

Belgacom Q1 2009 Results
Presenter: Didier Bellens
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14h00 CET

Operator: Please stand by, we are about to begin. Good day ladies and gentlemen and welcome to today's Belgacom 2009 Q1 Results Conference Call. For your information this conference is being recorded. At this time I would like to turn the call over to your host today, Mr. Didier Bellens. Please go ahead sir.

Didier Bellens: Thank you very much and good afternoon, welcome to our conference call on our first quarter results of 2009. As usual my colleagues of the management committee have joined me for this call and we will all be happy to answer your questions once the Q&A line is open.

Before we go to the Q&A session I would like to comment briefly on our performance over the first few months of this year. As you all know the economic conditions in which we operate are difficult but despite this we were able to deliver solid results. Our group revenue went up by 1.5% compared to last year. Obviously this includes the positive impact from our acquisitions but it also includes the revenue loss due to the Telindus international divestment program. If we exclude the impact from acquisitions and divestment, the organic revenue still grows slightly thanks to the performance of our underlying business which is fully offsetting the negative impact from regulations. As we have said in the past the residential part of our business is more resilient to the economic crisis and as we expected to did see some impact from the weak economic climate in our Enterprise business unit. Our professional customers are cutting back on their mobile expenses and travelling which we see translated in lower mobile usage and roaming, however on a comparable basis meaning we exclude the impact from divestments, we did see our ICT revenue growing year over year by 3%.

Our International Carrier business performed particularly well with revenues growing 17% compared to last year. The change in revenue mix is however impacting our group margins, an important driver within CBU is the lower margins from the acquired companies Scarlet and Tango, however the cost reduction program that we have launched at the start of this year helped to mitigate the impact from the increased cost of sales. The positive impact of our cost program will become more clear in the remainder of the year. We commit on an organic basis meaning excluding acquisitions, divestments and non-recurring costs to reduce our non-HR costs by 4-5% for the full year.

As far as personnel costs are concerned we are pleased about the positive effects that the head count reduction plans are starting to show in the numbers. As you can see the year on year variance of personnel expenses is almost flat and this is despite an impact from the salary indexation we went through. We've committed our reported personnel costs to be flat compared to 2008 despite an index impact of 3% which is related to the 2008 indexation. Based on the first quarter results and taking into account our current best estimates for the remainder of the year we reiterated our 2009 full year guidance. This means that we expect the full year revenue to decline by about 1%, that we estimate an EBITDA margin between 32% and 33% and that we expect the CapEx to revenue ratio to be between 10% and 11%.

With this I have commented on what I wanted to highlighted to you and I suggest that we go directly to the Q&A.

Operator: The question and answer session will be conducted electronically. If you would like to ask a question please press *1 on your telephone keypad at this time. Please ensure that the mute function is switched off to allow your signal to reach our equipment. If you find that your question has been answered you may remove yourself from the queue by pressing *2. Again please press *1 to ask a question. Also I would like to advise questioners to mute their line when

they are not speaking to avoid any background noise. We will now pause for a moment to allow everyone to signal for questions.

We will take our first question from Dimitri Kallianiotis from Citi. Please go ahead.

Dimitri Kallianiotis: Good afternoon gentlemen. My first question is on the price increases that you've put through in mobile, I just wanted to know if you would reconsider these price increase if you continue to lose market share in mobile? It seems your market share in mobile was relatively weak in Q1 so if you've got any indication of what sort of market share you've got in terms of mobile you are going for for this year? Also in the CBU business it has been relatively resilient in terms of top line and you're saying again that it seems to be ok but are you expecting more spin down throughout the year as the economy gets tougher? My last question is on regulation. You had a positive ruling on your VDSL network, the fact that you don't have to open into competitors. Do you expect the Belgian regulator to come back on that or do you think you will be able not to have to open that network? Also on mobile termination rates where you had the recommendation from the European Union, I was wondering if you have changed your view in terms of what mobile terminations rates could go to in Belgium and when do you expect the Belgian regulator to come up with a new rate? Thank you very much.

Didier Bellens: Thank you. The first questions are related to CBU. I guess Michel and regulations, maybe Gregoire will take these two questions, VDSL and then the termination rate.

Michel Georgis: Let me cover the price increase for CBU. Let me remind you that will only as such I would say a part of our mobile customers but maybe to comment on the mobile net debt for the first quarter. I think that if we look at the numbers, let's start maybe with the total numbers impact. You see that Base in terms of active net debt did -29,000 mobile customers despite the fact that they announced a +52k net adds but their total customer parks includes inactive customers. The Mobistar did 46k and Proximus 40k. When you zoom in through the numbers

you see that excluding MVNO, this is doing a plus 11k, Mobistar 28k and Proximus 42k. So this gives already a different flavour in the numbers. If you zoom in to CBU and the consumer, there you have to when you compare the 10k mentioned in our Q1 versus the 65k of last year, in fact what we have to compare is the 14k versus 20k, so we have a decrease but not in proportion because we had the 46k done by MVNO partners in the Q1 '08. So this is the answer to your question. We don't want and we won't change the position of the price increase.

When you look at the revenue of CBU, indeed what I would like maybe to comment is the fact that you see more and more smart pricing, a price conscious attitude of the customers and that you've seen some swaps in the tariff plan and also more and more use of the opportunity to call using free minutes and free SMSs. There's also a substitution of calls to free SMSs.

Gregoire Dallemagne: Concerning the question on the recent judgement, in 2008 the IPT imposed a number of regulatory obligations to Belgacom in connection with the broadband market and the court essentially thinks that some of the analysis that was made was wrong and that not enough attention was attached to the specifics of the competition on this market as we have said repeatedly and that some regulation was imposed unduly. So what does this mean? This advice came very recently so obviously we are discussing it with the regulators so we started a discussion. In the short term we don't intend to make radical changes to offers that are being used by the competitors and for the rest we need further time to reflect and analyse and see the best way forward. Under MTR indeed Belgium is a quite specific situation. As you know there is a high level of asymmetry, so we have observed that like in no other European countries the third operator benefits from an asymmetry of 60% versus Belgacom and the second operator benefits an asymmetry of 25% which is unseen in Europe. We are very quickly going towards symmetry on this market which would be very positive for the competitive situation of the company. When it comes to timing it's obviously hard to make predictions but we expect this to be solved as soon as possible.

Dimitri Kallianiotis: Thank you.

Operator: Our next question comes from Bertrand Kuentzler from ING. Please go ahead.

Bertrand Kuentzler: Good afternoon, just three questions from my side please. Maybe just first of all a small recap about your announcement to do a joint venture with basically the former shareholder of Scarlet, Sahara International Ventures. Could you maybe explain a little bit the reasoning and rationale for going with a partner on this one? Secondly on line erosion, your line loss has worsened a little bit on the first quarter and you have decided to freeze your IP offer for that reason. Do you think that your new bundles will be sufficient to maintain line erosions at the level where they are now for the rest of the year? My third question would be regarding competitive pressures on the footprint of Intercable. I would like to know if you're getting a tougher time since the merger with Telenet and how you're going to handle it? Thanks.

Didier Bellens: On the Scarlet joint venture, line erosion is definitely for Michel and the competitive pressure is also for Michel. The joint venture, I understand the question, why did you organise the joint venture? The answer is that was part of the Scarlet deal so when we bought Scarlet from the owners, we developed a joint venture together with one purpose, looking for potential investment if they are creating value in countries where we would not directly go ourselves for investments, so that was the idea and the purpose. For us it's really a small amount of money because we've just contributed an asset there which is an asset controlled previously by Scarlet. These partners put approximately €3 million in the partnership, so based on that they have to come with a proposal and this time they come with a proposal to accept or refuse the investment depending if it makes sense or if we're convinced by the value creation, so that's the Scarlet story. Michel?

Michel Georgis: I will comment on the erosion of the fixed line and Michel will comment on the Enterprise business unit. Regarding consumers, indeed we see a slight increase of the loss of

fixed line if you compare it with the last quarter of 2008. On the other hand if you compare our loss in the first quarter of 2009 versus the same quarter of last year we have a net positive effect of 3,000 lines. Now regarding the second part of your question, in fact due to I would say to some important customer dissatisfaction we have decided indeed to stop the sales of VoIP and I would say that we are rather confident with the launch of the number of attractive packages including the fixed line as well as the flat rate offers we should be able to continue to limit the line erosion.

Michel de Coster: Regarding EBU a minor increase in the line losses but let's not underestimate the effects of the economic downturn leading the companies to review their install base and reducing the number of lines, the number of bankruptcies was much higher in the first quarter of this year compared to last year, so there is absolutely the sole explanation for the line loss and it will continue to deteriorate going forward.

Michel Georgis: Regarding your other question and regarding Intercable, it's clear that when we look at our numbers we see that Telenet was a professional competitor and we see that in the zone of Telenet we continue to see this quite well. We feel also that in the Intercable zone we have an increase. I would again highlight a different type of treatment of the acquisition in the deal which was the case in Scarlet in terms of transaction costs.

Bertrand Kuentzler: Ok, thanks.

Operator: Our next question comes from Bart Jooris from Fortis Bank. Please go ahead.

Bart Jooris: Yes, hello, I have a few questions, most of all around Scarlet. First of all could you give us the exact EBITDA margin that Scarlet got in the first quarter and then is there already integration costs in your EBITDA figure mentioned? Could you also give us an update on where you stand on the sale of the Scarlet network and if the troubles with that network are resolved

now? Then I have a question around CapEx, the emission rate changes in the three communes in this country have changed. Do you see an impact on your CapEx and how are you going to handle this? Finally it was already mentioned before that the 10,000k of extra mobile customers was 14,000 at Proximus so your MVNO partners lost some clients. Are you planning to support them in reversing that loss?

Didier Bellens: Ray on Scarlet?

Ray Stewart: Once we bought Scarlet and are doing to integration it's no longer a "separate entity" because we're bringing back office and the network and so forth into Belgacom so we don't even track the margin per se. Going forward Scarlet will basically be a sales and marketing arm for Belgacom, so Michel and his team in CBU will be reporting some separate parameters like maybe the revenue and the number of customers and things like that but the margin we won't. At least in the first quarter numbers there's no real large integration cost in those numbers for Scarlet.

Scott Alcott: CapEx, that was related to the standards coming out from the communes. We're not announcing a change in our CapEx profile for 2009. Our friends at Mobistar I believe blamed some uptick in CapEx on compliance issues related to this but I think that's just really them trying to allocate some of their planned capital expenditure to another issue. If there is a delay related to getting permits and doing builds, I doubt that anyone would realise additional expenses in '09 related to those issues which are still being determined and executed finally. So we'll talk about that related to next year. We'll need to see what happens in the market and the market impacts and the competitive reaction. But clearly to build more sites to keep the service levels the same indoor with reduced power could have impact on CapEx but not in the 2009 guidance.

Didier Bellens: Then there was still a question on the 10,000.

Michel Georgis: Regarding the question on the MVNO, indeed in the first quarter of 2009 we had a negative -4,000 net adds. You probably know that this market is a very competitive and volatile market with quite a lot of specifics with quite a lot of impact by customers' calling behaviour. So as from the start of the year our attitude was to try to focus on stabilising our customer base around 100k because as the focus on retention instead of acquisition because the market is quite a lot of high churn, maybe another way to look at this is when you look at the sales results they were also quite heavily impacted by the loss of customers in the MVNO segment but we are still open to partnership with the added value. We will try to be around 100.

Bart Jooris: Ok, I had one more question about the sale of the Scarlet network and the troubles that have been in the network. Are they solved now?

Scott Alcott: The network has not had technical issues, it has had electrical power issues which is regrettable. Some of them were related to a general situation in the region related to a power cut and regrettably a diesel machine that overheated while trying to respond to that, so let's hope that Murphy has hit us here related to some problems related to the physical plant but not something that we're strategically worried about related to the technical abilities of that data centre.

Bart Jooris: How far are you on the sale?

Didier Bellens: We've received several offers and we are in the process of finalising negotiations with one interested party, but you know the value of the network is not very important. Yes, it's going to be divested but don't expect something material in the accounts.

Bart Jooris: Ok, thank you very much.

Operator: Our next question comes from Stefaan Genoe from Petercam. Please go ahead.

Stefaan Genoe: Yes, good afternoon. A question on the EBITDA margin in consumer business units.

It's of course impacted by the Tango and Scarlet acquisitions but you also mentioned the 20 million impact from three other items. On those three items do you think you will review some of these items to improve margin again or are these items just something which we have to take into account going forward?

Didier Bellens: The evolution of our business, if you want just an example as you've seen TV has been very successful and the more successful we are, the more we are of course placing to the customer our set-top box. This is one thing, Michel?

Michel Georgis: Maybe if you look at the organic margin and then the reported 45.4% becomes 47.3%. Other elements, it's quite spectacular when you look at Q1 '08, that was really an extremely high EBITDA margin. If you look at the Q1 '08, it's 52.3%. One of the main drivers of the Q1 '08 margin is exceptional items. As mentioned we have a certain number, increase of costs that are linked to I would say the change of our mix. The fact that we tried to boost our sales in pay TV indirect channels and of course costs linked to this and also the sales of this are impacted.

Stefaan Genoe: Ok. What we've also seen with Mobistar, the free minutes and SMS packages seem to be implying more costs than anticipated. Is this something you might review going forward?

Michel Georgis: It's clear than when you look at our numbers we have an increase of the costs merely in SMS but you see also an increase of our inbound SMSs. Previously there is also some substitution of voice towards SMS.

Stefaan Genoe: Ok. Then the final question on costs globally at group level, you did a good job on the personnel costs despite the 3% pay rise that took place. How should we take this going forward in the coming quarters? Is a stable number something that is possible?

Didier Bellens: Maybe I can repeat our commitments regarding costs. At the beginning as far as personnel costs are concerned, we have a positive effect on the reduction plan started to show in the numbers and the commitment, we commit our reported personnel costs to be back compared to 2008 despite an index impact of 3% which is related to indexation. I think that's the best indication I can give you for the year. That gives you an idea of the commitment we are making and I would remind you that we make the same commitment for the non-HR costs, there we say that we commit on an organic basis meaning excluding acquisitions, divestments and non-recurring costs to reduce our costs by 4-5% for the full year. So these are the two main commitments that we are making on cost evolution for the full year.

Stefaan Genoe: Ok. On the personnel side specifically, the 3% indexation, is it something which will fade in the coming quarters?

Didier Bellens: Of course not. You know how inflation and indexation is explained. Indexation is related to inflation of the parts and you know that obviously in 2008 inflation was higher than today. Today I guess that inflation is rather let's say close to 1%, between 0-1% which would mean that there would be no indexation and that means that this year the commitment is I think as clear as we can give it and that means also that for next year if inflation is still close to zero it's quite clear that there will be no indexation in the salaries.

Stefaan Genoe: Ok, thank you.

Operator: Our next question comes from Paul Sidney from Credit Suisse. Please go ahead.

Paul Sidney: Thank you, just two questions please. Could I just follow up on the Interconnect cost issue? The costs have obviously increased in Q1 due to more off net traffic and Mobistar stated a similar trend in Q1. Could I just clarify, is this now a permanent feature of the Belgian mobile

market? Just secondly, are you seeing any renewed pressure for the Belgian government to allow handset subsidies into the Belgian mobile market? Thank you.

Didier Bellens: The first question is for Michel.

Michel Georgis: I can repeat what I mentioned earlier that we see clearly in the context of the prices people having a more and more smart usage of tariffs and using mainly the free SMSs and you have also to note that more and more in the mobile tariff plan you have more and more the formula of any time, any network and that of course we have the SMS and minutes for Mobistar and the base network, that impacted us in terms of cost of goods sold.

Didier Bellens: The second question, the new law on handset subsidies...Gregoire?

Gregoire Dallemagne: Indeed there has been a change from the European Commission and as such the provision of the Belgian law has been disapproved by the Court of Justice so what we see coming forward is that we expect that the new Belgian law needs still to be formulated and my guess is that all operators are expecting to see what the new formulation will look like so we are expecting some change in that area.

Paul Sidney: Ok, thank you.

Operator: Our next question comes from Akhil Dattani from JP Morgan. Please go ahead.

Akhil Dattani: Yes, hi, good afternoon. Just three questions please. Firstly you state on one of your slides in the presentation that the TV business has now turned profitable in the quarter. I just wonder if you could remind us whether this is the first quarter that is the case and also how you expect that to trend going forward? The second thing which is much more general, through the reporting season we've seen a number of your competitors announce medium term shareholder

returns commitments. I'm just wondering whether in the second half of this year when you go to the board with a potential dividend request whether you could potentially do something on the medium term rather than just for the coming year? Then lastly just to go back to the point on the free SMS and the impact that that's having in the calling shifting towards SMS, I just wondered whether there is any chance that you would consider rebalancing tariffs away from offering such large SMS bundles, the reason being that this was something Mobistar mentioned that they might consider doing going forward?

Didier Bellens: Thank you. Maybe the two first questions for Ray and the third one for Michel.

Ray Stewart: Ok. At the end of 2008 we had said that the TV business had indeed become EBITDA profitable but this is the first time we had a full quarter of profitability to answer your question, so the answer is yes, it's the first quarter of full profitability. On shareholder return, I doubt it. We've been fairly consistent in our policy in terms of we have a firm commitment and then in the second half we talked with our board about the results of the first six months looking at the cash flow, the balance sheet and then we decide if we want to do anything extra. I have to tell you when I see some of the mid-term commitments that you're talking about that some of my peers make, I have to tell you some of these commitments have holes big enough that I can drive a truck through, so I don't know how much you really could take that to the bank. I guess I still get back that we've got a fairly consistent policy on shareholder return. Didier and I have talked about it many times that at least if we don't have any other use for the case, we have no issue talking with the board about returning that to shareholders either by dividends or shareholder returns, so I would not expect any dramatic change from a committed policy going forward from that.

Michel Georgis: Regarding your question, indeed we are looking and analysing our mobile tariffs but I would remind you that in the context of SMS that we have a positive effect in terms of inbound revenue.

Akhil Dattani: Ok, thank you.

Operator: Our next question comes from Guillaume Tastet from Oddo. Please go ahead.

Guillaume Tastet: Thank you, good afternoon gentlemen. Three questions from my side. The first one, I would like to go back to the rise in mobile tariffs. Given the fact that you outlined that people are more and more conscious about tariffs, would you expect this rise in tariffs to have a positive impact on your ARPU or do you think it will lead to more migration to new offers? Second question still on mobile, you're talking about the change in the sales channel mix in the press release. I was wondering if it's something you decided on your own to exploit some opportunity, if it was more a market move? Last regarding the ICT sales, I was wondering in Q1 if there were some one-off effects like some closing of contracts or if the 3% growth is a sustainable trend? Thanks.

Michel Georgis: Regarding the price increase, we see that this price increase impacted a limited number of our mobile consumer customers. Regarding your second question I would say that in our fixed and mobile products, mobile was always very introduced in the indirect channels while the fixed was really mainly via the direct channel. In the context of conversion of objectives is to clearly sell more of the mobile products in our direct channel while we want to boost our fixed products towards our indirect channels and that's the strategy that we want and we will continue to push in the coming months and certainly in the context of cross-selling.

Michel De Coster: Regarding your question on the ICT footprint, not specific one-offs. Strong growth in data as we've mentioned in the document but in general a good performance. Going forward looking at the other quarters, I would not expect the 3% to be higher, to do better than the 3% and I think I would be very happy with that.

Guillaume Tastet: Thanks, maybe just one follow-up on the second one. If I understand correctly this change in the sales channel is something structural linked to the conventions, should we expect the rising costs going with it to keep on in the next quarters?

Michel Georgis: We expect the same trend in the coming quarters because again we repeat that there is an opportunity to sell our fixed products in the direct channel.

Guillaume Tastet: Ok, thank you very much.

Operator: Our next question comes from James Britton from Nomura. Please go ahead.

James Britton: Good afternoon. I've got a couple of questions on the cost side of things. You mentioned earlier the reasons for other OpEx in CBU are increasing by 17% in the first quarter but I couldn't really hear you very well. Can you just repeat that? Secondly just on the cost efficiency plan, I don't remember hearing a lot about this plan at your previous set of results so can you just give us a bit more detail on the main two cost items that you're going to be pulling down through 2009 and has the plan been launched in reaction to Q1 trading conditions or was this part of the year end process?

Didier Bellens: Maybe Ray on the first...

Ray Stewart: We talked to most of you I think when Didier and I were out doing the road show for the year end results and we started implementing the cost reduction programmes at that time so it isn't something that was done recently, so we started pretty much at the beginning of the year. As we told you it's in all areas where we're looking. We're looking at the potential of reducing outsourcing costs, reducing rent, reducing fleet costs, gasoline, travel etc so it's all over the place. There's no magic silver bullet anywhere. We've just put strong cost controls in place and you saw some indication of that in the first quarter and it'll continue for the rest of the year.

James Britton: Can you just clarify what other OpEx of CBU grew so sharply?

Michel Georgis: Regarding CBU I think that the biggest part of our OpEx, when you look at the personnel expenses it's linked to the accounting due to Tango and Scarlet that accounts for roughly 400 FTEs and also some increase in the wages due to indexation and again regarding other expenses it's clearly linked to Scarlet and Tango.

James Britton: Ok, but the increase of 17% in the first quarter, so it seems like a bit amount for just Tango and Scarlet.

Michel Georgis: The biggest part is when you look at the total cost increase in CBU, 60%, so it's in total 37 million is clearly coming from Tango and Scarlet. The other elements which were mentioned earlier are linked to higher terminal costs due to the increase in sales of mobile handsets, a higher commission due to the mix in sales channels and to a smaller extent the higher interconnect costs with more volume, but again regarding OpEx it's mainly Tango and Scarlet.

James Britton: Thank you.

Operator: Our next question comes from Nicolas Cote-Colisson from HSBC. Please go ahead.

Nicolas Cote-Colisson: Thank you. I have a question on your all in one pack. How many have you sold so far and to what extent do you think it dilutes your margins? I've got another question regarding your broadband ARPU. Can you give us a bit more colour on the trends you are expecting on the next quarters please?

Didier Bellens: For you Michel.

Michel Georgis: Regarding all in one, it was not yet launched at the end of Q1. What I can tell you is that it's fully in line with our strategy of conversion and we believe it's a nice bundle where customers will have if they take the opportunity to have Belgacom TV as a bonus, so it impacts on them when you look at the numbers, a saving of €222 per year.

Nicolas Cote-Colisson: What kind of impact would it have on your margins?

Michel Georgis: Clearly it's an opportunity about selling because the objective is of course to try to sell those all in ones for fixed customers, let's say the example that I would say is the most successful multi-pay offer for CBU. The opportunity is there to try, we have the all in one, to customers that are for the mobile competition.

Nicolas Cote-Colisson: Ok.

Operator: Our next question comes from Tania Valiente from Goldman Sachs. Please go ahead.

Hugh McCaffrey: Hi, it's actually Hugh McCaffrey from Goldman Sachs in London. I've got a couple of question on the TV business and then one on the head count reductions. How fast are the secondary stream users growing in the TV business versus the primary stream users and what is the ARPU difference between those two types of users? Secondly on the head count reductions, which businesses are the heads coming out of in the mix and the higher paid people in the business, are they at the lower end of the salary scale? Thanks.

Didier Bellens: Thank you for the second question. Michel, do you want to start with the first one?

Michel Georgis: I'm not sure I got the question but I understand that it's regarding the TV business. If we look at our TV assets for the quarter they are clearly one of the best ones if I compare it to the past year excluding the second stream, we had a 45,000 net adds versus the 32 in the same

period of last year, that we have reached now the 30% market share in this market and that thanks to the broadband services a lower proportion, an impact on promotion. Was that your question? Except second stream, we are roughly today as you saw probably in the slides of the presentation 70 in second stream but with an increase of 5,000 in the first quarter of this year.

Hugh McCaffrey: That's great. Thank you.

Didier Bellens: On the question on head count, I guess you want to know if it's low salary or high salary.

Head count, if we think about the numbers it's of course let's say the lowest salary and what we've always said is that people are going to leave, there are let's say a few social plans, then we have also the natural attrition and these two plants are going to need of course lower salaries than others. We don't have today the potential to have social planning to decrease, head count massively just to keep on going. You have seen where we are by the end of March and for the first time we are below 17,000 so it's going in the right direction and probably faster than what we had expected. Regarding the level of salary you will have let's say a mix of everything we have been in the company, that's what you are going to see.

Operator: Our last question comes from Siddy Jobbe from Bank Degroof. Please go ahead.

Siddy Jobbe: Good afternoon, two small questions. First of all regarding the guidance and the outperformance of the international carrier services business, could you give us your expectations for this division because this is quite important in your revenue guidance of -1%? Then the second question which is a more general question, following the announcement of Vodafone and Telefonica where they have agreed network sharing, I would like to understand what the possibility for network sharing in Belgium is?

Didier Bellens: The first question is let's say unfortunately a straightforward one. We never give guidance by unit so we are very happy to see that fixed is doing extremely well. It's not the first time we are saying that and here you have seen the impact.

Siddy Jobbe: But is it fair to assume that the growth seen in Q1 is similar in the coming quarters?

Didier Bellens: You know there would be some growth but just to give guidance on some precise figures even for another quarter we've never done that so you may understand that we are not going to start now. Regarding your second question...

Scott Alcott: We have no plans for infrastructure sharing with two other operators. We believe we have a competitive advantage because of our early investment in 3G as well as backhaul and capacity and we certainly recognise that to make an arrangement with one operator could help a third like BASE catch up. This is something that can be reviewed over time related to the dynamics of the market but at the moment we believe the right strategy is to maintain independence on our assets and let the competitors have to stretch in order to continue to try to keep up with proximus.

Siddy Jobbe: Ok. Given the fact that Belgian law forces the operators in Belgium to have a form of reciprocity, in site sharing how willing is Belgacom in sharing its sites with BASE who clearly have more need for it.

Scott Alcott: We will follow the requirements as specified by regulators and otherwise have no voluntary plans to open up and share infrastructure beyond what is required regulatorily which at the moment is nothing.

Siddy Jobbe: Ok, that's clear. Thank you.

Nancy Goossens: Ok, thank you all. This is it for the call. Thank you, bye bye.

Didier Bellens: Thank you.

Operator: Thank you ladies and gentlemen, that will conclude today's conference call. You may now disconnect.