARPU (EUR)						
Mobile blended	21.8	21.2	-2.7%	21.5	21.2	-1.3%
Mobile postpaid	26.1	25.0	-4.4%	25.8	24.8	-3.7%
Mobile prepaid	7.6	6.8	-11.1%	7.8	7.4	-5.2%
Annualized churn rate (blended)	20.5%	20.2%	-0.3 p.p.	20.1%	20.1%	0.0 p.p.
Mobile postpaid	15.8%	14.8%	-0.9 p.p.	15.7%	15.3%	-0.4 p.p.
Mobile prepaid	34.7%	38.3%	3.6 p.p.	32.7%	35.7%	3.0 p.p.
Average Mobile data usage user/month (Mb)	1,924	2,742	42.5%	na	na	na

NB: During the third quarter of 2019 a number of customers changed segments. Therefore the actual net customer growth, referred to as 'underlying net-adds', does not equal the change in the park over the period. This impacted Mobile Postpaid and Internet only, with a shift from the Consumer segment to the Enterprise segment and was neutral at Group level. The concerned segment change is detailed in Table 14bis below.

Table 14bis:

Underlying net-adds

('000)	Consumer Postpaid excl. M2M	Enterprise Postpaid excl. M2M	Consumer Internet	Enterprise Internet
Park Q2'19	2,752	1,053	1,908	129
Underlying net adds	16	4	9	-1
Customer re-segmentation	-2	2	-4	4
Park Q3'19	2,766	1,059	1,912	132

Table 15:

Consumer X-Play view

	3rd Quarter			Year-to-date		
	2018	2019	% Change	2018	2019	% Change
Revenues x - play (EUR million)	586	590	0.7%	1,763	1,771	0.5%
Fixed-only	169	161	-4.6%	516	490	-5.0%
Mobile-only	77	80	2.7%	235	236	0.4%
Convergent	340	350	2.9%	1,012	1,045	3.3%
4-Play	240	247	3.1%	707	741	4.8%
3-Play	163	162	-0.8%	497	486	-2.2%
Convergent	81	83	2.5%	245	245	0.0%
Fixed	83	79	-4.0%	252	242	-4.3%
2-Play	69	67	-3.1%	212	203	-4.3%
Convergent	20	20	2.3%	60	59	-0.7%
Fixed	49	47	-5.2%	152	143	-5.7%
1-Play	114	114	0.2%	347	342	-1.6%
1P Fixed Voice	23	20	-14.3%	72	61	-14.6%
1P internet	14	15	10.3%	40	44	10.4%
1P Mobile	77	80	2.7%	235	236	0.4%
HH/SO per Play - Total (000's)	2,959	2,942	-0.5%	2,959	2,942	-0.5%
4-Play	721	741	2.8%	721	741	2.8%
3-Play	736	732	-0.5%	736	732	-0.5%
Convergent	255	269	5.3%	255	269	5.3%
Fixed	481	463	-3.6%	481	463	-3.6%
2-Play	391	378	-3.3%	391	378	-3.3%
Convergent	91	94	2.8%	91	94	2.8%
Fixed	299	284	-5.2%	299	284	-5.2%
1-Play	1,111	1,092	-1.7%	1,111	1,092	-1.7%
1P Fixed Voice	278	239	-14.1%	278	239	-14.1%
1P internet	146	162	11.1%	146	162	11.1%
1P Mobile	687	690	0.5%	687	690	0.5%
ARPH x - play (in EUR)	65.7	66.8	1.7%	65.9	66.8	1.3%
4-Play	111.8	111.3	-0.4%	111.6	111.4	-0.2%
3-Play	73.6	73.8	0.3%	74.4	73.9	-0.6%
Convergent	105.4	103.4	-1.8%	106.0	104.3	-1.6%
Fixed	56.9	56.9	0.0%	57.7	57.1	-1.0%
2-Play	58.4	58.8	0.6%	58.8	58.9	0.2%
Convergent	71.4	71.5	0.2%	72.0	71.8	-0.3%
Fixed	54.5	54.7	0.3%	54.9	54.9	0.0%
1-Play	33.7	34.8	3.2%	34.3	34.6	1.1%
1P Fixed Voice	26.9	26.8	-0.3%	27.2	27.0	-0.8%
1P internet	31.0	31.3	1.0%	31.0	31.5	1.5%
1P Mobile	37.1	38.4	3.6%	37.9	38.2	0.6%
Average #RGUs per HH/SO - Total	2.76	2.78	1.0%	2.76	2.78	1.0%
4-Play	4.87	4.88	0.3%	4.87	4.88	0.3%
3-Play	3.31	3.31	-0.1%	3.31	3.31	-0.1%
Convergent	3.79	3.75	-1.1%	3.79	3.75	-1.1%
Fixed	3.05	3.05	-0.1%	3.05	3.05	-0.1%
2-Play	2.19	2.18	-0.3%	2.19	2.18	-0.3%
Convergent	2.52	2.49	-1.4%	2.52	2.49	-1.4%
Fixed	2.08	2.08	-0.3%	2.08	2.08	-0.3%
1-Play	1.22	1.21	-0.5%	1.22	1.21	-0.5%
1P Fixed Voice	1.06	1.06	-0.3%	1.06	1.06	-0.3%
1P internet	1.00	1.00	0.0%	1.00	1.00	0.0%
1P Mobile	1.34	1.33	-0.9%	1.34	1.33	-0.9%
Annualized full churn rate (HH/SO) - Total	13.6%	14.3%	0.7 p.p.	13.4%	14.2%	0.9 p.p.
4-Play	3.4%	4.1%	0.6 p.p.	3.3%	4.0%	0.7 p.p.
3-Play	10.6%	11.6%	1.0 p.p.	10.4%	11.6%	1.2 p.p.
2-Play	13.1%	13.7%	0.6 p.p.	12.8%	13.9%	1.1 p.p.
1-Play	22.2%	23.1%	0.9 p.p.	21.8%	23.0%	1.3 p.p.
% Convergent HH/SO - Total *	57.8%	59.6%	1.9 p.p.	57.8%	59.6%	1.9 p.p.
4-Play	100.0%	100.0%	0.0 p.p.	100.0%	100.0%	0.0 p.p.
3-Play	34.7%	36.7%	2.0 p.p.	34.7%	36.7%	2.0 p.p.
2-Play	23.4%	24.8%	1.5 p.p.	23.4%	24.8%	1.5 p.p.

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

4 Enterprise

- Q3 2019 revenue -1.4%, resulting from erosion in legacy services.
- ICT revenue stable. Benefitted from fully annualized acquired ICT companies.
- In a competitive mobile market, net growth of 4,000 Postpaid cards was still achieved.
- Mobile Services revenue fairly stable on growing customer base, offset by ARPU pressure.
- Direct margin of EUR 236 million, down by -1.9% following pressure on legacy services and annualized effect from high margin ICT acquisitions.

4.1 Enterprise revenue

Third quarter Enterprise revenue -1.4%.

For the third quarter of 2019, **Proximus' Enterprise segment posted total revenue of EUR 342 million, a -1.4% or EUR -5 million decline** compared to the prior year.

Stable third quarter ICT revenue. Acquisitions fully lapping.

ICT revenue remained stable year-on-year (+0.3%) with a total of EUR 126 million for the third quarter of 2019. This resulted from a favorable evolution in high-value professional services, partially offset by lower revenues from legacy infrastructure products, including some softer Public sector revenue during the government formation process. Furthermore, the specialized companies acquired in 2018[11], enlarging Proximus' ICT portfolio and improving its ICT margin profile, have all annualized in the third quarter of 2019. Although these companies no longer provide inorganic growth, they continue to support Proximus in bringing digital transformation solutions for its professional customers and as such also help to secure legacy connectivity services. They also support the strategic focus on ICT services rather than low-margin ICT products.

Advanced Business Services revenue +9.9%.

Revenue from **Advanced Business Services was up by 9.9%** year-on-year to total EUR 9 million, with a positive revenue evolution for Proximus' convergent solutions as well as its subsidiary Be-Mobile.

Fixed Telecom Services revenue lower due to Fixed Voice erosion.

Fixed Telecom Services revenue of EUR 106 million was -5.1% lower year-on-year, primarily driven by the continued erosion of Fixed Voice revenue. The Fixed Voice park continued its fairly steady declining trend, eroding by 10,000 lines in the third quarter of 2019. This brought the Fixed Voice base to 509,000, i.e. a year-on-year line loss of -7.2%. The Fixed Voice ARPU eroded by -1.6% to EUR 29.2, with the decrease in traffic per line and a higher penetration of unlimited call options only partly compensated for by the limited price indexation of 1 January 2019.

Revenue growth P2P Fiber-based Data Connectivity offset by legacy data erosion.

The Enterprise revenue from **Fixed Data services totaled EUR 61 million, down by -2.2%** from the prior year. The revenue from the largest portion of this product category, Data Connectivity services, was slightly below that of the prior year, due a negative balance between legacy and new data connectivity services. The growing P2P Fiber park for Business customers could not entirely offset the ongoing outphasing and migration of legacy products in the context of simplification programs, which offer customers new solutions at attractive pricing.

[11] Codit, a Belgium-headquartered market leader in business application integration, API Management and Cloud services, was acquired on 11 July 2018; Umbrio, a Dutch enterprise specialised in IT operations & Business Analytics systems, was acquired by Proximus on 31 May 2018; ION-IP, a Dutch company specialized in Managed Security services, was acquired on 27 March 2018.

Stable Internet customer base and ARPU in highly competitive market.

Revenue from Internet was a touch below the third quarter of 2019. In a competitive setting, Proximus' Enterprise Internet park remained fairly stable at 132,000 lines (-0.6%) by end-September 2019, with an ARPU of EUR 44.2, +0.5%. The proportion of high-end internet lines in the total base further increased.

Flattish Mobile Services revenue. Growing customer base, managing churn level, arpu under pressure.

For the third quarter of 2019, the Enterprise segment posted flattish **Mobile Services revenue of EUR 80 million (-0.3%).** This resulted from higher subscriptions revenue, which compensated for the ongoing price pressure and lower out-of-bundle revenue resulting from the continued move to mobile price bundles. The Mobile ARPU fell by -4.5% from one year ago to EUR 24.0. The Enterprise segment managed to keep the churn level limited to 10.4%, down from the prior quarter, though remaining above the prior year. Over the past three months, the Enterprise segment still gained a net 4,000 Mobile cards (see table 14bis page 17). Therefore, the Enterprise Mobile base counted end-September 2019 a total of 1,059,000 cards, M2M excluded, i.e. +3.6% from the prior year.

+116,000 M2M cards activated, maintaining pole position.

The Enterprise segment posted another **strong increase in M2M** for the third quarter of 2019 with an additional 116,000 M2M cards activated. This was mainly related to the Smart metering[12] project with Fluvius, in addition to an ongoing growth in regular M2M cards. This brought the total number of M2M cards to 1,676,000 at end-September 2019, or a 31.7% increase from the prior year.

Proximus' Enterprise segment continues to develop innovative solutions to maintain its leadership position and stay relevant as the preferred partner for its customers' digital transformation.

4.2 Enterprise direct margin

For the third quarter of 2019, Proximus' Enterprise segment posted EUR 236 million in direct margin, a year-on-year decrease of -1.9%. The turnaround from previous quarters mainly resulted from the lapping of the acquired ICT companies delivering high-margin ICT services. The direct margin as a percentage of revenue for the third quarter of 2019 was 69.1%, -0.3 p.p. from the prior year.

[12] As announced on 8 May 2018, Proximus launched its NB-IoT network for the connection of the digital meters of Fluvius. Commissioned by IBM and Sagemcom, Proximus will connect 1.3 million digital meters for gas and electricity, which Fluvius intends to roll out in Flanders by the end of 2022.

Table 16: Enterprise revenue by nature and direct margin

(EUR million)	3rd Quarter 2018	3rd Quarter 2019	3rd Quarter % Change	Year-to-date 2018	Year-to-date 2019	Year-to-date % Change
Revenue	**347**	**342**	**-1.4%**	**1,049**	**1,047**	**-0.2%**
Other Operating Income	**1**	**1**	**51.4%**	**3**	**5**	**53.1%**
Net Revenue	**346**	**340**	**-1.6%**	**1,046**	**1,042**	**-0.4%**
Telecom Revenue	209	203	-2.9%	640	619	-3.3%
Service Revenue	191	185	-3.1%	575	563	-2.2%
Fixed Services	111	106	-5.1%	339	324	-4.4%
Voice	49	45	-8.7%	154	141	-8.7%
Data	62	61	-2.2%	185	184	-0.7%
Mobile Services	80	80	-0.3%	236	238	0.9%
Terminals (fixed and mobile)	11	12	8.8%	42	39	-7.7%
Tango	7	6	-14.3%	23	18	-22.1%
ICT	126	126	0.3%	375	386	2.7%
Advanced Business Services	8	9	9.9%	22	29	30.5%
Other Products	3	2	-22.5%	8	8	-0.7%
Costs of Sales	**-106**	**-106**	**-0.4%**	**-334**	**-318**	**-4.6%**
Segment Direct Margin	**241**	**236**	**-1.9%**	**716**	**729**	**1.8%**
Direct Margin %	*69.5%*	*69.1%*	*-0.3 p.p.*	*68.2%*	*69.6%*	*1.4 p.p.*

Table 17: Enterprise operationals (See Table 14bis page 17 for customer re-segmentation effect in Q3)

	3rd Quarter 2018	3rd Quarter 2019	3rd Quarter % Change	Year-to-date 2018	Year-to-date 2019	Year-to-date % Change
Park (000's)						
Fixed voice lines	549	509	-7.2%	549	509	-7.2%
Broadband lines	133	132	-0.6%	133	132	-0.6%
Mobile postpaid cards excl. M2M	1,021	1,059	3.6%	1,021	1,059	3.6%
M2M cards	1,273	1,676	31.7%	1,273	1,676	31.7%
Net adds (000's)						
Fixed voice lines	-10	-10		-31	-31	
Broadband lines	-1	3		-2	0	
Mobile postpaid cards excl. M2M	11	6		33	30	
M2M cards	32	116		64	350	
ARPU (EUR)						
Fixed voice	29.7	29.2	-1.6%	30.4	29.8	-1.9%
Boadband	44.0	44.2	0.5%	43.6	44.3	1.5%
Mobile postpaid	25.2	24.0	-4.5%	25.1	24.3	-3.5%
Annualized mobile postpaid churn rate	9.0%	10.4%	1.4 p.p.	9.2%	11.0%	1.9 p.p.
Average Mobile data usage user/month (Mb)	1,669	2,059	23.4%	na	na	na

5 Wholesale

Table 18: Wholesale revenue and direct margin

	3rd Quarter			Year-to-date		
(EUR million)	2018	2019	% Change	2018	2019	% Change
Segment Revenue	53	49	-7.3%	151	137	-9.2%
Net Revenue	53	49	-7.3%	150	137	-9.2%
Other Operating Income	0	0	nr	0	0	nr
Costs of Sales	-11	-11	-2.2%	-27	-27	1.9%
Segment Direct Margin	42	38	-8.6%	124	110	-11.6%
Direct Margin %	*78.9%*	*77.8%*	*-1.1 p.p.*	*82.2%*	*80.0%*	*-2.2 p.p.*

Lowered regulated FTR rates impacting revenue and direct margin.

For the third quarter of 2019, Proximus' Wholesale segment reported **revenue of EUR 49 million, -7.3% lower than in 2018**. This reflects the impact of regulation, with reduced Fixed Termination Rates since 1 January 2019.

Furthermore, within the mix, wholesale roaming revenue was up on higher traffic volumes, offsetting the impact from lowered roaming wholesale rates, negotiated in the Group's interest. The increase in wholesale roaming traffic revenue was however offset by lower revenue from traditional wholesale services. As announced in the second quarter, this was partly the consequence of the termination of various contracts with two of Proximus' Wholesale customers due to continued failure to comply with their contractual payment obligations,

The **direct margin for the third quarter of 2019 totaled EUR 38 million, a -8.6% decline compared with the prior year.** This mainly reflects a direct margin impact from the regulated lower Fixed Termination Rates, partially offset at Group level by a positive impact on the Consumer and Enterprise segments. Furthermore, the margin was impacted by the erosion of traditional wholesale services, including the termination of the above-mentioned contracts and only partially offset by a higher roaming margin following higher volumes.

6 BICS (International Carrier Services)

- **Robust increase in SMS A2P and roaming volumes in the summer holiday season.**
- **Impact from insourcing by MTN slower than foreseen, with effect on Q3 still limited.**
- **Direct margin of EUR 83 million, up by 4.4%.**
- **Segment result of EUR 40 million, up by 0.9% YoY.**
- **Segment margin progressed to 11.9%.**

6.1 BICS revenue

For the third quarter of 2019, BICS posted a -3.2% decline in its revenue, totaling EUR 335 million. In line with the ongoing market trend, BICS' revenue mix continued to move from Voice to Data. Revenue from non-Voice products was up by 23.8% reaching EUR 134 million, driven by increasing messaging revenue. The overall volume of messages went up by a steep 32% in the third quarter following strong TeleSign A2P volumes and high roaming volumes in the holiday season.

Revenue from Voice services continued its declining trend, with revenue down year-on-year by -15.5% for the third quarter of 2019. The sequential Voice revenue deterioration results mainly from lower unit revenue as a consequence of lower termination rates, competition and a less favorable destination mix. The anticipated progressive insourcing by MTN of the transport and management of its traffic within the Middle East and African regions has started to impact the third quarter revenue but due to a timing shift, to a lesser extent than foreseen. Overall, Voice volumes carried by BICS declined year-on-year by -1% to total 6.1 billion minutes for the third quarter of 2019.

6.2 BICS direct margin

For the third quarter of 2019, **BICS posted a direct margin of EUR 83 million, up 4.4%** compared to the prior year. While the progressive insourcing by MTN has started to impact the third quarter margin, this was less than anticipated due to a timing shift.

The third quarter direct margin growth was fully driven by the **non-Voice Direct margin, which was up by 11.2%** from the prior year thanks to a strong A2P and roaming volume growth. The **margin from Voice was down by -5.4%** as a result of the revenue decline.

The Direct margin as a percentage of revenue improved by 1.8 p.p. from the prior year to reach 24.9% in the third quarter of 2019.

6.3 BICS segment result

BICS' segment result for the third quarter of 2019 totaled EUR 40 million, up by 0.9% compared to the prior year. The increase in Direct Margin was partly offset by higher Workforce expenses following the additional hiring by TeleSign to support its growth and wage inflation. The segment margin as a percentage of revenue further progressed to 11.9%, +0.5 p.p.

Table 19: BICS P&L

(EUR million)	3rd Quarter 2018	3rd Quarter 2019	% Change	Year-to-date 2018	Year-to-date 2019	% Change
Segment Revenue	347	335	-3.2%	1,006	983	-2.2%
Net Revenue	346	333	-3.7%	1,005	980	-2.5%
Other Operating Income	0	2	637.7%	0	3	798.9%
Costs of Sales	-267	-252	-5.5%	-770	-741	-3.7%
Segment Direct Margin	80	83	4.4%	236	242	2.7%
Direct Margin %	*23.0%*	*24.9%*	*1.8 p.p.*	*23.5%*	*24.6%*	*1.2 p.p.*
Expenses	-40	-44	7.9%	-123	-129	5.0%
Workforce Expenses	-22	-26	20.8%	-67	-76	12.0%
Non Workforce Expenses	-19	-18	-6.8%	-56	-54	-3.5%
Segment Result	39	40	0.9%	113	113	0.1%
Segment Contribution Margin	*11.4%*	*11.9%*	*0.5 p.p.*	*11.2%*	*11.5%*	*0.3 p.p.*

Table 20: BICS revenue by nature

(EUR million)	**3rd Quarter 2018**	**3rd Quarter 2019**	**% Change**	**Year-to-date 2018**	**Year-to-date 2019**	**% Change**
Total revenue	347	335	-3.2%	1,006	983	-2.2%
Voice	238	201	-15.5%	705	631	-10.4%
Non-Voice	108	134	23.8%	301	352	17.0%

Table 21: BICS direct margin by nature

(EUR million)	**3rd Quarter 2018**	**3rd Quarter 2019**	**% Change**	**Year-to-date 2018**	**Year-to-date 2019**	**% Change**
Total direct margin	80	83	4.4%	236	242	2.7%
Voice	33	31	-5.4%	101	99	-1.6%
Non-Voice	47	52	11.2%	135	143	5.9%

Table 22: BICS volume by nature

Volumes (in million)	**3rd Quarter 2018**	**3rd Quarter 2019**	**% Change**	**Year-to-date 2018**	**Year-to-date 2019**	**% Change**
Voice	6,135	6,073	-1.0%	18,133	18,826	3.8%
Non-Voice	2,578	3,405	32.1%	7,488	8,733	16.6%

7 Consolidated Financial Statements

7.1 Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for full annual financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and should be read in conjunction with the audited consolidated financial statements of the Group for the year 2018. These interim consolidated financial statements have not been subject to a limited review by the independent auditors.

7.2 Accounting policies

The accounting policies and methods of the Group used as of 2019 are consistent with those applied in the 31 December 2018 consolidated financial statements, with the exception that the Group applied the new standards, interpretations and revisions that became mandatory for the Group on 1 January 2019.

On 1 January 2019 the Group adopted IFRS 16 which resulted in the changes in accounting policies described below.

Changes following the adoption of IFRS 16 – Leases

IFRS 16 was issued in 2016 and replaces IAS17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27- Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IAS 17, the Group was required to classify its leases as either finance or operating leases. Under the new standard, lessees are required to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. A right-of use-asset and a lease liability is to be recognized for all leases conveying the right to control the use of an identified asset for a period of time. Accordingly, the expenses relating to the use of the leased asset previously presented in operating expenses are now capitalized and depreciated. The discounting of lease liability will be periodically unwound into finance cost. The distinction between operating and finance leases remains when the Group acts as lessor.

The Group applies the standard from its mandatory application date of 1 January 2019.

The Group decided to adopt the simplified transition approach with the cumulative effect of initially applying IFRS 16 recognized in retained earnings (if any) at the date of initial application being 1 January 2019 without restatement of year before adoption. Right-of-use assets are measured at the amount of the lease liabilities at adoption.

At transition, initial recognition of lease liabilities under IFRS 16 (and consequently right-of-use assets) amounts to EUR 285 million and are measured at the present value of the remaining lease payments with the Group's incremental borrowing rate at a discount rate ranging from 0.2% to 2.5%. There is no impact on equity as a result of the adoption of IFRS 16.

The Group decided not to apply exemptions for short-term leases or leases for which the underlying is of low value and to exclude the initial direct costs from the right-of-use. No grandfathering was applied. The non-lease components are not included to determine the right-of-use and lease liabilities. IFRS 16 is not applied to leases for intangible fixed assets.

The Group's activities as a lessor are not significant and the Group did not identify impacts other than reclassifications to lease receivable and lease liabilities in the financial statements at adoption date as the previous classification into operating or finance lease remains applicable under IFRS 16.

In note 33 of the 2018 consolidated financial statements, future minimum rentals payable under the non-cancellable operating leases at 31 December 2018 were disclosed and amounted to EUR 295 million. The table below provides the reconciliation between these non-cancellable lease commitments and the lease liability of EUR 290 million recognized in the opening balance sheet at IFRS 16 adoption:

(EUR million)	
Operating lease commitments at 31 December 2018 (in note 33)	295
Operating lease commitments at 31 December 2018 but starting after 1 January 2019*	-60
Non-cancellable lease commitments excluding leases starting after 1 January 2019	235
Impact of expected end date**	58
Impact of discounting	-8
Existing finance lease liabilities at 31 December 2018	5
Lease liability at 1 January 2019	290

* The operating lease commitments as reported at 31 December 2018 include commitments for contracts for which the asset will only be available for use in the course of 2019. IFRS 16 requires leases to be recognized when they are available for use. The lease liabilities for those commitments are therefore not recognized in the opening balance but will be recognized as they will become available for use.

** The lease term under IAS 17 represents the minimum non-cancellable period. Under IFRS 16, the lease term corresponds to the period including all extension options deemed likely to be activated and until both lessee and lessor can terminate the contract.

Opening balance of leases

(EUR million)	As of 31 December 2018	Initial recognition IFRS 16	As per 1 January 2019
Assets	8	285	293
Right-of-use asset	0	285	285
Leasing receivables – non-current	4	0	4
Leasing receivables – current	4	0	4
Liabilities	5	285	290
Lease liabilities – non-current	4	212	216
Lease liabilities – current	2	73	75

Judgments and estimates

The Group does not make any significant judgments and estimates other than those mentioned under note 2 in the 31 December 2018 consolidated financial statements, and other than those mentioned below in this report.

The application of IFRS 16 judgment is required in determining the lease term.

Significant events or transactions in 2019

Transactions with non-controlling interests

In the first quarter 2019, the Group acquired all of the remaining Be-Mobile non-controlling interests through the exercise of the put option that had been granted on these shares.
In a second step the Group sold 7.26% of the shares to non-controlling interests on which it granted a put option (together with a new shareholder's agreement) resulting in a negative impact on equity of EUR 6 million.
Net cash paid for these transactions amounted to EUR 30 million.
The Group was granted call options on these 7.26% non-controlling shares. These options can be exercised under the same conditions and for the same price.

Accelerated transformation

Proximus launched its #shifttodigital strategy, accelerating its transformation to remain relevant on the Belgian market and to secure the company's future. On 10 January 2019, Proximus started the information and consultation phase with the unions, as part of the social dialogue, and entered the negotiation phase on 4 June 2019. Proximus continuously looks how to adapt its plan and minimize the number of dismissals, without compromising the necessary transformation and the cost efficiency objective that should give the company a sustainable future.

The negotiations between Proximus management and the representative trade unions have entered a new phase on 11 September with the appointment of 2 social mediators. Together they have increased the pace of the negotiations and it is the intention to reach a negotiated agreement together to be able to implement the transformation plan in the beginning of 2020.

Income taxes

On 11 January 2016, the European Commission announced its decision to consider Belgian tax rulings granted to multinationals with regard to "Excess Profit" as illegal state aid. BICS has applied such tax ruling for the period 2010-2014. BICS has paid the deemed aid recovery assessments. Furthermore, both BICS and the Belgian State filed an appeal against the decision of the European Commission before the European Court. The EU General Court ruled in its decision of 14 February 2019 in favor of the Belgian State against the European Commission based on the argument that there is no "state aid scheme". The European Commission filed an appeal against the aforementioned decision with the European Court of Justice (ECJ) on 24 April 2019. In addition, on 16 September 2019, the European Commission opened separate in-depth investigation into 39 individual excess profit rulings including the excess profit rulings obtained by BICS. Management assesses that the position as recognized in the financial statements still reflects the best estimate of the probable outcome.

Private bond

On 27 February 2019, Proximus entered into an agreement with an institutional investor to issue a new EUR 100 million private bond note starting 8 March 2019 and maturing in September 2031, with an annual fixed coupon of 1.75%.

Mobile access sharing agreement

On 11 July 2019 Proximus and Orange Belgium signed a term sheet to reach a mobile access network sharing agreement by the end of the year. The aim of such an agreement is to enable both companies to meet the increasing customer demand for mobile network quality and deeper indoor coverage. It will also allow a faster and more comprehensive 5G roll-out in Belgium. The objective is to bring relevant benefits for end-users, enterprises and society in general while preserving a sound and effective competitive environment.

CEO Proximus

With the aim to restore a serene climate within the company and in its best interest, the Board of Directors of Proximus and Mrs. Dominique Leroy have commonly agreed to end Mrs. Leroy's function as CEO on 20 September 2019. Mrs. Sandrine Dufour is appointed as CEO ad interim as from 21 September 2019.

7.3 Consolidated income statement

(EUR million)	3rd Quarter 2018 IAS 17	3rd Quarter 2019 IFRS 16	% Change	Year-to-date 2018 IAS 17	Year-to-date 2019 IFRS 16	% Change
Net revenue	1,433	1,396	-2.6%	4,303	4,198	-2.4%
Other operating income	9	11	23.9%	31	41	30.6%
Total income	**1,441**	**1,407**	**-2.4%**	**4,335**	**4,239**	**-2.2%**
Costs of materials and services related to revenue	-523	-502	-3.9%	-1,572	-1,479	-5.9%
Workforce expenses	-316	-308	-2.8%	-931	-920	-1.1%
Non workforce expenses	-147	-120	-18.5%	-480	-388	-19.2%
Total operating expenses before depreciation & amortization	**-987**	**-930**	**-5.8%**	**-2,982**	**-2,787**	**-6.6%**
Operating income before depreciation & amortization	**454**	**477**	**4.9%**	**1,352**	**1,452**	**7.4%**
Depreciation and amortization (excluding lease depreciation)	-252	-256	1.5%	-763	-776	1.7%
Lease depreciation	n.a.	-21	n.a.	n.a.	-64	n.a.
Operating income	**203**	**199**	**-1.5%**	**590**	**612**	**3.8%**
Finance income	1	3	>100%	6	7	18.0%
Finance costs	-14	-14	-0.1%	-50	-43	-15.0%
Lease interest	0	-1	-	0	-2	-
Net finance costs	**-13**	**-12**	**-7.3%**	**-44**	**-37**	**-15.7%**
Share of loss on associates	0	0	-28.9%	-1	-1	-28.2%
Income before taxes	**189**	**187**	**-1.0%**	**544**	**574**	**5.5%**
Tax expense	-50	-51	2.6%	-144	-157	8.8%
Net Income	**139**	**136**	**-2.4%**	**399**	**416**	**4.3%**
Attributable to:						
Equity holders of the parent (Group share)	133	130	-2.8%	383	402	4.9%
Non-controlling interests	6	6	8.6%	16	14	-11.3%
Basic earnings per share	0.41	0.40	-2.9%	1.19	1.25	4.8%
Diluted earnings per share	0.41	0.40	-2.9%	1.19	1.25	4.8%
Weighted average number of outstanding shares	322,672,964	322,992,849	0.1%	322,620,843	322,877,359	0.1%
Weighted average number of outstanding shares for diluted earnings per share	322,737,051	323,015,410	0.1%	322,706,478	322,950,456	0.1%

7.4 Consolidated statements of other comprehensive income

	Year-to-date	
	2018	2019
(EUR million)	IAS 17	IFRS 16
Net income	399	416
Other comprehensive income:		
Items that may be reclassified to profit and loss:		
Exchange differences on translation of foreign operations	8	12
Cash flow hedges:		
Gain/(Loss) taken to equity	6	0
Transfer to profit or loss for the period	-1	-1
Other	-1	-1
Total before related tax effects	13	10
Related tax effects		
Cash flow hedges:		
Gain/(Loss) taken to equity	-2	0
Income tax relating to items that may be reclassified	-1	1
Total of items that may be reclassified to profit and loss, net of related tax effects	11	11
Items that will not be reclassified to profit and loss:		
Change in the fair value of equity instruments	-5	0
Total before related tax effects	-5	0
Related tax effects		
Change in the fair value of equity instruments	-1	0
Income tax relating to items that will not be reclassified	-1	0
Total of items that will not be reclassified to profit and loss, net of related tax effects	-6	0
Total comprehensive income	405	427
Attributable to:		
Equity holders of the parent	387	408
Non-controlling interests	18	19

7.5 Consolidated balance sheet

(EUR million)	As of 31 December 2018 IAS 17	As of 1 January 2019 IFRS 16	As of 30 September 2019 IFRS 16
ASSETS			
Non-current assets	**6,850**	**7,135**	**7,114**
Goodwill	2,470	2,470	2,482
Intangible assets with finite useful life	1,154	1,154	1,083
Property, plant and equipment	3,054	3,054	3,054
Right-of-use asset	0	285	327
Lease receivable	4	4	6
Contract costs	116	116	111
Investments in associates	3	3	3
Equity investments	0	0	1
Deferred income tax assets	12	12	11
Other non-current assets	35	35	37
Current assets	**1,822**	**1,822**	**1,742**
Inventories	129	129	137
Trade receivables	1,042	1,042	1,012
Lease receivable	4	4	3
Contract assets	83	83	84
Current tax assets	68	68	12
Other current assets	152	152	146
Investments	4	4	4
Cash and cash equivalents	340	340	344
TOTAL ASSETS	8,671	8,956	8,856
LIABILITIES AND EQUITY			
Equity	**3,153**	**3,153**	**3,229**
Shareholders' equity	**3,005**	**3,005**	**3,090**
Issued capital	1,000	1,000	1,000
Reserves	-469	-469	-457
Retained earnings	2,474	2,474	2,547
Non-Controlling interests	**148**	**148**	**139**
Non-Current liabilities	**3,181**	**3,393**	**3,498**
Interest-bearing liabilities	2,259	2,259	2,361
Lease liabilities	4	216	260
Liability for pensions, other post-employment benefits and termination benefits	553	553	505
Provisions	142	142	140
Deferred income tax liabilities	91	91	90
Other non-current payables	132	132	141
Current liabilities	**2,338**	**2,411**	**2,128**
Interest-bearing liabilities	232	232	1
Lease liabilities	2	75	74
Liability for pensions, other post-employment benefits and termination benefits	52	52	74
Trade payables	1,361	1,361	1,242
Contract liabilities	109	109	125
Tax payables	56	56	81
Other current payables	526	526	531
TOTAL LIABILITIES AND EQUITY	8,671	8,956	8,856

7.6 Consolidated cash flow statement

(EUR million)	3rd Quarter 2018 IAS 17	3rd Quarter 2019 IFRS 16	Change	Year-to-date 2018 IAS 17	Year-to-date 2019 IFRS 16	Change
Cash flow from operating activities						
Net income	139	136	-2.4%	399	416	4.3%
Adjustments for:						
Depreciation and amortization	252	277	10.0%	763	840	10.1%
Increase of impairment on intangible assets and property, plant and equipment	0	0	53.8%	0	1	>100%
Increase/(decrease) of provisions	-2	1	>100%	-1	-2	24.5%
Deferred tax income	-3	3	>100%	-21	3	>100%
Loss from investments accounted for using the equity method	0	0	-28.9%	1	1	-28.2%
Loans amortization	0	0	3.4%	1	1	-2.1%
Gain on disposal of consolidated companies and remeasurement of previously held interest	0	-2	-	0	-5	-
Gain on disposal of property, plant and equipment	-1	0	-90.7%	-3	-1	-63.9%
Operating cash flow before working capital changes	385	416	7.9%	1,140	1,253	9.9%
Decrease/(increase) in inventories	13	-5	<-100%	-5	-8	70.6%
Decrease/(increase) in trade receivables	-14	4	>100%	49	23	-52.4%
Decrease in contract costs	2	1	-61.0%	5	5	-1.1%
Decrease/(increase) in contract asset	1	-1	<-100%	3	-1	<-100%
Decrease/(increase) in current income tax assets	1	2	>100%	-2	55	>100%
Decrease/(increase) in other current assets	14	7	-50.3%	-6	-14	>100%
(Decrease/increase in trade payables	28	19	-31.7%	-58	-7	-87.1%
(Decrease)/increase in contract liability	-10	0	>100%	-4	3	>100%
(Decrease)/increase in income tax payables	27	36	34.1%	27	26	-5.1%
(Decrease)/increase in other current payables	33	44	30.5%	44	58	31.4%
(Decrease)/increase in net liability for pensions, other post-employment benefits and termination benefits	4	-6	<-100%	4	-25	<-100%
(Decrease)/increase in other non-current payables and provisions	2	1	-53.9%	2	2	1.2%
(Decrease)/increase in working capital, net of acquisitions and disposals of subsidiaries	100	101	1.3%	59	116	96.7%
Net cash flow provided by operating activities (1)	485	517	6.6%	1,199	1,369	14.2%
Cash flow from investing activities						
Cash paid for acquisitions of intangible assets and property, plant and equipment	-274	-257	-5.9%	-814	-793	-2.6%
Cash paid for acquisitions of other participating interests	0	0	<-100%	-3	-1	-66.7%
Cash paid for acquisition of consolidated companies, net of cash acquired	-24	0	<-100%	-46	-41	-11.3%
Cash received for sales of consolidated companies, net of cash disposed of	0	2	-	0	9	-
Cash received from sales of intangible assets and property, plant and equipment	3	0	-87.7%	8	1	-84.9%
Net cash received from other non-current assets	0	0	>100%	4	-1	<-100%
Net cash used in investing activities	-295	-256	-13.3%	-850	-825	-3.0%
Cash flow before financing activities	190	262	37.4%	349	544	56.0%
Lease payments	n.a.	-21	n.a.	n.a.	-63	n.a.
Free cash flow (2)	*190*	*240*	*26.2%*	*349*	*482*	*38.0%*
Cash flow from financing activities other than lease payments						
Dividends paid to shareholders	0	0	-	-323	-325	0.5%
Dividends paid to non-controlling interests	0	0	-	-28	-29	3.7%
Net sale of treasury shares	3	0	-89.4%	3	9	>100%
Decrease of shareholders' equity	-1	0	-90.2%	-4	0	-93.9%
Cash received from cash flow hedge instrument related to long term debt	0	-1	>100%	8	-1	<-100%
Issuance of long term debt	0	0	-97.2%	400	100	-75.1%
Repayment of long term debt	-1	0	-83.7%	-407	-1	-99.8%
Issuance/(repayment) of short term debt	-168	-191	13.6%	-98	-231	>100%
Cash flows used in financing activities other than lease payments	-168	-192	14.4%	-450	-479	6.4%
Exchange rate impact	0	1	>100%	0	1	>100%
Net increase/(decrease) of cash and cash equivalents	23	49	>100%	-100	4	>100%
Cash and cash equivalents at 1 January			-	333	340	2.1%
Cash and cash equivalents at the end of the period			-	233	344	47.9%
(1) Net cash flow from operating activities includes the following cash movements :						
Interest paid				-39	-30	
Interest received				1	1	
Income taxes paid				-140	-75	
(2) Free cash flow: cash flow before financing activities and after lease payments						

7.7 Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Equity instruments and hedge reserve	Other remeasurement reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Shareholders' Equity	Non-controlling interests	Total Equity
Balance at January 1, 2018	1,000	-431	100	5	-128	-4	4	2,450	2,997	156	3,153
Total comprehensive income	0	0	0	-1	0	5	0	383	387	18	405
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income to retained earnings	0	0	0	2	0	0	0	-2	0	0	0
Dividends to shareholders (relating to 2017)	0	0	0	0	0	0	0	-323	-323	0	-323
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-28	-28
Business combination	0	0	0	0	0	0	0	1	1	-1	0
Treasury shares											
Sale of treasury shares	0	1	0	0	0	0	0	-3	-2	0	-2
Total transactions with equity holders	0	2	0	0	0	0	0	-324	-323	-30	-352
Balance at 30 September 2018	1,000	-429	100	7	-128	1	4	2,507	3,061	144	3,206
Balance per 1 January 2019	1,000	-427	100	6	-155	3	4	2,474	3,005	148	3,153
Total comprehensive income	0	0	0	-1	0	7	0	402	408	19	427
Transfer of loss on disposal of equity instruments at fair value through other	0	0	0	0	0	0	0	0	0	0	0
Dividends to shareholders (relating to 2018)	0	0	0	0	0	0	0	-324	-324	0	-324
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-29	-29
Business combination	0	0	0	0	0	0	0	-2	-2	2	0
Changes in shareholders' equity	0	0	0	0	0	0	0	-6	-6	0	-6
Treasury shares											
Sale of treasury shares	0	4	0	0	0	0	0	2	6	0	6
Stock options											
Exercise of stock options	0	3	0	0	0	0	0	0	3	0	3
Total transactions with equity holders	0	7	0	0	0	0	0	-323	-323	-28	-350
Balance at 30 September 2019	1,000	-420	100	5	-155	10	4	2,553	3,090	139	3,229

7.8 Segment reporting

See reconciliation of reported and underlying figures in section 8.2

	30 September 2019									
	Group Proximus				Underlying by segment					
(EUR million)	Reported (IFRS 16)	Lease depreciation and interest	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	4,198	0	0	4,198	980	3,218	2,095	1,042	137	-56
Other revenues	41	0	-4	37	3	34	19	5	0	10
Total income	**4,239**	**0**	**-4**	**4,235**	**983**	**3,251**	**2,113**	**1,047**	**137**	**-46**
Costs of materials and services related to revenue	-1,479	-4	7	-1,475	-741	-734	-450	-318	-27	63
Direct margin	**2760**	**-4**	**4**	**2760**	**242**	**2518**	**1663**	**729**	**110**	**17**
Workforce expenses	-920	0	26	-894	-76	-819				
Non workforce expenses	-388	-62	1	-449	-54	-395				
Total other operating expenses	**-1,308**	**-62**	**27**	**-1,343**	**-129**	**-1,214**				
Operating income before depreciation & amortization	**1,452**	**-66**	**31**	**1,417**	**113**	**1,304**				
Depreciation and amortization	-840									
Operating income	**612**									
Net finance costs	-37									
Share of loss on associates	-1									
Income before taxes	**574**									
Tax expense	-157									
Net income	**416**									
Attributable to :										
Equity holders of the parent (Group share)	402									
Non-controlling interests	14									

	30 September 2018								
	Group Proximus								
(EUR million)	Reported (IAS 17)	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	4,303	0	4,303	1,005	3,298	2,153	1,046	150	-51
Other revenues	31	-2	29	0	29	16	3	0	10
Total income	**4,335**	**-2**	**4,332**	**1,006**	**3,327**	**2,168**	**1,049**	**151**	**-41**
Costs of materials and services related to revenue	-1,572	0	-1,572	-770	-802	-499	-334	-27	57
Direct margin	**2763**	**-2**	**2761**	**236**	**2525**	**1669**	**716**	**124**	**16**
Workforce expenses	-931	37	-894	-67	-826				
Non workforce expenses	-480	23	-457	-56	-402				
Total other operating expenses	**-1,410**	**59**	**-1,351**	**-123**	**-1,228**				
Operating income before depreciation & amortization	**1,352**	**57**	**1,410**	**113**	**1,297**				
Depreciation and amortization	-763								
Operating income	**590**								
Net finance costs	-44								
Share of loss on associates	-1								
Income before taxes	**544**								
Tax expense	-144								
Net income	**399**								
Attributable to :									
Equity holders of the parent (Group share)	383								
Non-controlling interests	16								

7.9 Disaggregation of revenue

(EUR million)	As of 30 September 2019						
	Group	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue (underlying)	4,198	980	3,218	2,095	1,042	137	-56
Net revenue (incidentals)	0	0	0	0	0	0	0
Net revenue (reported)	**4,198**	**980**	**3,218**	**2,095**	**1,042**	**137**	**-56**
Other operating income (underlying)	37	3	34	19	5	0	10
Other operating income (incidentals)	4	0	4	0	4	0	0
Other operating income (reported)	**41**	**3**	**37**	**19**	**9**	**0**	**10**
Total income (underlying)	4,235	983	3,251	2,113	1,047	137	-46
Total income (incidentals)	4	0	4	0	4	0	0
Total income (reported)	**4,239**	**983**	**3,255**	**2,113**	**1,051**	**137**	**-46**

7.10 Group financing activities related to interest bearing liabilities

(EUR million)	As of 31 December 2018 IAS 17	As of 1 January 2019 IFRS 16	Cash flows	Non-cash changes	As of 30 September
Long-term					
Unsubordinated debentures	1,852	1,852	100	1	1,953
Credit institutions	403	403	0	0	403
Derivatives held for trading	4	4	0	1	5
Current portion of amounts payable > one year					
Credit institutions held to maturity	1	1	-1	0	0
Other financial debts					
Other loans	232	232	-231	0	1
Total liabilities from financing activities excluding lease liabilities	**2,492**	**2,492**	**-132**	**2**	**2,362**
Lease liabilities current and non current	5	290	-63	107	335
Total liabilities from financing activities including lease liabilities	**2,497**	**2,782**	**-195**	**109**	**2,697**

7.11 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;
- The categorization of the fair valued financial instruments within the fair value hierarchy;
- The fair valuation techniques used.

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

Fair Value and Fair Value Hierarchy

The following table shows the measurement categories under IFRS 9 for each class of assets and financial liabilities. It also includes the fair value hierarchy of the financial instruments and the valuation levels.

(EUR million)	As of 30 September 2019			
	Classification under IFRS 9	Carrying amount under IFRS 9	Fair value	Level
ASSETS				
Non-current assets				
Equity instruments	FVTOCI	1	1	
Other non-current assets				
Derivatives held for trading	FVTPL	6	6	Level 2
Other financial assets	Amortized cost	11	11	
Current assets				
Trade receivables	Amortized cost	1,012	1,012	
Interest bearing				
Other receivables	Amortized cost	5	5	
Non-interest bearing				
Other receivables	Amortized cost	2	2	
Investments	Amortized cost	4	4	
Cash and cash equivalents				
Short-term deposits	Amortized cost	93	93	
Cash at bank and in hand	Amortized cost	251	251	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	Amortized cost	1,953	2,125	Level 2
Credit institutions	Amortized cost	403	424	Level 2
Derivatives held for trading	FVTPL	5	5	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	141	141	
Current liabilities				
Interest-bearing liabilities				
Other loans	Amortized cost	1	1	
Trade payables	Amortized cost	1,242	1,242	
Other current payables				
Other debt	FVTPL	14	14	Level 3
Other amounts payable	Amortized cost	281	281	

FVTPL : fair value through profit and loss
FVTOCI : fair value through other comprehensive income

(EUR million)	As of 30 September 2018			
	Classification under IFRS 9	Carrying amount under IFRS 9	Fair value	Level
ASSETS				
Non-current assets				
Other non-current assets				
Derivatives held for trading	FVTPL	5	5	Level 2
Other financial assets	Amortized cost	11	11	
Current assets				
Trade receivables	Amortized cost	1,042	1,042	
Interest bearing				
Other receivables	Amortized cost	5	5	
Non-interest bearing				
Other receivables	Amortized cost	24	24	
Derivatives held for trading	FVTPL	0	0	Level 1
Investments	Amortized cost	4	4	
Cash and cash equivalents				
Short-term deposits	Amortized cost	40	40	
Cash at bank and in hand	Amortized cost	300	300	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	Amortized cost	1,852	1,959	Level 2
Credit institutions	Amortized cost	403	403	Level 2
Derivatives held for trading	FVTPL	4	4	Level 2
Non-interest-bearing liabilities				
Other non-current payables	Amortized cost	132	132	
Current liabilities				
Interest-bearing liabilities, current portion				
Credit institutions	Amortized cost	1	1	
Interest-bearing liabilities				
Other loans	Amortized cost	232	232	
Trade payables	Amortized cost	1,361	1,361	
Other current payables				
Other debt	FVTPL	39	39	Level 3
Other amounts payable	Amortized cost	305	305	

FVTPL : fair value through profit and loss
FVTOCI : fair value through other comprehensive income

Valuation technique

The Group holds financial instruments classified in Level 1, 2 and 3.

The valuation techniques for fair value measuring the Level 2 & 3 financial instruments are:

Other derivatives in Level 2

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

Unsubordinated debentures

The unsubordinated debentures are recognized at amortized costs.

In case of anticipated settlement, in the context of the Group portfolio restructuring, those debentures are measured at their transaction price once the transaction is binding for the Group. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at period end for similar debentures with the same remaining maturities.

Other debts in level 3

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

7.12 Contingent liabilities

Compared to the 2018 annual accounts, no change occurred during the first nine months of 2019 in the contingent liabilities other than those mentioned below.

BICS received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS in the period 1 April 2007 to 31 March 2010. BICS filed appeals against the above assessments with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. Furthermore, BICS is opposing the assessments in relation to the periods from 1 April 2008 to 31 March 2010 on procedural grounds. The amount of the contingent liability including late payment interest should not exceed EUR 28 million. BICS has not paid the assessed amounts and has not recorded a tax provision. Management assesses that the position as recognized in these financial statements reflects the best estimate of the probable final outcome.

Proximus has been informed that a Brussels investigating judge has decided, in the context of the GIAL case, to indict Proximus and to transfer the file to the prosecutor's office based on allegations of corruption and a breach of the freedom to submit offers, in the context of a procedure following a complaint.
Proximus formally denies having committed any offense in this case, however intends to reserve its arguments for the courts and not to make further comments on the case.
After having obtained access to the file, Proximus does not see any elements which may change its assessment. Proximus will continue to cooperate fully in the investigation. The final decision whether or not to prosecute falls under the responsibility of the Council chamber, which is expected in the coming months.

7.13 Post balance sheet events

No significant post balance sheet events have been identified.

7.14 Others

There has been no material change to the information disclosed in the 2018 annual consolidated financial statements in connection with related parties that would require disclosure under the Financial Reporting Framework.

8 Additional information

8.1 Reporting remarks

8.1.1 Rounding

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

8.2 From Reported to Underlying

	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
(EUR million)	Q3 '18	Q3 '19	Q3 '18	Q3 '19	YTD '18	YTD '19	YTD '18	YTD '19
Reported	1,441	1,407	454	477	4,335	4,239	1,352	1,452
Lease Depreciations	nr	0	nr	-21	nr	0	nr	-64
Lease Interest	nr	0	nr	-1	nr	0	nr	-2
Incidentals	-1	0	13	15	-2	-4	57	31
Underlying	1,440	1,407	468	470	4,332	4,235	1,410	1,417
Incidentals	-1	0	13	15	-2	-4	57	31
Capital gains on building sales	-1		-1		-2		-2	
Early Leave Plan and Collective Agreement			11	5			33	17
Shift to Digital plan*				9				10
M&A-related transaction costs			3	3			5	8
Change in M&A contingent consideration						-4		-4
Pylon Tax provision update (re. past years)				-1			21	-1

*The incidental costs related the to the Shift to Digital plan represent mainly exceptional costs linked to the optimization of Proximus' sales channel footprint following its increased focus on e-Sales.

8.3 Definitions

Adjusted Net Financial Position: refers to the total interest-bearing debt (short term + long term) minus cash and cash equivalents, excluding lease liabilities.

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

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

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

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

ARPU: Average Revenue per Unit.

Average Mobile data usage: calculated by dividing the total data usage of the last month of the quarter by the number of data users in the last month of the quarter.

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

Broadband access channels: ADSL, VDSL and Fiber lines. For Consumer this also includes Scarlet.

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

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

Capex: this corresponds to the acquisitions of intangible assets and property, plant and equipment, excluding Right of Use assets (leasing).

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

Convergence rate: percentage of convergent households/small offices on multi-play households/small offices

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

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

Domestic: defined as the Proximus Group excluding BICS.

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

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

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

Fixed Services Revenue: total underlying revenue from Fixed services (Fixed Voice, Broadband and TV).

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

Free Cash Flow: this is cash flow before financing activities, but after lease payments as from 2019.

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

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

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

Mobile customers: Voice and Data cards as well as Machine-to-Machine, and excludes all free Data cards. Active Prepaid customers are customers who have made or received at least one call and/or sent or received at least one SMS message in the last three months. An M2M card is considered active if at least one Data connection has been made in the last month. Postpaid customers paying a monthly subscription are by default active.

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

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

Net Financial Position: total interest-bearing debt (short and long term) minus cash and cash equivalents.

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

Other Operating Income: this relates to income from, for example, reimbursements from damages, employees, insurances , gain on disposal…

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

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

Reported Revenues: this corresponds to the TOTAL INCOME.

Terminals: this corresponds to devices for Fixed voice, Data, Mobile and related accessories. This excludes PABX, ICT products and TV CPE.

Underlying: refers to Revenue and EBITDA (Total Income and Operating Income before Depreciation and Amortization) adjusted for lease depreciations and interest as from 2019 and for incidentals in order to properly assess the ongoing business performance.

Wholesale: Proximus' unit addressing the telecom wholesale market including other telecom operators (incl. MVNOs) and ISPs.

Workforce expenses: expenses related to own employees (personnel expenses and pensions) as well as to external employees.

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

8.4 Management statement

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") as adopted by the EU, give a true and fair view of the assets, financial position and results of Proximus and of the entities included in the consolidation. The financial report gives an accurate overview of the information that needs to be disclosed. The Executive Committee is represented by Sandrine Dufour, Chief Executive Officer a.i., Kathleen Vandeweyer, Chief Financial Officer a.i., Bart Van Den Meersche, Chief Enterprise Market Officer, Guillaume Boutin, Chief Consumer Market Officer, Geert Standaert, Chief Technology Officer, Renaud Tilmans, Chief Customer Operations Officer, Jan Van Acoleyen, Chief Human Resources Officer, and Dirk Lybaert, Chief Corporate Affairs Officer.

8.5 Financial calendar (dates could be subject to change)

6 December 2019	Payment of Interim dividend
13 January 2020	Start of quiet period ahead of Q4 2019 results
21 February 2020	Announcement of Q4 2019 results
13 April 2020	Start of quiet period ahead of Q1 2020 results
15 April 2020	Annual General Meeting of Shareholders
30 April 2020	Announcement of Q1 2020 results
13 July 2020	Start of quiet period ahead of Q2 2020 results
31 July 2020	Announcement of Q2 2020 results
12 October 2020	Start of quiet period ahead of Q3 2020 results
30 October 2020	Announcement of Q3 2020 results

8.6 Contact details

Investor relations
+32 2 202 82 41
investor.relations@proximus.com
www.proximus.com/en/investors

8.7 Investor and Analyst Conference Call

Analyst conference call details

Proximus will host a conference call for investors and analysts on Friday 25 October 2019.

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

Dial-in UK	+44 20 7194 3759
Dial-in USA	+1 646 722 4916
Dial-in Europe	+32 2 403 5816
Code	17782249#