

# Half-Year results 2008

25 July 2008

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# Highlights H1 2008

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# Group financial and operational results H1 2008

- Group revenue of € 2,962 mn (-2.5%\* yoy or € -77 mn), including € 76 mn regulation impact

<i>year-over-year variance in million €</i>	CBU	EBU	SDE	S&S	ICS	Inter- segment	Non- recurring revenue	Group
<b>Total revenue variance</b>	<b>-17</b>	<b>-26</b>	<b>-65</b>	<b>-13</b>	<b>14</b>	<b>22</b>	<b>8</b>	<b>-77</b>
Roaming regulation impact	-9	-20	-15					-44
MTR regulation impact	-12	-8	-1			5		-16
Decrease of Fixed to Mobile tariffs	-6	-10						-16
One time gains				-13				-13
National transit traffic decrease			-25			21		-5
Disposal of Certipost							8	8
Remaining variance	10	12	-24	0	14	-4	0	8

- Excluding regulation, H1'08 revenue of CBU and EBU both grew by 0.9%
- Yoy revenue variance from €-46 mn (-3%) for Q1 to €-31 mn (-2.0%) for Q2
- Capex in second quarter impacted by renewed Broadcasting rights of Belgian football for amount of € 105 mn
- Solid operational results despite very competitive market:
  - Total of 78,000 packs sold in H1'08
  - Increase of 145,000 mobile customers in H1'08
  - TV customer growth of 86,000 in H1'08
  - Broadband customers: +58,000

\* Including non-recurring revenue of €8 million realized on sale of Certipost

# Group – Result summary

Key group financials	H1 '07	H1 '08	var.
<i>in € million</i>			
Revenue	3,039	2,962	-2.5%
<i>of which non-recurring revenues</i>	0	8	
EBITDA	1,079	1,024	-5.1%
EBITDA margin	35.5%	34.6%	
EBIT	695	651	-6.3%
Net Income	564	471	-16.5%
EPS	1.69	1.43	-15.0%
Capex	-279	-370	32.6%
FCF	607	336	-44.7%
Net debt	-1,541	-1,537	-0.3%

Key group operationals	FY'07	H1'08	var.
<i>in '000</i>			
Voice Access Lines*	3,906	3,802	-103
Mobile Active customers	4,620	4,765	145
Broadband lines	1,237	1,295	58
TV subscribers	305	391	86
Packs	153	231	78
<i>in %</i>			
Mobile penetration	100.0%	103.4%	+3.4pp
Mobile value MS**	50.1%	49.8%	-0.3pp
Mobile churn	15.7%	17.2%	+1.5pp
FTE	17,833	17,428	-405

\* including VoIP

\*\* excluding retro-active changes MTR

- **Yoy revenue variance of €-77 mn explained by:**
  - Mobile regulation: €-76 mn due to timing of regulation (MTR & Flow through to F2M traffic mainly impacting H2 '07 result, Roaming mainly as of Q4 '07)
  - One-time gains in H107 revenue: €-13 mn
  - Reduced rates/ max. calling time Pay services
  - Sale of Certipost in Q2 '08: €+8 mn
- **Yoy EBITDA variance of €-55 mn:**
  - Positive cost evolution of €22 mn partly compensated the revenue decline of €77 mn
- Belgacom continues to generate a **solid FCF**. Yoy FCF decrease mainly linked to disposal of remaining interests in Mobistar and Eutelsat in Q1'07.

- **Operational results for H1 2008:**
  - **Stabilizing Voice line loss:** -103,000, positive impact of VoIP (17,000)
  - **+145,000 mobile customers** (65,000 in H1'07)
  - **+ 58,000 Broadband customers** (45,000 in H1'07)
  - **+78,000 Packs**
  - **+ 86,000 Belgacom TV customers** (52,000 in H1'07)

## Group 2008 full-year guidance

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Belgacom has not been immune to the general economic pressure which is mainly reflected in its ICT performance. In spite of this Belgacom still expects to **stay within the stated EBITDA margin range of 33%-34%**.

The weaker ICT performance and lower than expected roaming-out volumes in the latter part of first half 2008 will however have an impact on the full-year Group revenue. Therefore **Belgacom adjusts its full-year revenue guidance to an estimated decline for 2008 of around 2%** compared to the previous stated guidance of "revenue decline up to 1%".

**The Belgacom group capex** in percentage of revenue, **is still expected to be 11%**, excluding the renewal of the Belgian first division soccer rights.

# Performance versus updated guidance

FY guidance	Q108 Result	Q208* Result	H108* Result
▪ Group revenue decline of around 2%	-3.0%	-2.6%	-2.8%
▪ Group EBITDA Margin: between 33% and 34%	35.3%	33.5%	34.4%
▪ Group Capex around 11% of total Group revenue	8.7%	9.2%	9.0%
▪ Belgacom TV net adds: add at least the same number of subscribers as in 2007	43,931	42,210	86,141

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\*based on revenue before non-recurring items; capex excluding renewal broadcasting rights of Belgian first division football championship

## Shareholder return

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Belgacom management strongly believes in its strategy and the potential of its business going forward.

Therefore Belgacom will launch a buyback program for a total amount of € 200 million approved by the Board of Directors.



# Consumer Business Unit

(CBU)

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# CBU - Highlights H1 2008

- Operational performance:
  - Solid growth for **Belgacom TV**, adding 86,141 customers in H1'08. End of June, TV customer base reached 391,460.
  - **78,000 packs sold in H1, leading to total of 230,559** end of June 2008
  - 89,701 **Mobile customers** added in H1
  - **Broadband** growth of 42,155 in H1'08 mainly driven by active migration to narrowband in Q1'08
  
- **CBU Revenues** impacted by regulation - excluding regulation impact, revenue increased by 0.9% YoY.
  
- Growth in Data revenue & TV limits the decline in voice revenue
  
- Positive yoy cost evolution (-2.3%) partly compensating the revenue decline, leading to a slight EBITDA decline (0.7%)

# CBU - Summary operational & financial result

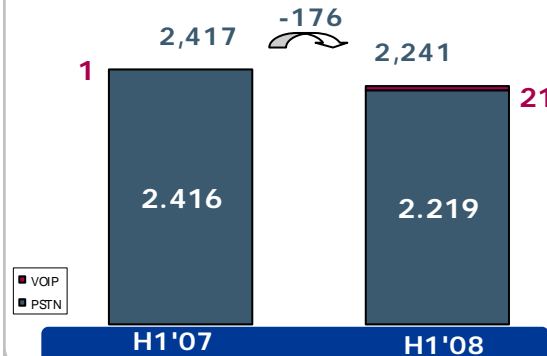
Operational result	H1'07	H1'08	Var.
<b>Net adds ( '000)</b>			
<i>Fixed Voice Access lines</i>	-82	-88	6
<i>Mobile active customers</i>	53	90	37
<i>Broadband Lines</i>	34	42	8
<i>TV Subscribers</i>	52	86	34
<b>ARPU (EUR/month)</b>			
<i>Fixed Voice</i>	22.2	21.4	-3.7%
<i>Blended net ARPU - Mobile</i>	25.7	23.5	-8.7%
<i>ARPU broadband - Fixed</i>	30.3	30.4	0.4%
<i>Belgacom TV</i>	14.6	17.5	19.6%
<b>Financial result</b>			
	H1'07	H1'08	Var.
<b>Total Revenue</b> (in million €)	<b>1,117</b>	<b>1,101</b>	<b>-1.5%</b>
<i>Costs of materials/charges to revenue</i>	-262	-250	-4.5%
<i>Personnel expenses and pensions</i>	-161	-159	-1.2%
<i>Other operating expenses</i>	-128	-129	0.7%
<b>Total OPEX</b>	<b>-552</b>	<b>-539</b>	<b>-2.3%</b>
<b>Total result CBU</b> (in million €)	<b>566</b>	<b>562</b>	<b>-0.7%</b>
<i>Segment contribution margin</i>	50.6%	51.1%	

# CBU - Voice - Fixed

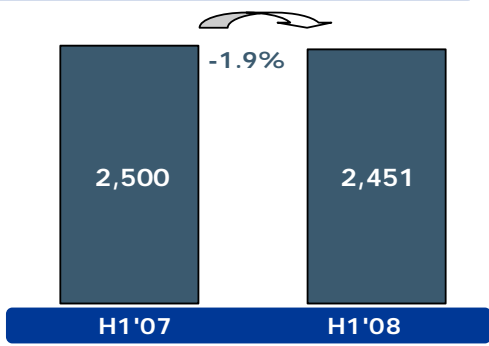
CBU Voice net line loss\* (000)



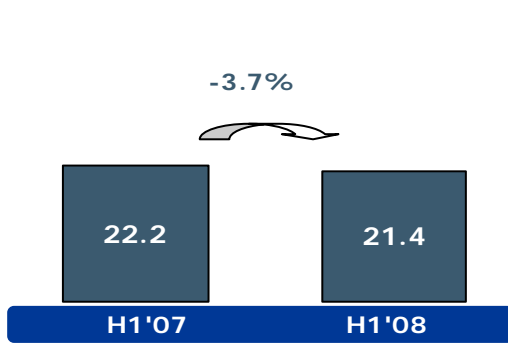
CBU Voice lines\* EOP (000)



CBU Voice traffic (million min)



CBU Voice ARPU EUR/month

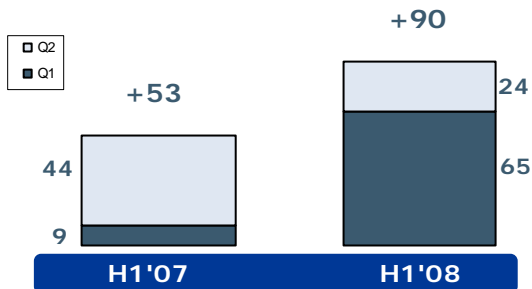


- Limited **Fixed Voice line erosion** in Q2'08. Line loss partly compensated by new VoIP customers (+15,290 in H1).
- **Fixed Voice ARPU decrease** mainly driven by the flow through of MTR regulation in fixed to mobile tariffs and flat rate pricing plans
- **Voice Traffic decline** of 1.9% mainly due to access lines loss

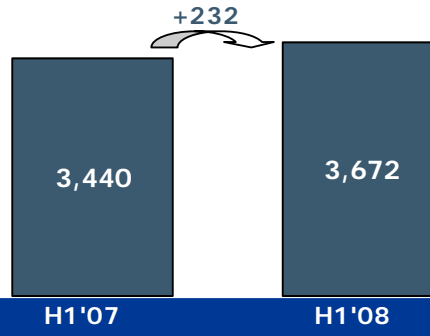
\* Including VoIP lines

# CBU - Voice – Mobile

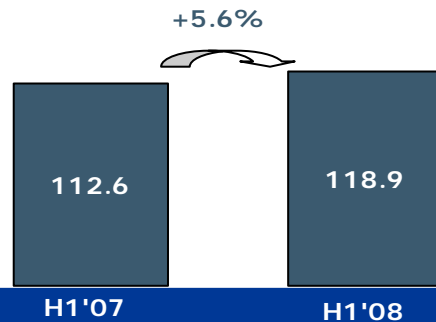
CBU mobile customer Growth (000)



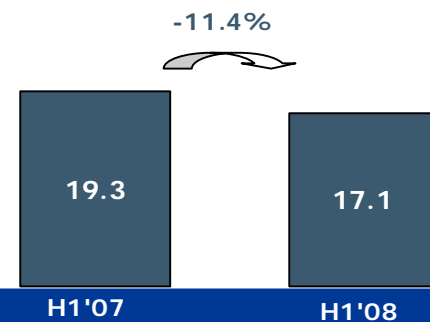
CBU mobile customers EOP (000)



CBU mobile MOU min/month



CBU Blended net voice ARPU EUR/month



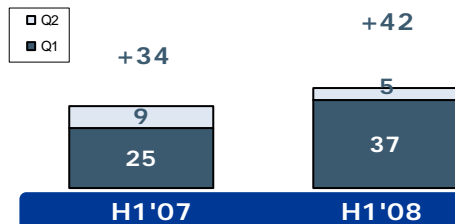
- **89.701 net adds** acquired in H1'08, primarily in Q1. Q2'08 marked by decrease in net adds from MVNO activities (End June: 84,000 MVNO customers)
- YoY **retail\* churn** increased from 17% to 19.4% as a consequence of a change in usage towards more multi-card /calling card usage
- **Mobile Voice ARPU** impacted by **regulation** and the migration to **low-end pricing plans**. Excl. regulation, ARPU declined by 6.5%
- **Increase of MoU** by 5.6% is fully linked to an increase of free traffic

\*excluding MVNO activities

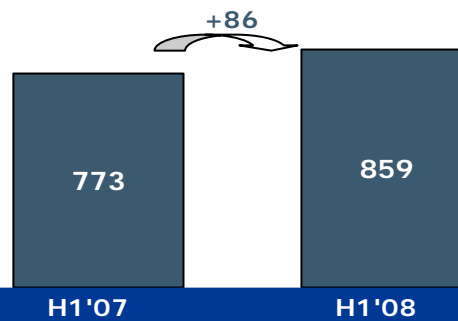
# CBU - Data - Fixed

- **Broadband growth** of 42,155 lines in H1'08 mainly driven by active migration from narrowband internet access, boosting the Q1 volume growth.
- Net additions in Q2 were impacted by
  - seasonality effect
  - lower flow-in from narrowband due to active migration in Q1
- CBU **Broadband ARPU** slightly increased 0.4%

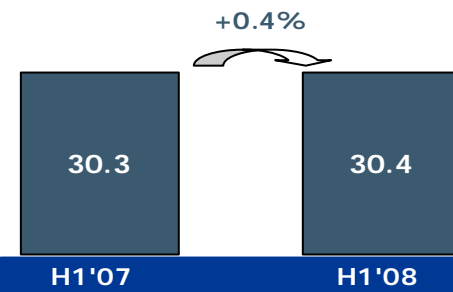
CBU Broadband Growth  
(000)



CBU Broadband  
lines EOP (000)

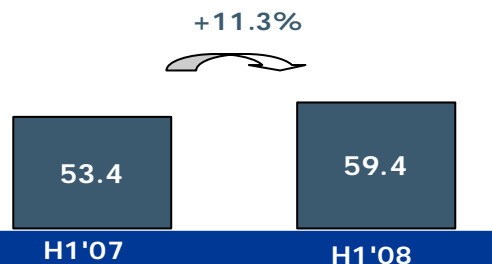


CBU Broadband ARPU  
EUR/month

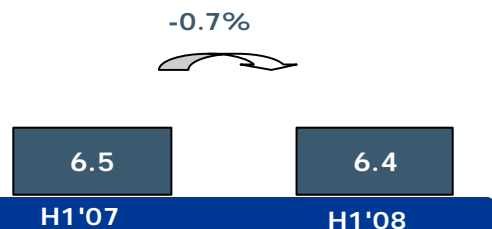


# CBU - Data - Mobile

## CBU Normalized SMS\* units/month



## CBU Blended net data ARPU EUR/month



- Total number of **SMS/month/user** increased 33% to 103.5 primarily driven by the introduction of offers including free SMS. Excluding the free usage, SMS traffic is growing by 11.3%
- Data including advanced data – after credits & discounts - represents 26% of total mobile revenues and is growing by 5.9% compared to H1'07.
- Mobile Data ARPU\*\* fairly flat as increased SMS traffic is offset by lower average SMS rates, resulting from conversions to 'cheaper pricing plans'.

	YTD June '07	YTD June '08	Variance
<b>Mobile DATA revenue</b>	<b>132</b>	<b>139</b>	<b>5,9%</b>
Data - SMS	100	105	5,4%
Advanced data	32	34	7,3%
<b>% in Mobile Data revenue</b>			
Data SMS	76%	75%	
Advanced data	24%	25%	

\* Normalized SMS/per month per user: SMS excluding free usage

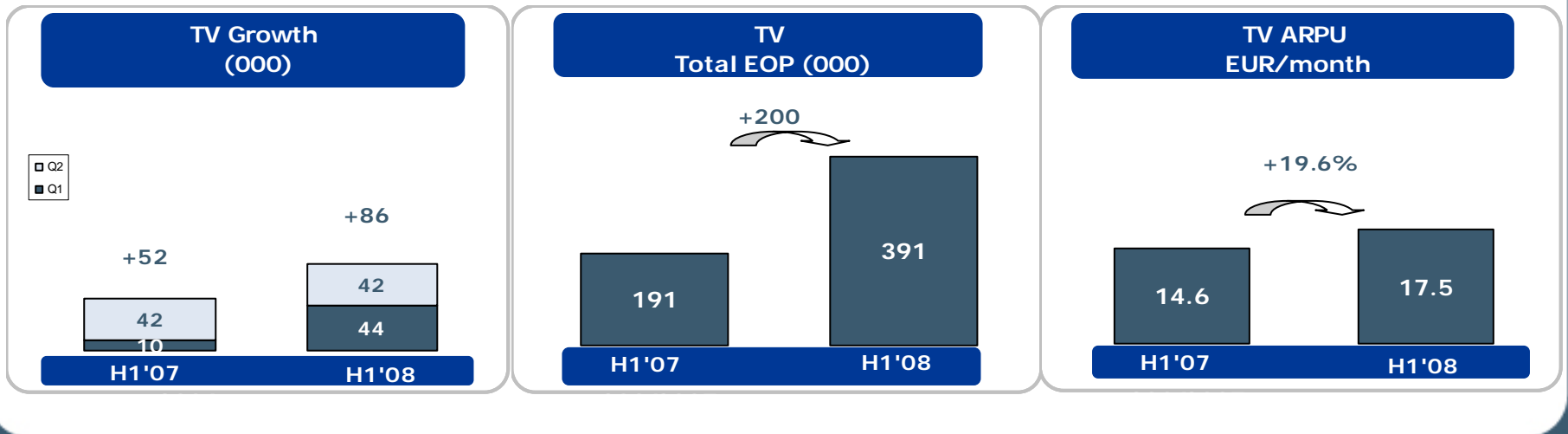
\*\*blended postpaid/prepaid and including credits & discounts Slide 15

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# CBU - Belgacom TV

## Continued strong TV customer growth

- **TV customer basis grew by 86,141** subscribers in H1 2008.  
YoY 200,112 customers have been added driven by the success of packs including Belgacom TV. Total TV customer base at the end of H1 2008 of 391,460
- **TV ARPU growth** is driven by an increase in TV and Video on demand and additional services such as comfort view and thematic bouquets

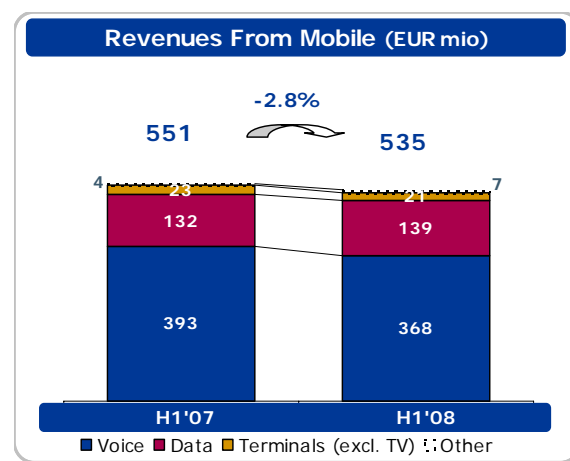
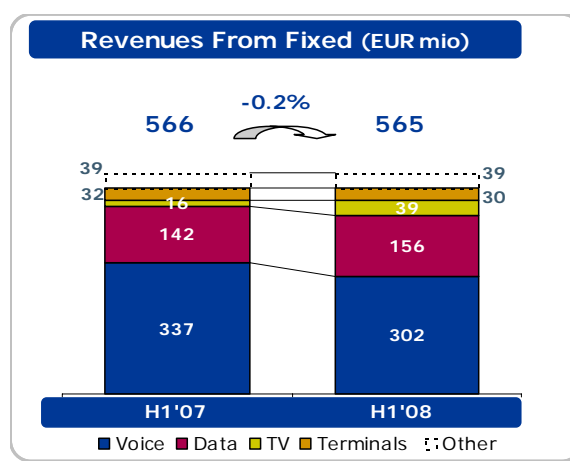
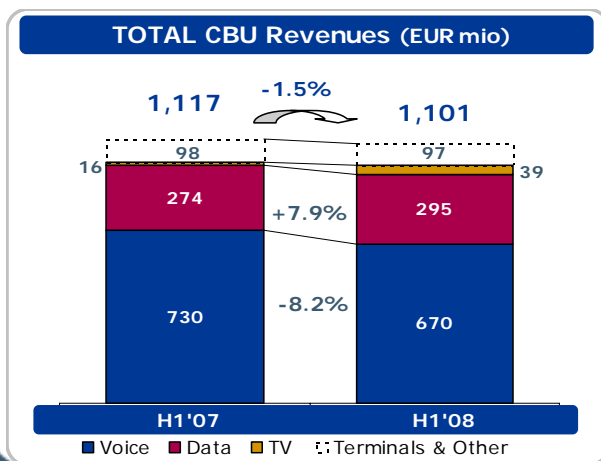




# CBU - revenue

**Total revenue decline of 1.5% driven by regulation impacts.  
Excluding regulation, CBU revenue increased 0.9% year-over-year.**

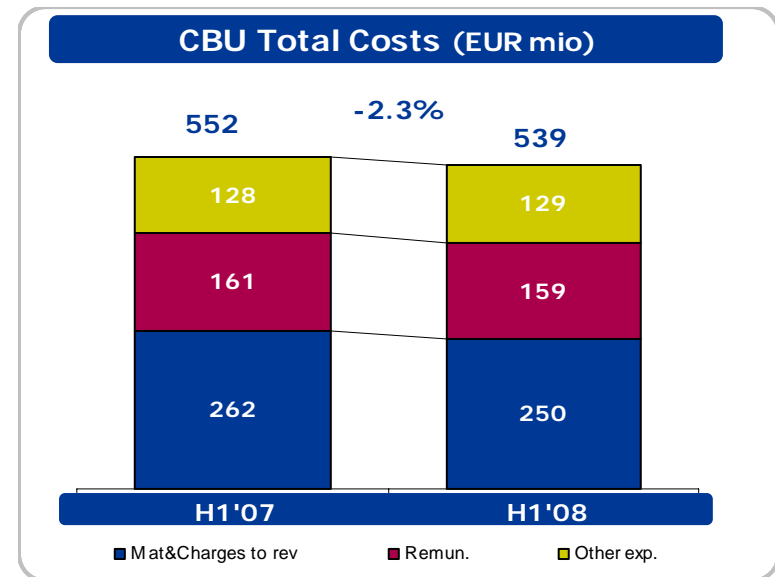
- Growth in data (+7.9%) and TV partly compensates the decline in voice revenue (-8.2%)
- **Revenue from fixed** slightly decreased by 0.2%
  - Continued pressure on voice revenue caused by the flow through of MTR regulation to fixed-to-mobile tariffs and line losses; excluding regulation fixed revenue increased by 0.8%
  - The growth in TV and data fully offsets the decline in traditional fixed voice
- **Revenue from mobile** decreased 2.8%
  - The decline in revenue is a full consequence of the regulation impacts. Excluding regulation, CBU mobile revenues increased by 0.9%.



# CBU - costs

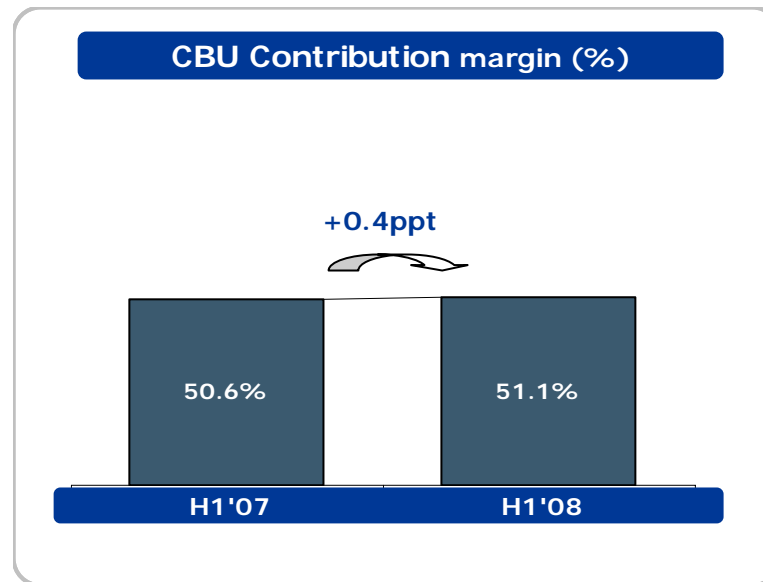
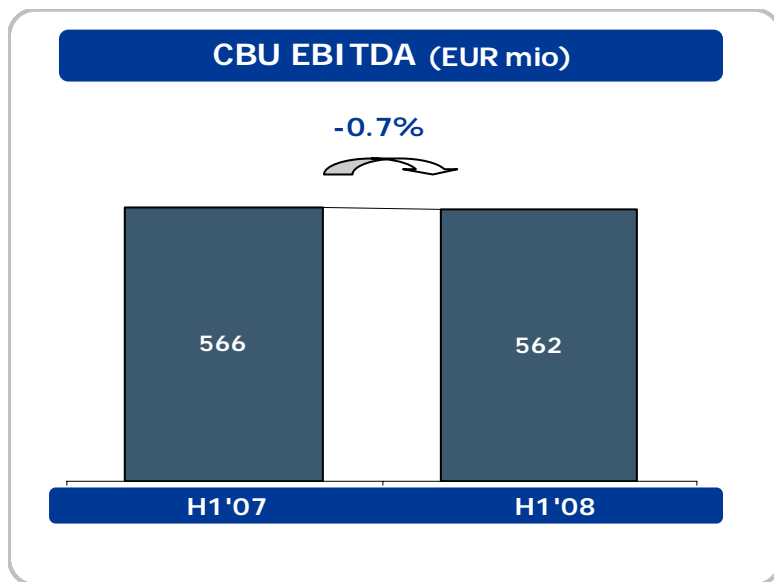
*Compared to H1'07, CBU improved its cost basis by 2.3%*

- **Cost of materials & charges to revenue** declined by 4.5% driven by lower roaming charges, despite retro-active change MTR tariffs (of which part is still disputed)
- **Personnel expenses** and pensions declined by 1.2% driven by lower number of FTE's, offsetting the annual wage increase and indexation.
- **Other operating expenses** increased by 0.7% driven by timing of expenses.



# CBU - EBITDA & Contribution margin

- CBU **EBITDA** declined by 0.7% mainly as a result of regulation.
- Compared to H1 '07, the **Contribution margin** increased by 0.4 ppt to reach a level of 51.1%.



# Enterprise Business Unit (EBU)

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# EBU - Highlights H1 2008

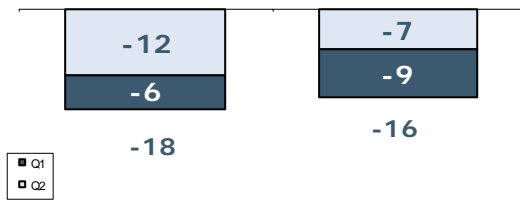
- Stable operational performance for EBU:
  - Solid **Broadband** growth in H1'08 (+16,000)
  - Continued **Mobile customer** growth (+55,000); slight increase compared to H1'07
  - **Voice access line** loss of 16,000 and slowing down in Q2 to -7,000
- Total **revenue** decline of -1.8%, fully driven by regulation. Excluding regulation, total EBU revenue increased by 0.9%.
  - Revenue from Fixed impacted by lower Fixed to Mobile rates, ongoing substitution to Data usage and limited ICT growth (2.2%)
  - Revenue from Mobile fully due to regulation, excluding regulation revenue grows 6.8%
- Q2 revenue decline limited to -1.2% whereas this was -2.5% for Q1
  - Revenue from Mobile: grows 0.7% in Q208, compared to -0.7% in Q1
  - Revenue from Fixed: decrease of 2.1% compared to decline of 3.2% in Q1
- **Growth in mobile data** (+35.3%) fully offsets the pressure on mobile voice revenue.
- Favorable cost evolution could not fully offset regulation pressure on revenue, resulting in **EBITDA** decrease of 8 million or -1.2%

# EBU - Summary operational & financial result

Operational result	H1'07	H1'08	Var.
<b>Net adds</b> ('000)			
<i>Fixed Voice Access lines</i>	-18	-16	2
<i>Mobile active customers</i>	52	55	3
<i>Broadband Lines</i>	15	16	1
<b>ARPU</b> (EUR/month)			
<i>Fixed Voice</i>	34.6	32.5	-6.2%
<i>Mobile net ARPU</i>	70.4	62.8	-10.8%
<i>ARPU broadband - Fixed</i>	42.0	40.8	-2.8%
<b>Financial result</b>			
	H1'07	H1'08	Var.
<b>Total Revenue</b> (in million €)	<b>1,391</b>	<b>1,365</b>	<b>-1.8%</b>
<i>Costs of materials/charges to revenue</i>	-459	-431	-6.0%
<i>Personnel expenses and pensions</i>	-205	-204	-0.7%
<i>Other operating expenses</i>	-76	-87	15.0%
<b>Total OPEX</b>	<b>-740</b>	<b>-722</b>	<b>-2.4%</b>
<b>Total result EBU</b> (in million €)	<b>651</b>	<b>643</b>	<b>-1.2%</b>
<i>Segment contribution margin</i>	46.8%	47.1%	

# EBU - Voice - Fixed

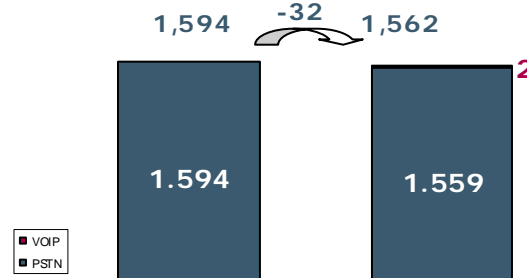
EBU Voice net line loss\* (000)



H1'07

H1'08

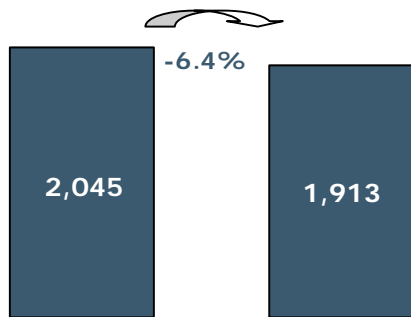
EBU Voice lines\* EOP (000)



H1'07

H1'08

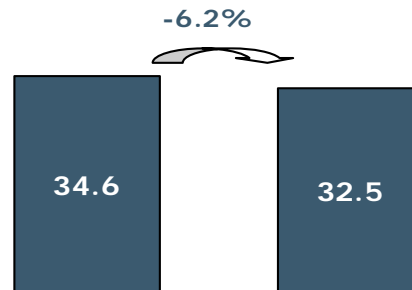
EBU Voice traffic (million min)



H1'07

H1'08

EBU Voice ARPU EUR/month



H1'07

H1'08

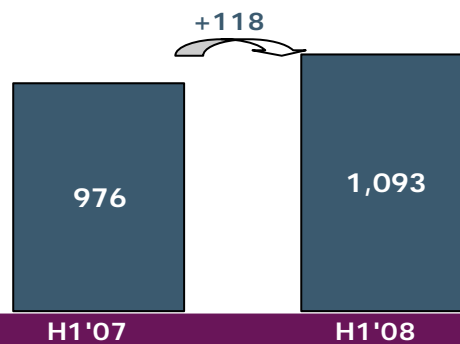
- Stabilized voice access **line loss** with a deceleration of line loss in Q2'08; EBU added 2,000 **VoIP** lines in H1'08
- Fixed Voice Traffic** impacted by:
  - Substitution of voice by data and mobile traffic
  - Fixed voice line loss
- Fixed Voice ARPU** decrease driven by:
  - Flow through of MTR cut in F2M tariffs
  - Fixed voice traffic decline

# EBU - Voice - Mobile

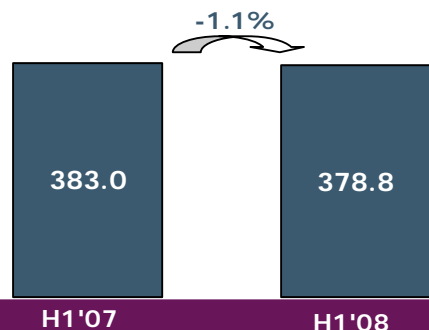
EBU mobile customer Growth (000)



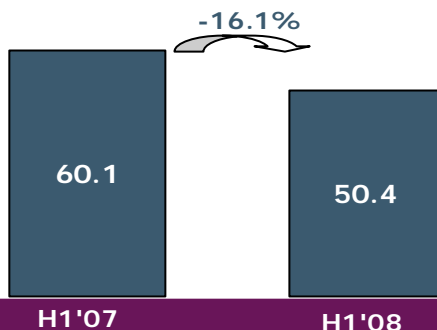
EBU mobile customers EOP (000)



EBU mobile MoU (min)



EBU net voice ARPU EUR/month

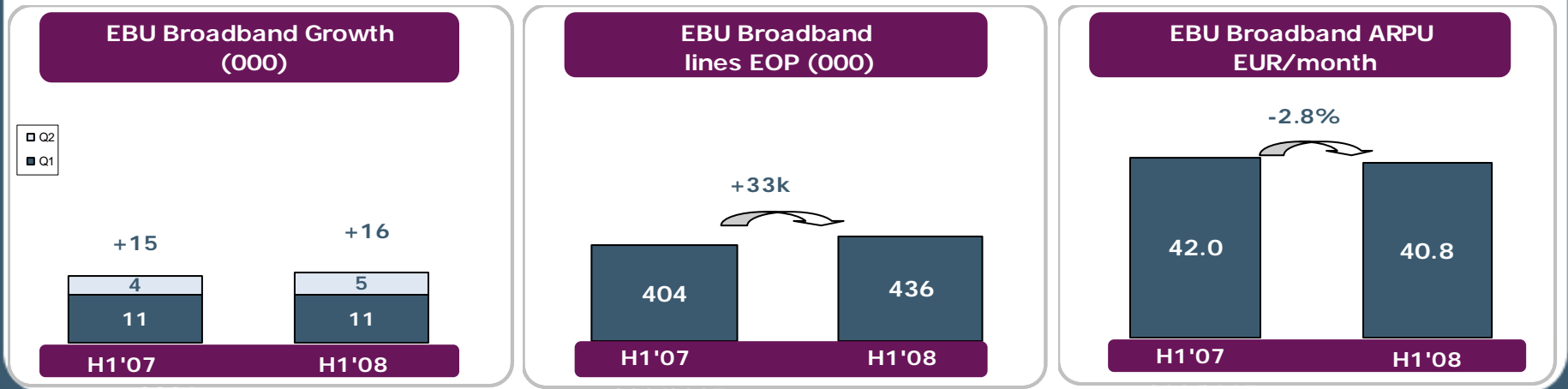


- Solid Mobile customer growth. End of June '08 EBU **Mobile customer base** counted 1,093,327 customers
- **Net Voice ARPU** decreased 16.1% yoy:
  - Large part driven by Roaming & MTR regulation. Excluding regulation, decline of 8.9%
  - Remaining decline of ARPU due to pricing plans and credits&discounts
- **Yoy Mobile churn** increased slightly from 9.4% to 9.8%; however churn in Q2'08 slightly improved compared to Q1'08



# EBU - Data - Fixed

- Stable broadband growth
  - Yoy EBU added 33,000 Broadband customers, of which 16,000 in the first half of 2008.
  - Broadband ARPU decrease due to promotions, mainly affecting Q1.



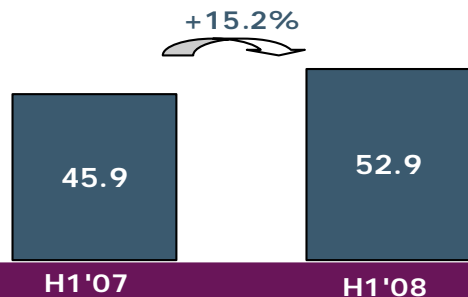
\*: incl small business

Slide 25

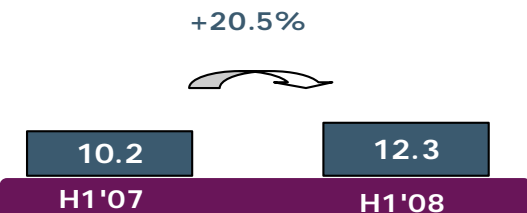
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# EBU - Data - Mobile

## EBU SMS (units)



## EBU net data ARPU EUR/month



- Growing number of **SMS** (+15.2%) driven by:
  - trend to include mobile subscription in remuneration package of employees
  - “SMS-generation” entering the free profession market
- Due to increasing mobile internet customer base, “**Advanced**” data revenue\* grows by 47.7% compared to H1'07 and represents 64% of total mobile data revenue
- **Mobile net data ARPU** increased by 20.5% thanks to growth of mobile internet cards

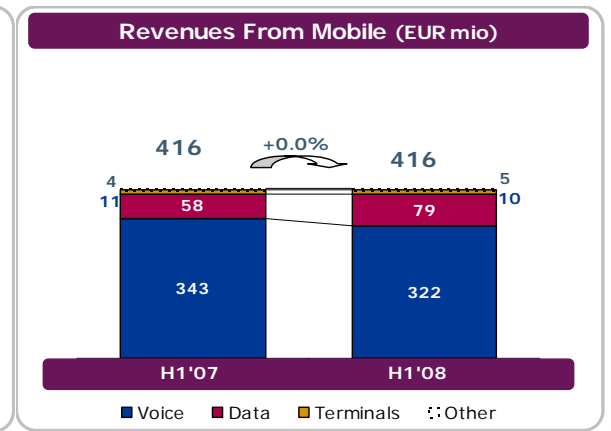
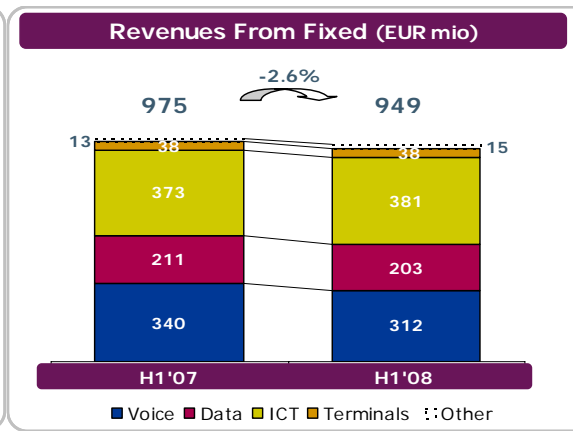
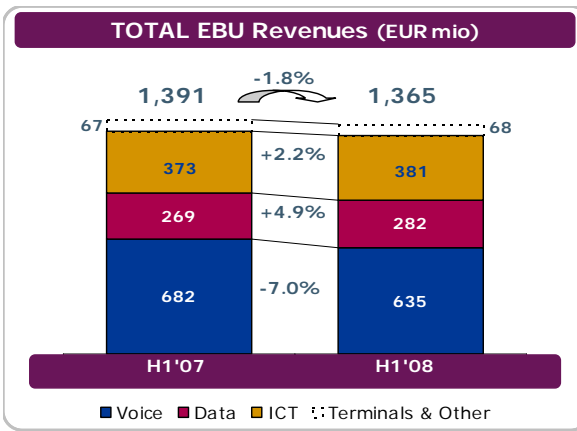
	YTD June '07	YTD June '08	Variance
<b>Mobile DATA revenue</b>	<b>58</b>	<b>79</b>	<b>35.3%</b>
Data - SMS	24	28	17.5%
Advanced data	34	51	47.7%
<b>% in Mobile Data revenue</b>			
Data SMS	41%	36%	
Advanced data	59%	64%	

\* incl. Credits & discounts

# EBU revenue

*EBU revenue decline of 1.8% fully due to mobile regulation. Excluding regulation, revenue increased 0.9% yoy, driven by growth in mobile data*

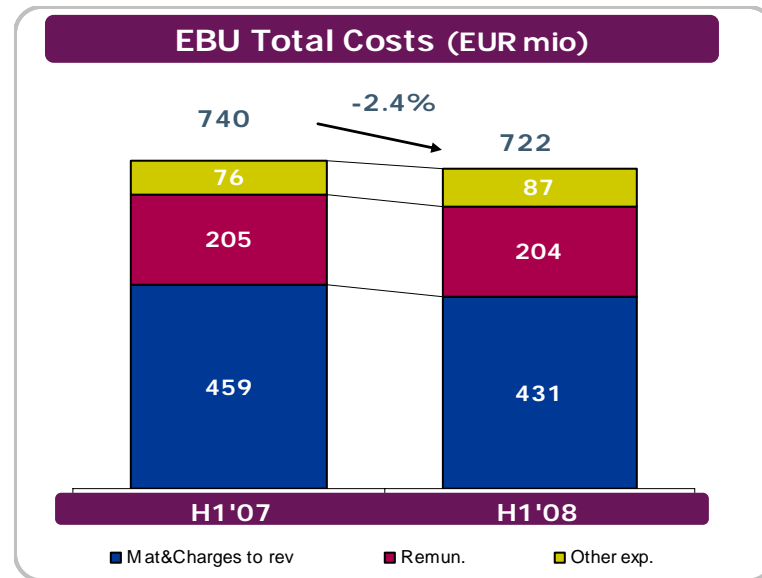
- Yoy revenue variance improved in **Q2'08 to -1.2%** compared to -2.5% in Q1
- **H1'08 revenue from fixed:** € -26 million or -2.6% yoy, excluding regulation limited to -1.6%
  - ICT grows by 8 mio or 2.2% yoy driven by ISIT
  - Decline in Data Revenue (-€7 mio) results from the disposal of satellites activities
  - Fixed voice revenue under pressure due to decrease in F2M tariffs, substitution of voice by data and mobile traffic and fixed line losses
- **H1'08 revenue from mobile:** stable, excluding mobile regulation revenue up by 6.8%
  - Growth in Mobile data (+€21 mio or 35%) fully offsets the regulation pressure on mobile voice
  - Advanced data grew by 47.7% yoy and represents 64% of total mobile data revenue



# EBU costs

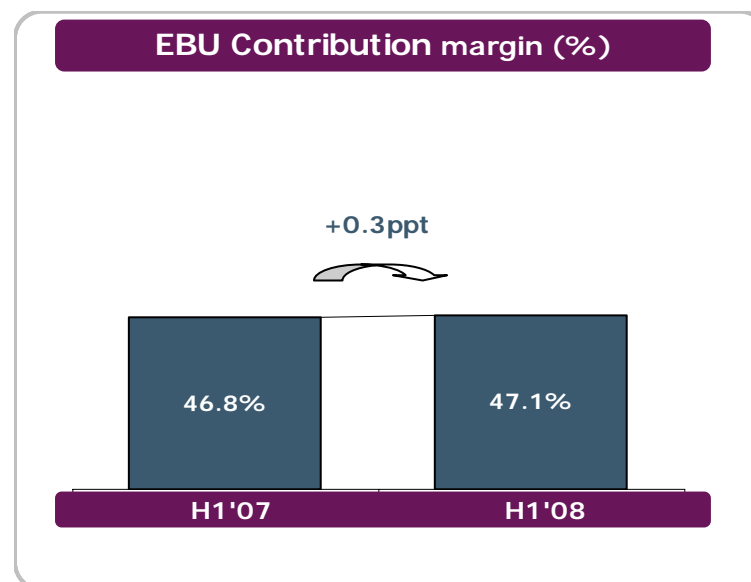
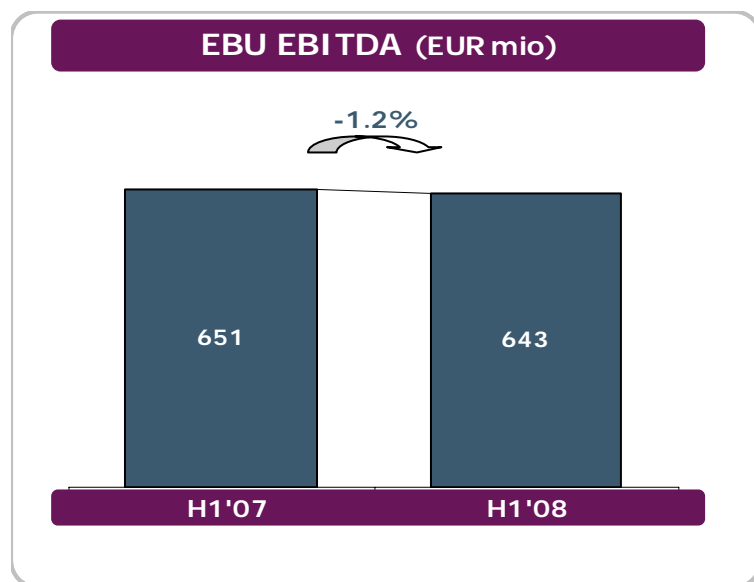
*YoY EBU costs show a favorable evolution of 2.4%*

- The decrease in **EBU cost of materials & charges to revenue** of -27 million or 6.0% is mainly explained by
  - the favorable impact of the regulation on roaming & termination costs
  - The disposal of Satellites business
  - Positive yoy variance for Q2 limited due to impact of retroactive change of MTR tariffs (of which part is still disputed)
- **Personnel expenses and pensions** declined by 0.7% to EUR 204 million as a result of lower severance payments and the FTE decrease
- Other operating expenses in Q2 impacted by a one-time cost related to Telindus International and a provision for legal cases.



# EBU EBITDA & Contribution margin

- Positive evolution of Operating Expenses (€18 million) not fully compensates for the revenue decline (€-26 million) and leads to a yoy **EBU EBITDA** decrease of -1.2% to EUR 643 million
- Compared to H1'07, the **Contribution margin** increased by 0.3ppt to reach a level of 47.1%



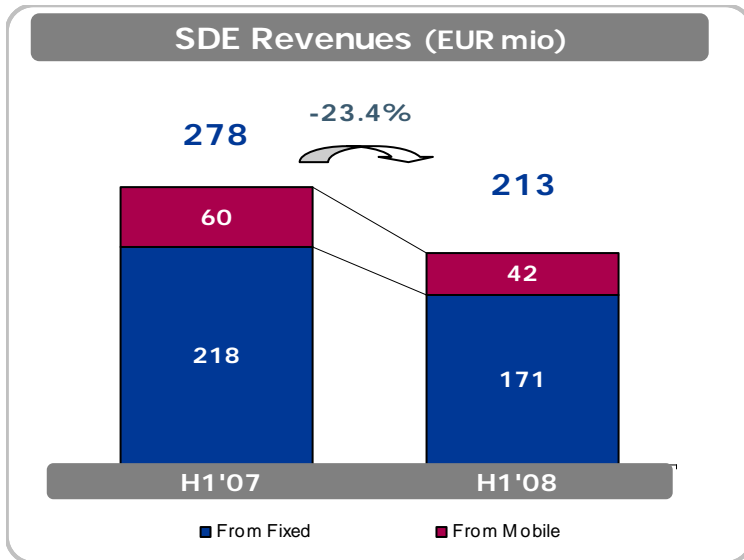
# Service Delivery Engine (SDE)

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# SDE – Summary financial result – revenue

## Summary financial result

<i>in million €</i>	H1'07	H1'08	Var.
<b>Total Revenue</b>	<b>278</b>	<b>213</b>	<b>-23.4%</b>
<i>Costs of materials/charges to revenue</i>	-85	-53	-38.5%
<i>Personnel expenses and pensions</i>	-112	-108	-3.9%
<i>Other operating expenses</i>	-80	-90	13.3%
<b>Total OPEX</b>	<b>-277</b>	<b>-251</b>	<b>-9.6%</b>
<b>Total result SDE</b>	<b>1</b>	<b>-38</b>	<b>-</b>
<i>Segment contribution margin</i>	0%	-18%	



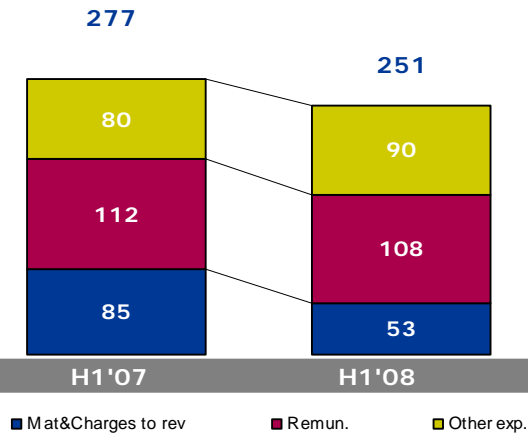
**SDE revenue** decrease yoy by €65 million, mainly due:

- Change in routing of Proximus-Base traffic from Transit to direct interconnect (EUR -25 million, largely eliminated on Group level),
- regulation **roaming-in** rates (EUR -15 million),
- lower **interconnect traffic** revenue from Pay services (Royal Decree)
- lower revenue from **regulated products** due to cut in broadband prices, shift to lower priced broadband products & slowdown growth

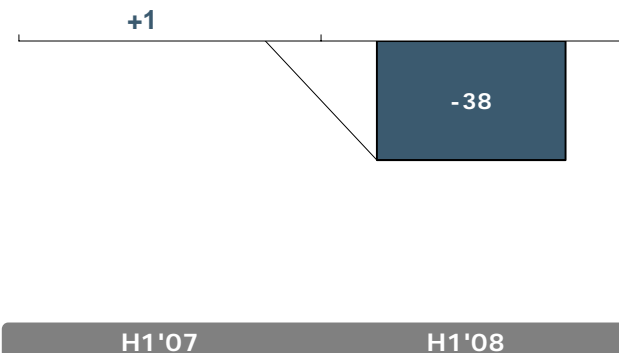
# SDE costs & EBITDA

- Lower **cost of materials/charges to revenue** (yoy €-32 million) result from the decline of Proximus transit traffic (mainly eliminated on Group level) and lower interconnect volumes (VAS traffic)
- Favorable evolution of the **personnel expenses** thanks to lower headcount
- **Other operating expenses** influenced by one time credit note in 2007 and higher costs related to studies for IT application & enhancements
- Significant impact on **EBITDA** of decline of roaming-in revenue and increase of other operating expenses.

## SDE Total Costs (EUR mio)



## SDE EBITDA (EUR mio)





# Staff & Support (S&S)

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# S&S - Highlights and summary financials

## H1 2008 highlights

- Revenue evolution of € -13 million is due to one-time gains realized in first semester of 2007.
- Increase in other operating expenses due to set-up of provision for renting charges as Proximus building is gradually emptied before end of contract

## Summary financial result

<i>in million €</i>	H1'07	H1'08	Var.
<b>Total Revenue</b>	<b>29</b>	<b>16</b>	<b>-44.0%</b>
<i>Costs of materials/charges to revenue</i>	-1	-2	43.4%
<i>Personnel expenses and pensions</i>	-84	-81	-3.5%
<i>Other operating expenses</i>	-107	-114	6.4%
<b>Total OPEX</b>	<b>-192</b>	<b>-196</b>	<b>2.4%</b>
<b>Total result Staff &amp; Support</b>	<b>-162</b>	<b>-180</b>	<b>10.8%</b>
<i>Segment contribution margin</i>	-	-	

# International Carrier Services (ICS)

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# ICS – Highlights H1 2008

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- Total ICS revenue increase of 3.8% compared to H1'07
- Strong growth in Voice volumes of 13.8%. However positive effect on voice revenue for great part offset by decrease in mobile termination rates & weak dollar.
- Growth in mobile data revenue of 36.6% driven by increase in signalling and SMS transit volumes
- Direct margin increased yoy by 12% due to favourable evolution of product mix

\*MTN Group is leading provider of cellular and communications services in Africa

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# ICS - Summary operational & financial result

	H1'07	H1'08	Var.
<b>Voice volumes (billion of minutes)</b>	<b>6,64</b>	<b>7,56</b>	<b>13,8%</b>
<i>Total to fixed destinations</i>	3,17	3,37	6,5%
<i>Total to mobile destinations</i>	3,48	4,19	20,4%
<b>Total Revenue</b>	<b>361</b>	<b>375</b>	<b>3,8%</b>
<i>Costs of materials/charges to revenue</i>	-309	-317	2,5%
<i>Personnel expenses and pensions</i>	-10	-10	7,1%
<i>Other operating expenses</i>	-19	-19	2,1%
<b>Total OPEX</b>	<b>-338</b>	<b>-347</b>	<b>2,6%</b>
<b>Total result ICS</b>	<b>23</b>	<b>28</b>	<b>22,0%</b>
<i>Segment result margin</i>	6,5%	7,6%	

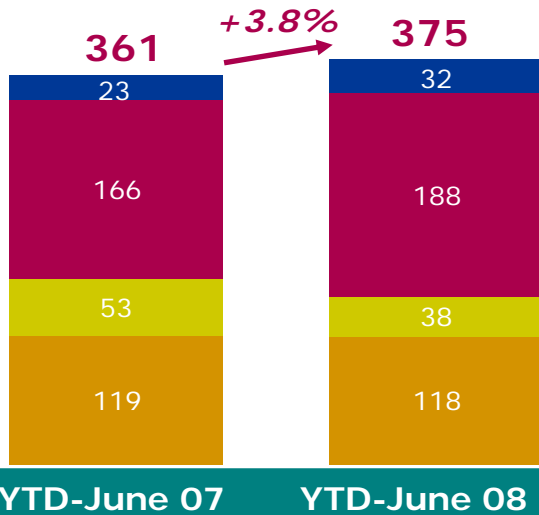
# Operational Overview

- **Consolidation and outsourcing to increase leadership in carrier market**
  - Outsourcing projects with MTN Group and Omantel are successful and generate more volumes than expected
  - Investment through Omantel in the deployment of the Europe India Gateway: the first direct, high bandwidth optical-fibre submarine cable system from the United-Kingdom to India, also serving Middle East, and Africa.
  - Investment in the capacity upgrade of the SAT-3/WASC/SAFE submarine cable. This will significantly increase BICS ability to reach West and South Africa, further supporting BICS in providing top class service to its African customers.
  
- **Increase value with organic growth**
  - Re-engineering project for Service Delivery is on track – new tools and processes to cope with growth and shift to IP
  - Further extension of Mobile Data footprint (new sizeable contracts)
  - Continuous increase of mobile voice traffic
  
- **Move up the mobile value chain**
  - Product development on track: Roaming hub, Roaming Testing and Quality of Service, Open Connectivity (with GSMA), IPX0

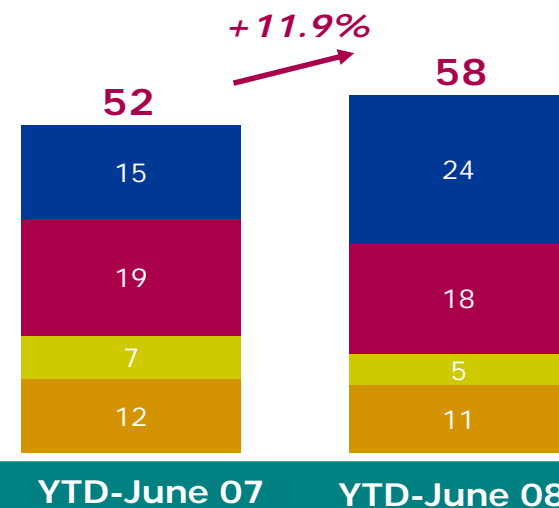
# Revenue & Direct Margin overview

- Voice revenue\* stable due to more Mobile terminated minutes & Middle East and Africa business, offset price declines in Europe (termination rate decreases)
- Shift from Standard Quality to Premium Quality voice products (higher price)
- Drop in unit margin due to market pressure & weak dollar
- Growth in mobile data products (signalling & SMS transit) and capacity
- Settlements relating to prior years contribute to the strong Non-voice direct margin performance

## Revenue (EUR Mio)



## Direct Margin (EUR Mio)



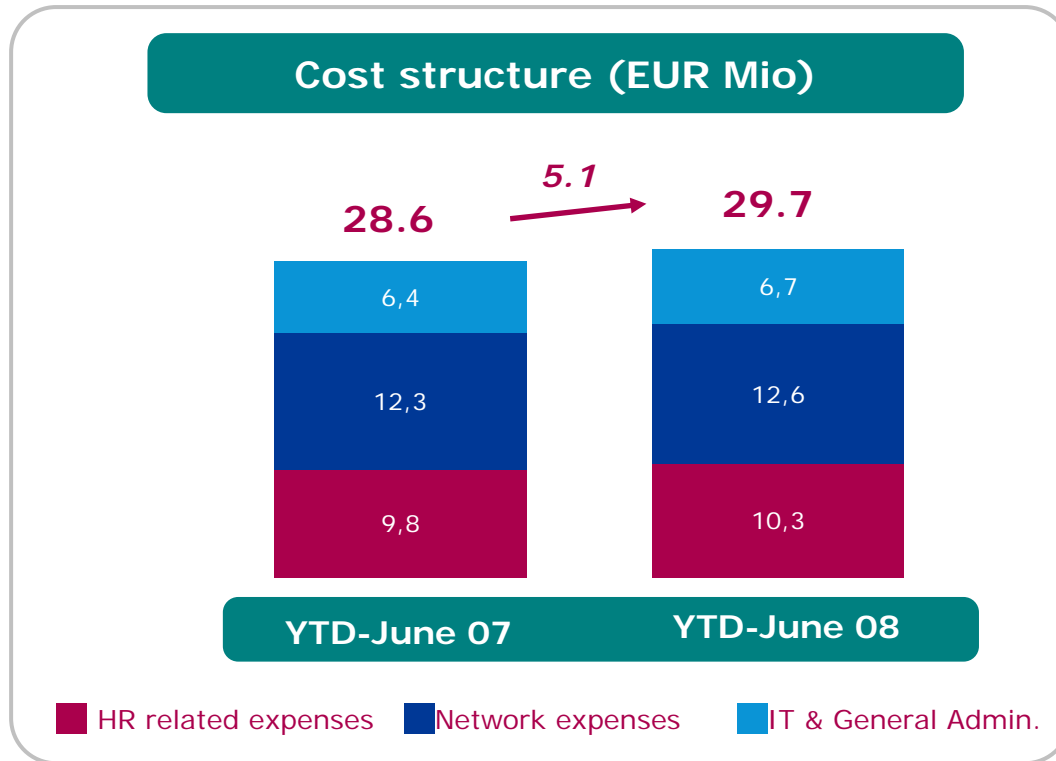
\* Voice revenue includes direct routing, standard products & premium products

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# Cost\* overview

- HR related expenses show an increase reflecting the headcount increase required to sustain the mobile data growth



\* Other than Costs of materials and charges to revenue

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# Group Financials

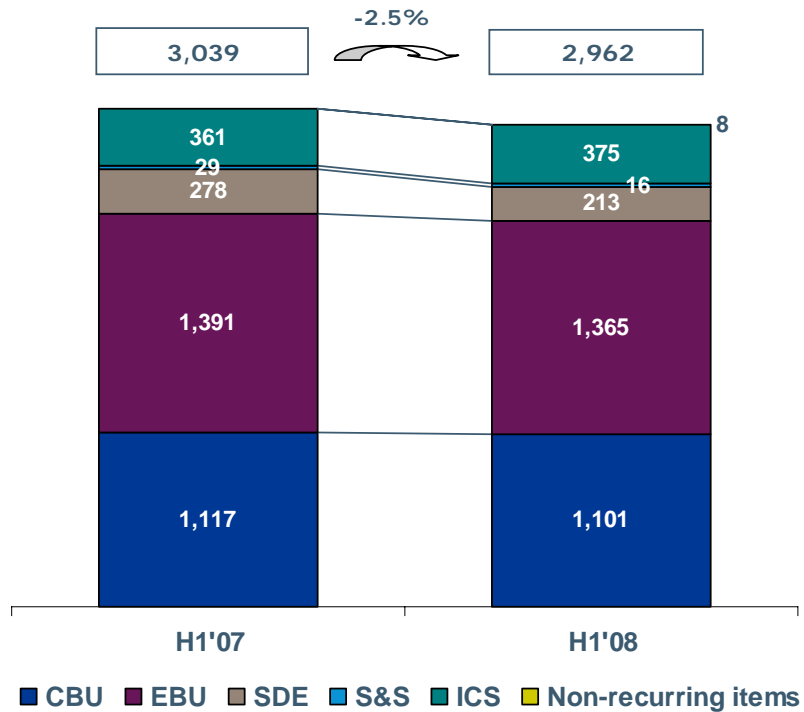
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# Consolidated income statement

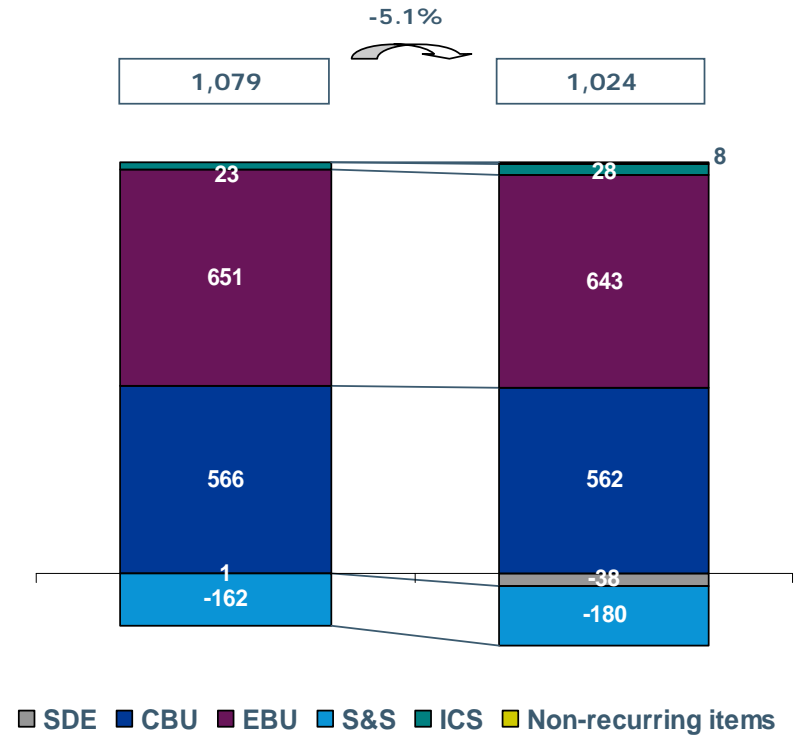
( EUR million)	H1'07	H1'08	% Change
<b>Total Revenue</b>	<b>3,039</b>	<b>2,962</b>	<b>-2.5%</b>
of which non-recurring revenues	0	8	
Costs of materials and charges to revenue	-991	-948	-4.3%
Personnel expenses and pensions	-572	-562	-1.8%
Other operating expenses	-397	-428	7.8%
<b>TOTAL OPERATING EXPENSES</b>	<b>-1,960</b>	<b>-1,938</b>	<b>-1.1%</b>
<b>EBITDA</b>	<b>1,079</b>	<b>1,024</b>	<b>-5.1%</b>
Depreciation	-384	-372	-3.0%
<b>EBIT</b>	<b>695</b>	<b>651</b>	<b>-6.3%</b>
<b>Financial Result</b>	<b>39</b>	<b>-37</b>	
<b>NET INCOME</b>	<b>564</b>	<b>471</b>	<b>-16.5%</b>
<b>Basic earnings per share</b>	<b>1.69 EUR</b>	<b>1.43 EUR</b>	<b>-15.0%</b>

# Segment result

## Revenues\* (€ Mio)



## EBITDA\* (€ Mio)

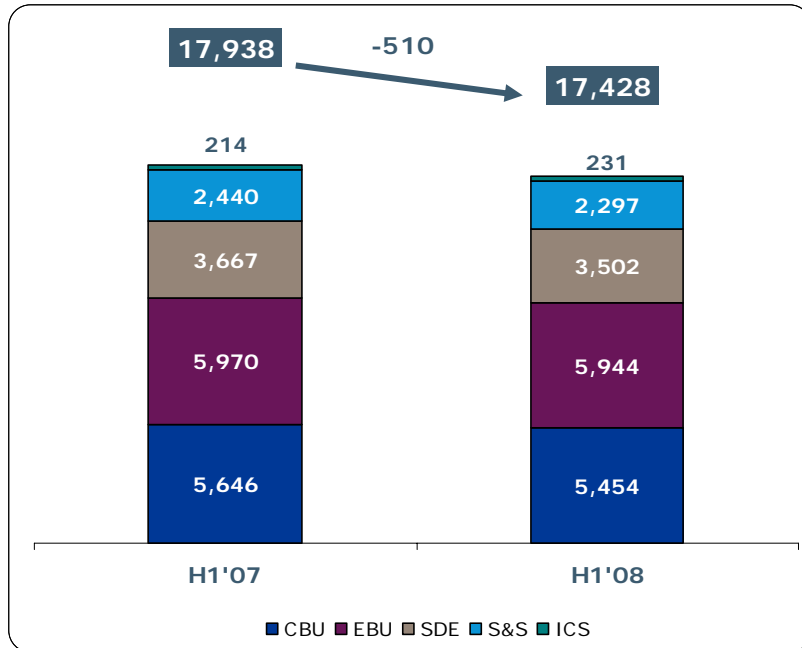


\* including non-recurring items

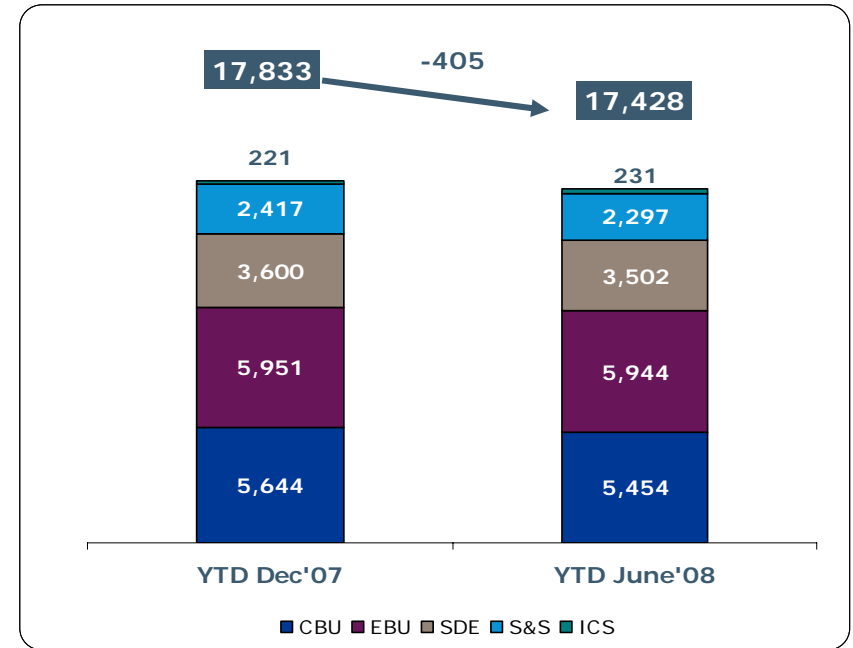
# FTE evolution per business unit

- Year-over-year a total of 510 FTE's left the company, including a natural attrition of 353 FTE's.
- In H1'08 405 FTE's left the company of which 244 FTE through natural attrition

## Year-over-year

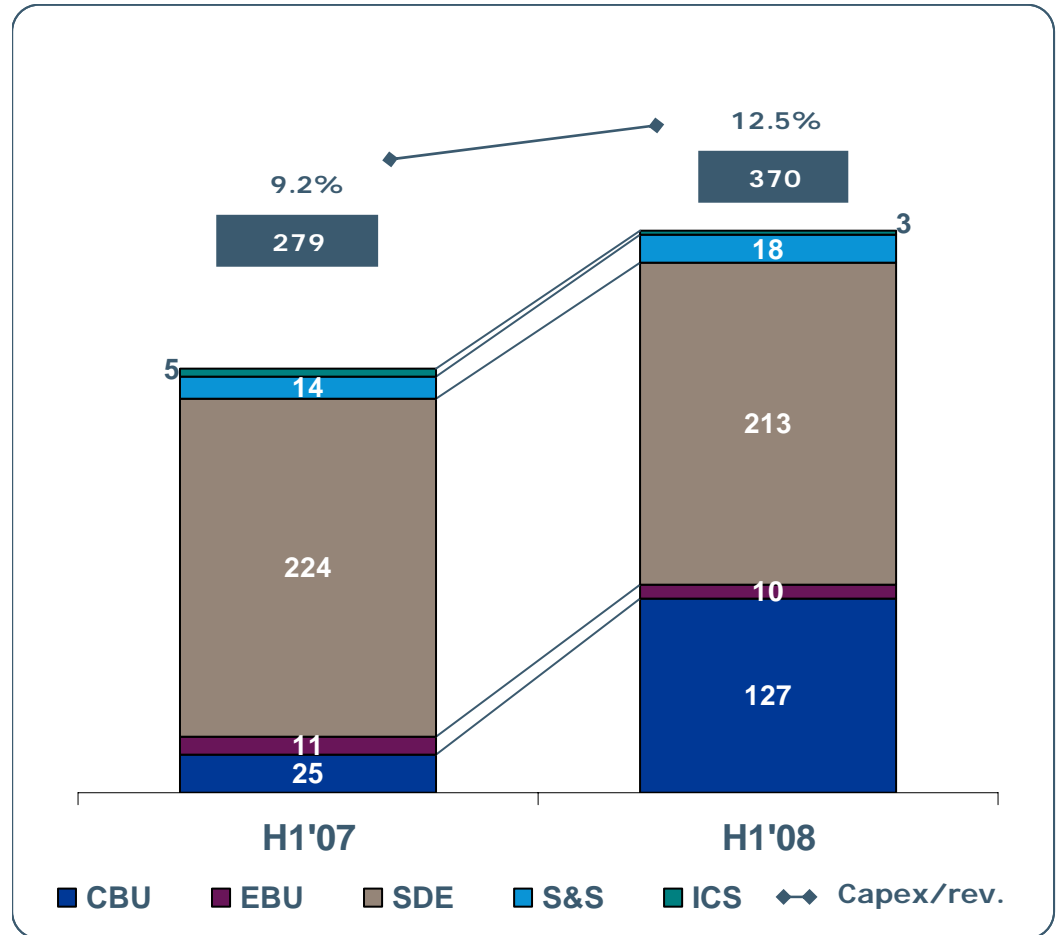


## Evolution first half 2008



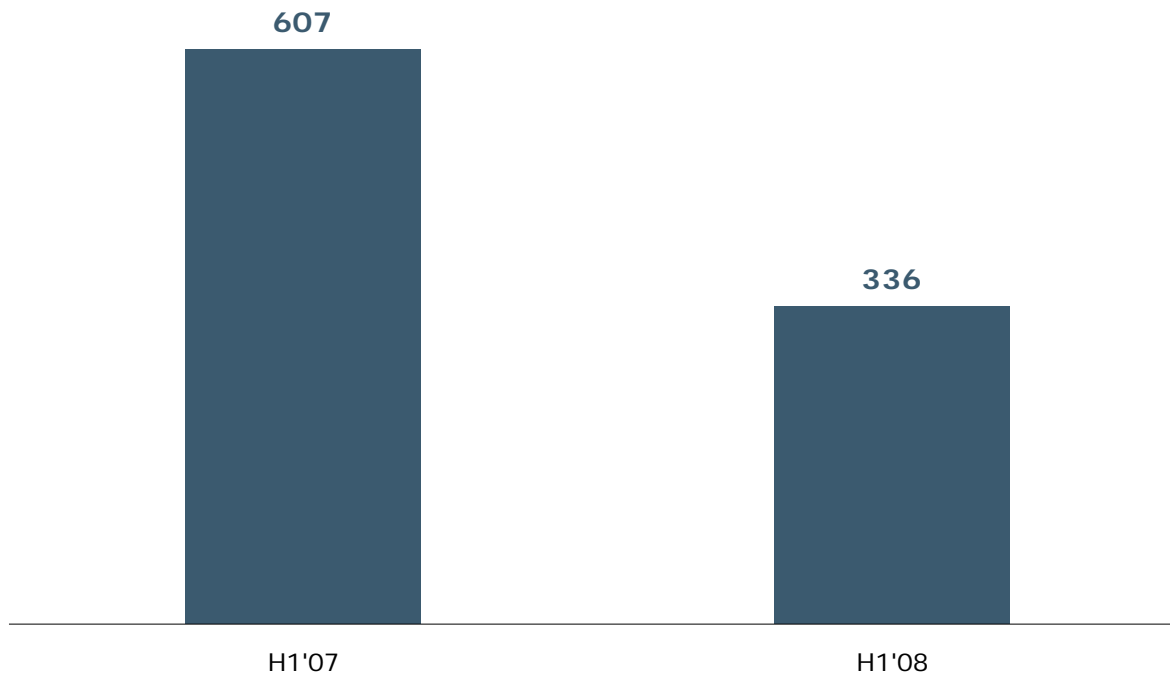
# Investments per Business Unit

- SDE YoY Capex increase fully explained by further roll-out of Broadway project. (EUR 59 million spent in H1'08, bringing total population coverage to 62.5%)
- CBU increase explained by renewal of football rights for a net amount of EUR 105 million

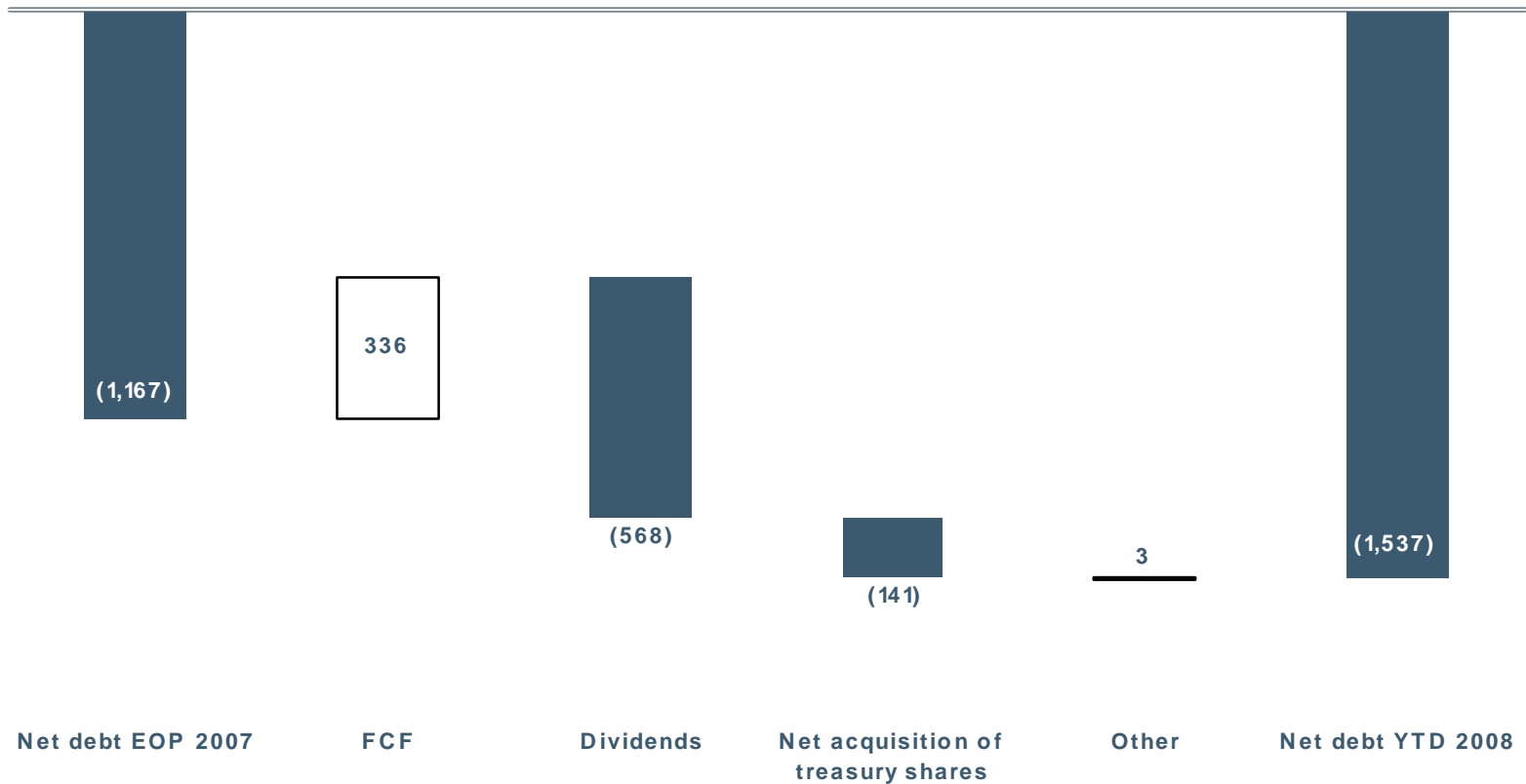


## Free cash flow (in million €)

- Decrease in FCF is mainly due to the favorable impact in Q1 2007 of the disposal of the remaining interests in Mobistar and Eutelsat Communications which generated EUR 242 million



# Net financial position (€ million)



# Balance Sheet

(EUR million)	YTD Dec 2007	YTD June 2008
<b>TOTAL ASSETS</b>	<b>7,325</b>	<b>7,017</b>
<b>Non-recurrent assets</b>	<b>5,072</b>	<b>5,045</b>
Goodwill	1,777	1,780
Intangible assets with finite useful life	482	525
Property, plant and equipment	2,470	2,422
Other participating interests	1	1
Deferred income tax assets	312	291
Pension and other non-current assets	31	26
<b>Current assets</b>	<b>2,253</b>	<b>1,972</b>
Inventories	99	95
Trade receivables	1,158	1,197
Current income tax assets & other current assets	209	280
Investments	59	56
Cash and cash equivalents	726	344
Assets classified as held for sale	2	0
<b>LIABILITIES AND EQUITY</b>	<b>7,325</b>	<b>7,017</b>
<b>Equity</b>	<b>2,525</b>	<b>2,304</b>
Shareholders' equity	2,520	2,300
Minority interests	6	5
<b>Non-current liabilities</b>	<b>2,990</b>	<b>2,931</b>
Interest-bearing liabilities	1,895	1,891
Pensions and other post-employment benefits	831	781
Provisions	229	222
Deferred tax liabilities and other amounts payable	34	37
<b>Current liabilities</b>	<b>1,810</b>	<b>1,782</b>
Interest-bearing liabilities	69	55
Trade payables	1,079	1,113
Income tax payable	165	95
Other current payables	495	519
Liabilities associated with assets classified as held for sale	2	0