quarterly report

Q1 2012

belgacom

Key figures

	Year-to-date	
Income Statement (EUR million)	**2011**	**2012**
Total income	1,583	1,588
EBITDA (1)	480	466
Depreciation and amortization	-195	-181
Operating income (EBIT)	286	284
Net finance costs	-30	-18
Income before taxes	256	267
Tax expense	-61	-65
Non-controlling interests	1	3
Net income (Group share)	194	199

Cash flows and Capital Expenditures (EUR million)	**2011**	**2012**
Capital expenditure	-173	-186
Cash flows from operating activities	410	386
Cash paid for acquisitions of intangible assets and property, plant and equipment	-173	-186
Cash flows from / (used in) other investing activities	2	-21
Free cash flow (2)	**239**	**179**
Net cash provided by financing activities	98	16
Net increase of cash and cash equivalents	**337**	**195**

Balance sheet (EUR million) - As of 31 March	**2011**	**2012**
Balance sheet total	8,869	8,533
Non-current assets	6,129	6,200
Investments, cash and cash equivalents	967	536
Shareholders' equity	3,302	3,282
Non-controlling interests	236	228
Liabilities for pensions, other post-employment benefits and termination benefits	540	454
Net financial position	-1,204	-1,296

Data per share	**2011**	**2012**
Earnings per share (EUR) (3)	0.60	0.62
Weighted average number of oustanding shares	321,489,045	317,704,642

Data on employees	**2011**	**2012**
Number of employees (full-time equivalents)	15,734	15,926
Average number of employees over the period	15,740	15,952
Total income per employee (EUR)	100,571	99,546
EBITDA (1) per employee (EUR)	30,522	29,195

Ratios (before non-recurring items)	**2011**	**2012**
Return on Equity	5.9%	6.1%
Gross margin	61.5%	61.3%

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities.
(3) For 2011 and 2012 basic and diluted earnings per share are equivalent.

The Belgacom Management Committee declares that to the best of its knowledge, the condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, financial position and results of Belgacom and of the entities included in the consolidation. The financial report gives an accurate overview of the information that needs to be disclosed.

The Belgacom Management Committee is represented by Didier Bellens, President and CEO, Scott Alcott, Executive Vice-President Consumer, Bruno Chauvat, Executive Vice-President Strategy and Content, Bart Van Den Meersche, Executive Vice-President Enterprise, Ray Stewart, Executive Vice-President Finance and CFO, Geert Standaert, Executive Vice-President Service Delivery Engine and Michel Georgis, Executive Vice-President Human Resources.

Conference call

Belgacom will host a conference call for institutional investors and analysts on Friday 4 May 2012.
Time: 02:00pm Brussels – 01:00pm London – 08:00am New York

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- Dial-in USA: +1 646 254 3362
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Highlights – Q1 2012

- Belgacom starts the year with solid revenue
- Further strengthening its customer base
- Full-year guidance reiterated

- The Belgacom Group reports for the first quarter 2012 EUR 1,588 million of revenue, i.e. 0.3% up versus the same period of 2011. Excluding the impact from acquisitions, divestments and regulatory measures, Belgacom's underlying revenue grew by 1% as a result of a revenue increase in the Consumer segment and BICS.

- The first-quarter 2012 Group EBITDA was EUR 466 million, i.e. a 3.1% decline versus the previous year. Regulatory measures reduced the first-quarter EBITDA by EUR 6 million (-1.3%). The reported EBITDA led to an EBITDA margin of 29.3 %, or 1pp lower than for the same period of 2011.

- Belgacom invested EUR 186 million in the first three months of 2012, or 11.7% of its Group revenue.

- In the first quarter of 2012 Belgacom generated EUR 179 million Free Cash Flow, or EUR 60 million less versus the same period of 2011. This is due to lower Cash Flow from Operating Activities, the acquisition of the chain of The Phone House Belgium stores and higher Capex investments.

- Belgacom continues to have a sound financial position with its net financial debt at EUR 1,296 million end of March 2012.

- Belgacom grew its customer base further for most products in the first quarter of 2012:
  - + 43,000[1] Belgacom TV customers, growing the total TV-customer base to 1,254,000
  - + 39,000 Mobile cards, of which 34,000 postpaid. Total Mobile cards at 5,498,000[2]
  - + 6,000 Mobile Internet cards. Total Mobile Internet cards at 232,000[3]
  - + 54,000 multi-play Packs, with a total of 1,143,000 Packs
  - + 15,000 Fixed Internet lines, with a total Internet customer base of 1,606,000
  - - 39,000 Fixed Voice lines, with a total Fixed Voice customer base of 3,186,000

Comment by the CEO

"We are pleased to start the year with solid revenue, and EBITDA on track to meet our full-year guidance. Once again we were able to gain many new customers, growing our customer base for most products. Our strategy is proving to be correct: we leveraged our strengths and further elaborated on the convergence strategy that makes us unique in the Belgian market. Today we are clearly benefitting from our approach of having invested early and continuously in a high-quality fixed and mobile network. Our focus on improving our servicing to customers is working, which helps Belgacom to be an even more attractive company in a competitive market. The absence of a fair, level playing field, however, still puts us in a disadvantageous position in relation to our cable competitors, a situation which we will continue to fight. Even so, thanks to our strategy and assets, Belgacom remains a resilient player in the market."

Didier Bellens, CEO Belgacom

[1]Corresponds to total number of set-top boxes: 37,000 new households and 6,000 second stream users
[2] Referring to Group result, i.e. including mobile cards sold through CBU, EBU, Tango, MVNO and SDE&W segments
[3] Total Mobile Internet cards also included in Total Mobile cards

Financial report

Belgacom Group

- **Group revenue trend improved: up 0.3% YoY; underlying revenue +1%**
- **Direct margin nearly stable YoY, but HR and non-HR expenses were up**
- **Group EBITDA 3.1% lower YoY, incl. -1.3% regulation impact**
- **Free Cash Flow of EUR 179 million**

✓ Quarterly financials at group and segment level: page 18

Revenue

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Consumer Business Unit	565	577	2.1%
Enterprise Business Unit	593	579	-2.2%
Service Delivery Engine & Wholesale	81	78	-4.3%
Staff & Support	8	9	9.0%
International Carrier Services	372	382	2.6%
Inter-segment eliminations	-36	-37	2.3%
Total	**1,583**	**1,588**	**0.3%**

The Belgacom Group reports for ***the first quarter 2012*** EUR 1,588 million of revenue, i.e. 0.3% up versus the same period of 2011. The year-over-year variance includes a slight net positive impact from acquisitions and divestments[1]. These impacts excluded, the like-for-like Belgacom Group revenue for the first quarter 2012 was up by 0.1% from 2011.
This includes a EUR 14 million negative impact from regulatory[2] measures (-0.9%). Regulation excluded, the Belgacom Group saw its underlying revenue growing by 1% for the first quarter 2012.

The improved year-on-year revenue trend compared to previous quarters is the combined result of:

- A positive first quarter revenue trend for the **Consumer** segment, growing 1.7% on underlying[3] basis. This is driven by the positive results of Mobile Data and TV, while the erosion of Fixed and Mobile Voice revenue slowed through the January 2012 price indexations.
- **BICS** too showing a positive revenue variance with first-quarter 2012 revenue up by 2.6% year-over-year, mainly due to rising revenue from messaging and signalling, and benefitting from a positive currency effect.
- Fairly flat underlying[3] revenue for the **Enterprise** segment, with revenue growth from Mobile data compensating for the Voice decline ex-regulation, while ICT showed a limited revenue growth on a like-for-like basis, including some seasonality and phasing of IT projects.

Operating expenses

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Costs of materials and services related to revenue	609	614	0.9%
Personnel expenses and pensions	274	282	2.6%
Other operating expenses	220	226	3.1%
Total	**1,103**	**1,122**	**1.8%**

Cost of Sales up by 0.9%
First-quarter Cost of Sales were up 0.9% to EUR 614 million, as the positive effect from lower Mobile Termination Rates, the capitalization of new modems[4] rented to customers and the divestments were more than offset by the higher Cost of Sales from BICS and the additional costs generated by the acquired chain of The Phone House stores in Belgium.

HR expenses impacted by inflation-based wage indexations and acquisition of The Phone House
For the ***first quarter 2012***, Belgacom reports EUR 282 million in HR expenses, or 2.6% higher versus 2011. The year-over-year increase includes the effect from inflation-based salary indexations (June 2011 and March 2012) and an increase

[1] Revenue contribution of The Phone House (January 2012) and Eudasys (April 2011), while revenue loss due to divesture Telindus Spain (June 2011) and Scarlet Curaçao (October 2011).
[2] See pages 7 and 8 for more detail on impact from regulation
[3] Excluding impact from acquisitions, divestures, re-segmentation and regulation
[4] See page 17

in headcount by 192 FTEs compared to end-March 2011. This is the net result of additional headcount following the acquisition of The Phone House (+518 FTEs) and some business-critical hirings, partly offset by divestures (Telindus Spain and Scarlet Curaçao) and employees that left in the 'Tutorship' headcount restructuring program.
By the end of March 2012, Belgacom's personnel base counted 15,926 FTEs.

Number of FTE	March 2011	End 2011	March 2012	12 months variance	3 months variance
Consumer Business Unit	5,123	5,229	5,474	351	245
Enterprise Business Unit	5,103	5,144	5,208	106	64
Service Delivery Engine & Wholesale	3,213	3,193	3,099	-114	-93
Staff & Support	1,915	1,831	1,757	-158	-75
International Carrier Services	381	391	388	7	-2
Total	**15,734**	**15,788**	**15,926**	**192**	**139**

Over the first quarter non-HR expenses were up about 3%
Belgacom's non-HR expenses over ***the first quarter 2012*** amounted to EUR 226 million; i.e. EUR 6 million or 3.1% more than for the same period of 2011. This is in part due to a negative year-on-year currency effect, mainly within the ICT domain of the Business segment. The remaining increase in expenses is driven by non-HR costs related to The Phone House and some costs in the framework of the cost efficiency effort.

Operating income before depreciation and amortization (EBITDA)

(EUR million)	1st Quarter 2011	1st Quarter 2012	% Change
Consumer Business Unit	264	251	-4.9%
Enterprise Business Unit	300	289	-3.5%
Service Delivery Engine & Wholesale	-29	-23	-18.1%
Staff & Support	-79	-79	0.6%
International Carrier Services	24	28	15.9%
Inter-segment eliminations	0	0	0.8%
Total	**480**	**466**	**-3.1%**

For the ***first quarter 2012*** Belgacom reports a Group EBITDA of EUR 466 million. This is a 3.1% decline versus the previous year. Regulatory measures reduced the first quarter EBITDA by EUR 6 million (-1.3%). The Direct margin remained fairly stable for the first quarter, a significant trend change compared to the last two quarters of 2011 as a result of a slower year-on-year decline in high margin Voice revenue, lower Cost of Sales following the capitalisation of new modems rented to customers and a Direct margin increase for BICS.
Higher HR expenses and non-HR expenses, however, put some pressure on the EBITDA. The reported EBITDA led to an EBITDA margin of 29.3 %, or 1pp lower than for the same period of 2011.

Depreciation and amortization

The ***first-quarter 2012*** depreciation and amortization was EUR 181 million or EUR 13 million less than for the same period of 2011 which included depreciation linked to the shortened useful life of the Mobile Radio Access Network to be replaced by Huawei equipment. In addition, the first half of 2011 was impacted by the amortization of the exclusive football rights of the 2008-2011 period.

Net finance result

The significant year-over-year decrease in net finance costs, from EUR 30 million in 2011 to EUR 18 million in 2012, was mainly the result of lower net interest expenses due to less long-term debt and the fees and premium granted in the context of the bond buy-back in 2011. This was partly offset by less favorable re-measurements to fair value of financial instruments in the first quarter 2012 versus 2011.

Tax expense

The first-quarter 2012 tax expenses amounted to EUR 65 million representing an effective tax rate of 24.3%. This is fairly stable as compared to an effective tax rate of 23.9% for the first quarter of 2011. The effective tax rate is based on the application of general principles of Belgian tax law.

Net income (Group share)

Belgacom reported a Group net income (Group share) of EUR 199 million for the first quarter of 2012, a EUR 5 million increase compared to the EUR 194 million for the first quarter of 2011. The EBITDA decrease was more than offset by the lower amount of depreciation and amortization and lower finance costs.

Capital expenditure (Capex)

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Consumer Business Unit	44	61	38.9%
Enterprise Business Unit	4	4	4.3%
Service Delivery Engine & Wholesale	115	116	0.9%
Staff & Support	7	5	-37.5%
International Carrier Services	3	1	-76.2%
Total	**173**	**186**	**7.5%**

In the ***first quarter of 2012***, Belgacom invested EUR 186 million or 11.7% of Group revenue. The EUR 13 million increase compared to the same period of 2011 mainly results from the acquisition and renewal of broadcasting rights and capitalization of Belgacom modems. As a consequence of the gradual evolution to the current business model for modems, new Belgacom modems rented to customers are capitalized as from 1 January 2012 and have an estimated useful life time of 24 months.

Cash flows

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Cash flows from operating activities	410	386	-6%
Cash paid for acquisitions of intangible assets and property, plant and equipment	-173	-186	7%
Cash flows from / (used in) other investing activities	2	-21	<-100%
Cash flow before financing activities	**239**	**179**	**-25%**
Net cash provided by financing activities	98	16	-84%
Net increase of cash and cash equivalents	**337**	**195**	**-42%**

In the ***first quarter of 2012*** Belgacom generated a Free Cash Flow of EUR 179 million, i.e. EUR 60 million less than for the same period last year. This difference is mainly explained by a lower Cash Flow from Operating Activities, driven by the unfavorable evolution of the trade payables and inventory levels and by the lower operating result. Furthermore, the Free Cash Flow was impacted by the acquisition of Wireless Technologies BVBA (owning the chain of The Phone House Belgium stores) and by higher cash paid for Capex investments.

Belgacom ended the first quarter of 2012 with EUR 16 million of Cash Flow provided by financing activities, compared to EUR 98 million for the same period in 2011. The latter however included the issuance in January 2011 of a seven-year unsubordinated bond of EUR 500 million under the Euro Medium Term Note program, partially offset by a bond buy-back in March 2011, anticipating the repayment of debt maturing in November 2011.

Balance sheet and shareholders' equity

Compared to year-end 2011, the goodwill increased by EUR 15 million to EUR 2,339 million as a result of the acquisition of Wireless Technologies BVBA. The amount of goodwill related to this acquisition is provisional as the purchase price allocation is not finalized.

Intangible fixed assets and property, plant and equipment increased by EUR 8 million compared to year-end 2011, mainly as a consequence of the invested Capex and the fixed assets acquired in the business combination with Wireless Technologies BVBA which was higher than the depreciation and amortization.

The shareholders' equity increased from EUR 3,078 million at year-end 2011 to EUR 3,282 million at March 2012, mainly reflecting the net income generated so far in 2012.

Belgacom continues to have a sound financial position with end of March 2012 a net financial debt of EUR 1,296 million. Outstanding financial debt amounted to EUR 1.9 billion at the same date.

Regulation and legal update

Regulation impacts (Decrease in EUR million)		*Estimated Impact* FY 2012	*Actuals* Q1 2012
MTR & flow-through Fix-to-Mob	Revenue	*~ €45m*	€10m
	EBITDA	*~ €7m*	€2m
Roaming	Revenue	*max. €32m*	€2m
	EBITDA	*max. €32m*	€2m
Other (a.o. new LLU & bitstream prices)	Revenue	*~ €8m*	€2m
	EBITDA	*~ €6m*	€2m
Total	**Revenue**	***max. €85m***	**€14m**
	EBITDA	***max. €45m***	**€6m**

Mobile Termination Rates

On 29 June 2010, the Belgian regulator (BIPT) adopted its final decision on the 2010-2013 MTR glide path. Gradual MTR decreases are foreseen until 2013, at which point symmetry will be reached for all operators. While the MTR cut reduced revenues, the asymmetry reduction positively impacted Belgacom's Cost of Sales.

Any decrease in MTRs is reflected in Belgacom's fixed-to-mobile retail tariffs. Accordingly, Belgacom lowered its fixed-to-mobile tariffs on 1 January 2012.

MTR glide path	Before*	01-Aug-10*	01-Jan-11*	01-Jan-12*	01-Jan-13
In euro cent (excluding VAT)					
Proximus	*7.2*	4.62	3.94	2.62	1.08
Mobistar	*9.02*	5.05	4.29	2.79	1.08
Base	*11.43*	5.81	4.90	3.11	1.08
% change					
Proximus		-36%	-15%	-34%	-55%
Mobistar		-44%	-15%	-35%	-58%
Base		-49%	-16%	-36%	-62%
Asymmetry					
Mobistar-Prox	*25%*	9%	9%	6%	0%
Base-Prox	*59%*	26%	24%	19%	0%

*Including inflation

On 14 July 2010, Mobistar and KPN Group each filed a separate appeal against the BIPT decision of 29 June before the Brussels Court of Appeal, both asking the Court to suspend and annul the decision (especially regarding their own MTR tariffs). Belgacom intervened in these appeals to protect its interests. On 15 February 2011, the Court took its decision in the suspensions procedure, rejecting the Mobistar and KPN Group claims. The annulment procedure, however, is still ongoing.

Voice Roaming rates

In application of the Roaming II Regulation that entered into force in July 2009, the retail and wholesale voice roaming and the wholesale data roaming rates decreased on 1 July 2010, and were further lowered on 1 July 2011.

The Roaming II Regulation expires on 30 June 2012 and, on 27 March 2012, the European Parliament and the European Council reached a preliminary deal on the new EU roaming rules (Roaming III Regulation). This agreement is expected to be approved by the European Parliament in May and by the Telecom Council in June. The new regulation foresees a further lowering of the existing regulated price caps and extends the roaming regulation to retail data as from July 2012.

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

*Based on preliminary agreement of 27 March 2012

Next to price caps, the new regulation creates mechanisms to increase competition in the roaming market: (i) all operators have to grant MVNOs and resellers access to roaming at wholesale tariffs from 1 July 2012 onwards and (ii) as from 1 July 2014, customers should be able to obtain roaming services from a different operator while keeping their mobile number.

The new regulation will cover a ten-year period from 1 July 2012 to 30 June 2022. Retail price caps shall remain at defined levels from 1 July 2014 until 30 June 2017.

Access to Networks

On 18 July 2011, the Belgian regulators (BIPT, CSA, Medienrat and VRM) published their final decisions on broadband and TV regulation. On the TV market, the dominant cable operators will be regulated in their respective coverage areas and are required to resell analogue TV, to open up their Digital TV platform, and to resell broadband. Belgacom can only obtain access to analogue TV. The wholesale prices of the cable operators will have to be approved by the regulators and the effective implementation of the obligations should occur in the second half of 2012. The cable operators appealed the broadcast decisions.

Cable is not included in the broadband market analysis. Based on the new broadband decision, Belgacom has to provide bitstream access for television (multicast). On 4 January 2012, the BIPT approved Belgacom's alternative multicast solution based on shared channels (wholesale customers can use the multicast channels that are already on the Belgacom network if they acquire the corresponding content rights). Belgacom submitted a draft detailed reference offer on 6 March 2012. The BIPT also maintains also a strong focus on "operational excellence" for wholesale services and has announced that it will assess again the status of wholesale operations at the end of 2012.
Belgacom launched an appeal against the broadcast and the broadband decisions.

Consumer protection
The draft law transposing the revised EU telecom framework strengthens the current consumer protection rules and introduces new measures related to contract regulation imposing (i) contract duration of 24 months maximum for consumers and obligation to propose a 12 month contract to all customers, (ii) possibility of early termination of fixed term contracts after 6 months (without any penalty except potential reimbursement of residual value of a free device) for consumers and small enterprises and (iii) specific conditions applicable to the replacement of an existing contract by a new fixed term contract (in particular after distant selling). The final adoption of the law is expected in the course of 2012.

First quarter performance versus outlook 2012

Metrics	Outlook 2012	Reported Q1 2012
Group revenue	Decline of about -1%	**0.3%**
Group EBITDA	Decline between '-5% and -6%'	**-3.1%**
Capex/Revenue	Upper-end of range 10%-12%	**11.7%**

Based in the first quarter performance and Belgacom's best estimate for the remainder of the year, Belgacom reiterates its full-year guidance, i.e. a revenue decline of about 1%, while the EBITDA is expected to decline between 5% and 6%. Capital expenditures are expected to be in the upper-end of '10% to 12%' of Group revenue.

The full-year guidance does not take into account the accounting impact on revenue and EBITDA in case the Belgian Telecom law would be changed. The new law could lead to some changes in the accounting of "credit & discounts" (C&D) and commissions related to Proximus Mobile fixed term contracts, as well as for rented tablets. The criteria allowing for the deferral over time of C&D and commissions and for the capitalisation of tablets could no longer be met. When the law is voted, Belgacom will apply the appropriate accounting treatment and record a one-off adjustment, without impacting Free Cash Flow.

Consumer Business Unit – CBU

- **Price indexation and The Phone House compensating regulation impact and driving CBU's revenue up**
- **Continued customer gain: Fixed Internet +15,000; TV +43,000; Mobile +10,000**
- **TV, Mobile Data and Tango revenue continue to grow**
- **Q1 EBITDA 4.9% lower YoY, driven by higher operating expenses**

P&L Consumer Business Unit

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
TOTAL SEGMENT INCOME	**565**	**577**	**2.1%**
Costs of materials and services related to revenue	-149	-162	9.1%
Personnel expenses and pensions	-83	-90	9.1%
Other operating expenses	-70	-74	5.6%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-301**	**-326**	**8.3%**
TOTAL SEGMENT RESULT (1)	**264**	**251**	**-4.9%**
Segment contribution margin	*46.7%*	*43.5%*	-
Depreciation and amortization	-41	-32	-20.9%
OPERATING INCOME	**223**	**219**	**-1.9%**

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

✓ *CBU quarterly financial and operational results: page 19*

Revenue

For the ***first quarter 2012***, CBU reported a revenue of EUR 577 million, i.e. 2.1% higher than for the same period of the previous year. Excluding the impact of the acquisition of The Phone House, the divesture of Scarlet Curaçao and a customer re-segmentation[1], we get a **like-for-like revenue growth of 0.5%**. This includes a EUR 7 million (-1.2%) negative impact from regulatory measures mainly coming from lower mobile termination rates.
Putting these impacts aside results in an underlying business growth of 1.7% compared to first quarter of 2011. This growth is driven by the positive results of Mobile Data and TV, more than offsetting the decline in Fixed and Mobile Voice revenues.

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Revenues	**565**	**577**	**2.1%**
From Fixed	**281**	**274**	**-2.5%**
Voice	118	110	-7.5%
Data	85	85	0.1%
TV	51	55	8.6%
Terminals (excl. TV)	7	6	-8.6%
Scarlet	21	19	-10.3%
From Mobile	**265**	**281**	**6.2%**
Voice	139	130	-6.9%
Data	87	97	11.5%
Terminals	14	27	95.6%
Tango	25	27	10.4%
Other	**19**	**22**	**15.5%**

Fixed Voice line erosion continued to improve; revenue decline persisted though at a slower pace
First-quarter 2012 Fixed Voice revenues were down 7.5% year-over-year to EUR 110 million, with the main driver of the revenue decline the continued year-over-year Fixed Line erosion. However, the decline in revenue is lower than previous quarters, enforced by the positive impact of both the price indexation of January 2012 and the slowdown in line loss. The lowered fixed-to-mobile tariffs (January 2012) and other regulatory measures nevertheless continued to pressure the Fixed Voice revenue. The Happy Time XL pricing plan together with successful promotional activities contributed to the improved Fixed Line erosion (-20,000) in the first quarter of 2012. As a result of a customer re-segmentation exercise at the start of 2012, 18,000 former CBU customers moved to the EBU Fixed Voice customer base. Due to this, the CBU Fixed Voice customer base totalled at 1,780,000 end-March 2012.
For the first time in two years, the Fixed Voice ARPU stayed stable year-over-year at EUR 20.2 and the Fixed Voice traffic went up with 2.4% year-over-year, driven by an uptake in Fixed-to-Mobile calls.

[1] See page 17 for more information

Fixed Internet +15,000 customers; revenue flat year-over-year
CBU ended the ***first quarter of 2012*** with a Fixed Data revenue of EUR 85 million, i.e. nearly flat compared to the same period last year. The broadband customer base grew solidly by 15,000 in the first quarter of 2012. The continued step-up in customer growth was partly driven by the success of promotional year-end 2011 campaigns still having some positive impact. The first quarter of 2012 ended with a customer base of 1,159,000 Fixed Internet customers, taking into account 12,000 CBU customers that moved to EBU following the re-segmentation exercise.
Supported by the price indexations (January 2012), the first-quarter Broadband ARPU of EUR 26.9 (-2.7% year-over-year) showed a 3.1% increase compared to the previous quarter.

Solid TV customer growth: +43,000 in first quarter; revenue up 8.6%
First-quarter TV revenue grew by 8.6% to EUR 55 million, driven by the continued sound subscriber growth. Yet, the year-over-year revenue growth rate was still tempered by the free Football offer.
CBU's net TV customer gain in the first quarter ended at +43,000 TV subscribers, leading to a total TV customer base of 1,254,000 (+22% year-over-year), of which 196,000 were multiple streams. The TV ARPU, still impacted by the free football offer as of July 2011, declined year-over-year by 9.4% to EUR 17.6.

Mobile Voice revenue pressure continued, though at a slower pace
The declining Mobile Voice revenue trend persisted in the ***first quarter 2012*** but, with the revenues of EUR 130 million being 6.9% lower compared to the same quarter in 2011, the decline was considerably lower than previous quarters. The decline is still partially driven by regulatory impacts, including the MTR cut of 1 January 2012 and the further decrease in roaming tariffs as of July 2011. The remaining decrease in revenue was due to the loss of voice-centric customers, though tempered by the January price indexations.
For the first quarter of 2012, CBU added 10,000 new mobile customers. These were all Postpaid customer gains as the Proximus-branded Prepaid growth was completely offset by customer losses of Mobisud, targeting the more promotion-sensitive customer segment. CBU's Mobile customer base, however, remained flat due to a clean-up of 10.000 internal cards in the framework of the re-segmentation exercises.
The blended Voice ARPU declined to EUR 11.6 as regulation and the lower MoU (-0.7%) more than offset the price indexations impact.

Double-digit Mobile Data revenue growth of 11.5% in first quarter
With a year-over-year revenue growth of 11.5% in the ***first quarter of 2012***, the growth trend in Mobile Data continued. CBU remained a beneficiary of growing SMS revenue, up by 10.5% for the first quarter 2012. The average monthly SMS usage accelerated to 280 text messages, up by 17.2% year-over-year. This includes free SMS messages, resulting in growing inbound revenues. The "Generation" pricing plans remained particularly successful, offering unlimited SMS usage combined with a fixed amount of Voice and Mobile Data usage. So far, current results and usage patterns have not shown any significant cannibalization effect on SMS by mobile data applications.
Advanced Mobile Data generated a year-over-year revenue growth of 18.9%, generating EUR 12 million in the first quarter of 2012.
The ARPU from Mobile Data increased year-over-year by 9.6% to EUR 8.5 for the first quarter 2012.

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Mobile DATA revenue	**87**	**97**	**11.5%**
SMS - incl Premium SMS	77	85	10.5%
Advanced data	10	12	18.9%

CBU operating expenses

Cost of Sales up by ~9% year-over-year
First-quarter Cost of Sales were up 9.1% to EUR 162 million. The positive effect from lower Mobile Termination Rates, the capitalization of new modems and the divestment of Scarlet Curaçao were offset by a.o. higher interconnection costs for SMS and the cost contribution of The Phone House.

HR-expenses impacted by acquisition and wage indexations
The HR expenses for the ***first quarter*** grew 9.1% to EUR 90 million, driven by inflation based wage indexations of June 2011 and March 2012 and the integration of The Phone House (+518 FTE) partly offset by a small positive impact of a change in cost allocation methodology and the divestment of Scarlet Curacao.

Non-HR expenses up 5.6% in first quarter
CBU's ***first-quarter*** non-HR expenses of EUR 74 million were up 5.6%, due to inflation and volume driven costs and the integration of The Phone House, while slightly offset by a positive impact of the cost allocation changes and divestment Scarlet Curacao.

CBU segment result

For the ***first quarter 2012***, CBU reported a segment result of EUR 251 million, i.e. a year-over-year decline of 4.9%, including a EUR 4 million (-1.4%) negative impact from regulation. The main driver of the lower EBITDA was the increase in operating expenses. The loss of exclusive Belgian football rights and the free soccer offer too impacted the year-over-year variance.

CBU operating result

	1st Quarter		
	2011	**2012**	**Variance** (in abs. amount)
FROM FIXED			
Number of access channels (thousands)	3,028	2,938	-89
Voice	1,896	1,780	-116
Broadband	1,131	1,159	27
Traffic (millions of minutes)	1,061	1,086	25
National	875	828	-47
Fixed to Mobile	95	164	69
International	91	94	3
TV (thousands)	1,029	1,254	225
TV - households	879	1,057	178
Of which multiple settop boxes	149	196	47
ARPU (EUR)			
ARPU Voice	20.2	20.2	0.0
ARPU broadband	27.6	26.9	-0.8
ARPU Belgacom TV	19.4	17.6	-1.8
FROM MOBILE			
Number of active customers (thousands)	3,723	3,805	83
Prepaid (1)	2,117	2,116	-1
Postpaid	1,606	1,690	84
Annualized churn rate (blended - variance in p.p.)	21.3%	20.4%	
Net ARPU (EUR)			
Prepaid	14.1	14.0	-0.1
Postpaid	29.2	27.9	-1.3
Blended	20.5	20.1	-0.4
Blended voice	12.7	11.6	-1.1
Blended data	7.8	8.5	0.7
UoU (units)	338.0	377.9	39.9
MoU (min)	102.2	101.5	-0.7
SMS (units)	238.7	279.8	41.2

(1) Prepaid includes Mobisud customers that were previously reported as MVNO customers

Tango

	1st Quarter		
	2011	**2012**	**% Change**
Revenue (in EUR mio) (1)	25	27	10.2%
Total active mobile customers (in '000)	254	266	4.8%
Blended mobile net ARPU (EUR/month)	26.6	28.4	6.7%

(1) Total Tango revenues, i.e. fixed and mobile revenues

The growth trend seen in the results of the previous quarters continued in the ***first quarter***, with revenue up 10.2% year-over-year to EUR 27 million. The success of mobile subscriptions for iPhones together with the ongoing migration of prepaid towards postpaid offers and the strong smartphone and iPhone sales, resulted in a continued revenue increase. The ARPU increased to EUR 28.4, i.e. 6.7% year-over-year. Tango added 2,000 Mobile customers in the first quarter of 2012.

Enterprise Business Unit – EBU

- **Stable underlying revenue in competitive market and unfavorable economy**
- **Organic ICT growth seasonally limited**
- **Price indexation supporting the related product revenue trends**
- **Segment result negatively impacted by new cost allocation, divestment, currency effect and regulation**

P&L Enterprise Business Unit

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
TOTAL SEGMENT INCOME	**593**	**579**	**-2.2%**
Costs of materials and services related to revenue	-162	-149	-7.6%
Personnel expenses and pensions	-94	-100	6.6%
Other operating expenses	-37	-40	8.6%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-293**	**-290**	**-1.0%**
TOTAL SEGMENT RESULT (1)	**300**	**289**	**-3.5%**
Segment contribution margin	*50.6%*	*50.0%*	-
Depreciation and amortization	-4	-4	-8.0%
OPERATING INCOME	**296**	**286**	**-3.4%**

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

✓ *EBU quarterly financial and operational results: page 20*

Revenue

EBU's reported revenue of EUR 579 million for the first quarter was 2.2% lower versus the same period of 2011. On a **like-for-like basis**, i.e. the effect from the divesture of Telindus Spain, the acquisition of Eudasys by Telindus France and the customer[1] re-segmentation excluded, the EBU revenue ended **1% below the first quarter of 2011**. This includes a EUR 6 million or 1% negative impact from regulatory measures. This impact set aside, EBU's first-quarter underlying revenue remained stable (+0.1%) in the context of an unfavorable economic climate. The revenue growth from Mobile data compensated for the Voice decline ex-regulation, while ICT showed a limited revenue growth on a like-for-like basis, including some seasonality and phasing of IT projects.

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Revenues	**593**	**579**	**-2.2%**
From Fixed	**420**	**408**	**-2.7%**
Voice	128	124	-3.3%
Data	98	99	1.0%
Terminals (excl. TV)	18	18	0.1%
ICT	175	167	-4.5%
From Mobile	**169**	**166**	**-2.0%**
Voice	115	106	-8.1%
Data	50	56	13.0%
Terminals	4	3	-11.8%
Other	**4**	**5**	**30.1%**

Fixed Voice revenue trend improved by price indexation, partly offsetting line erosion impact
For the first quarter 2012, EBU reported EUR 124 million Fixed Voice revenue. The year-on-year decline of 3.3% is a significant improvement over the trend seen in previous quarters and is driven by the indexation of Fixed Voice prices as of 1 January 2012. The positive effect was, however, more than offset by the lower Fixed-to-Mobile rates resulting from the lower Mobile Termination Rates since 1 January 2012 and especially by the continued Fixed Line erosion. The ARPU for the first quarter 2012 was EUR 28.9.
In the first quarter of 2012, EBU saw an erosion of 18,000 fixed lines. As a result of a customer re-segmentation exercise, 18,000 former CBU customers moved to the EBU Fixed Voice customer base. Furthermore, the EBU Fixed Voice Access base also includes 9,000 Business trunking lines[2]. As a result, EBU counted a total Fixed Voice customer base of 1,394,000 at the end of March 2012.

[1] See page 17 for more information
[2] Business Trunking offers a solution for the integration of voice and data traffic on one single data network. At the same time, it allows communication with the traditional switched-voice network (PSTN/ISDN).

Stable Fixed Data customer base with revenue slightly up year-on-year
The ***first-quarter 2012 revenue*** from Fixed Data, consisting of Fixed Internet and data connectivity revenue, for a total of EUR 99 million, was slightly up compared to the same period of 2011. The revenue from data connectivity showed some growth following the continued migration from old technologies (ATM, Frame Relay, Leased Lines) to the 'Explore' platform, and Internet revenue too was slightly up as a result of the price indexation on 1 January 2012.
In spite of a saturated and highly competitive market environment, EBU kept its customer base fairly stable, ending the first quarter 2012 with 446,000 Fixed Internet customers. The increased customer base versus reported year-end 2011 numbers is the result of the re-segmentation exercise, moving 12,000 Internet customers from the Consumer to the Business segment. The first quarter 2012 EBU broadband ARPU of EUR 39.5 remained fairly stable year-over-year and, supported by the January price indexation, showed some increase compared to the previous quarter.

Seasonally limited growth in ICT revenue for first quarter
For the first ***quarter of 2012,*** EBU reports EUR 167 million of ICT revenue, or 4.5% less versus the same period of 2011. This includes a negative impact from the divesture of Telindus Spain, partly compensated by the acquisition of Eudasys by Telindus France. With this impact normalized, the like-for-like ICT revenue was up 1.0% for the first quarter of 2012, which is seasonally low after a typical run-up at year-end.

Solid customer growth continued, Mobile Voice revenue remains under pressure due to pricing and regulation
For the first quarter of 2012, EBU reports EUR 106 million revenue from Mobile Voice, or a year-on-year decline of 8.1%. Regulatory measures[1] in part explain the continued decline in net Voice ARPU to EUR 25.3, in addition to the continued price erosion driven by the uptake of pricing plans including free Voice usage and by a competitive corporate and SME mobile market. This negative effect was partly offset by the indexation of some of the mobile price plans in January 2012 and the somewhat higher Mobile usage per customer, increasing year-on-year by 3.4% to 328 minutes/user/month.
EBU continued its solid Mobile customer growth, adding 22,000 new mobile cards in the first quarter. By end of March 2012, EBU's Mobile customer base counted 1,413,000 cards. The remaining difference with the 2011 year-end Mobile customer base is explained by the re-segmentation exercise, moving 8,000[2] EBU customers to SDE&W and due to the cleaning of 9,000 internal mobile cards.

Double digit revenue growth from Mobile data in first quarter; Advanced Data up ~12%, SMS up ~14%
The Mobile Data revenue grew year-over-year by 13% to EUR 56 million for the first quarter of 2012. The revenue growth from SMS was strong, increasing by nearly 14% to EUR 26 million. SMS usage accelerated in the first quarter, up by 27% to 107 text messages per user per month as a result of growing success of MTV Generation pricing plans, including unlimited SMS, and growing paying SMS.
Revenue from Advanced Mobile Data grew by 12% to EUR 30 million for the first quarter, mainly driven by the continued success of Mobile Solutions and Internet on GSM subscribers. The Machine-to-Machine business also continued its strong uptake.
The Mobile Data ARPU went up 6% from last year to EUR 13.5 in the first quarter 2012.

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Mobile DATA revenue	**50**	**56**	**13.0%**
SMS - incl Premium SMS	23	26	13.7%
Advanced data	27	30	12.3%

EBU operating expenses

Divesture Telindus Spain positively impacting Cost of Sales
For the first quarter 2012, EBU reports EUR 149 million Cost of Sales, i.e. 7.6% less than for the same period of 2011. This decrease is driven by the divesture of Telindus Spain and a small positive effect from lower Mobile Termination Rates.

HR-expenses up due to changes in allocation, salary indexation and headcount increase
Year-over-year the HR-expenses increased by 6.6% to EUR 100 million for the first quarter 2012. About half of the increase is due to a change of allocated customer installation and overhead costs. The remaining increase is driven by the inflation-based salary indexation of June 2011 and March 2012 and by an increase in EBU headcount to 5,208 FTEs in order to support ICT growth.
Compared to end March 2011, EBU counted 106 more FTEs to support the growth in Telindus International and EBUs solution centricity strategy.

[1] Lowered rates for mobile termination and roaming
[2] It concerns Belgacom retail mobile cards sold via SDE&W segment (for OLO's own usage and reselling).

Higher non-HR expenses, including negative currency and a change in cost-allocation
EBU's first-quarter 2012 non-HR expenses of EUR 40 million were EUR 3.2 million, or 8.6% higher than for the previous year. This includes a negative currency effect and a negative effect of the change in cost allocation, more than offsetting the positive impact from the Telindus Spain divestment.

EBU segment result

EBU's ***first quarter 2012*** segment result for the of EUR 289 million is EUR 10 million or 3.5% lower than for the same period of 2011. This includes a EUR 2 million (-0.7%) negative effect from regulation, as well as some EBITDA loss related to the divestment of Telindus Spain, the change in allocated costs and a negative currency effect. The contribution margin was 50%, versus 50.6% for the same period of 2011.

EBU operating result

	1st Quarter		
	2011	**2012**	**Variance** (in abs. amount)
FROM FIXED			
Number of access channels (thousands)	1,861	1,841	-21
Voice	1,425	1,394	-31
Broadband	436	446	10
Traffic (millions of minutes)	782	754	-28
National	526	502	-24
Fixed to Mobile	165	167	2
International	90	84	-6
ARPU (EUR)			
ARPU Voice	29.1	28.9	-0.2
ARPU Broadband	39.6	39.5	-0.1
FROM MOBILE			
Number of active customers (thousands)	1,327	1,413	86
Post-paid	1,327	1,413	86
Annualized churn rate (blended - variance in p.p.)	11.1%	11.7%	
Net ARPU (EUR)			
Postpaid	41.8	38.7	-3.1
Postpaid voice	29.2	25.3	-3.9
Postpaid data	12.6	13.5	0.8
UoU (units)	356.5	375.8	19.4
MoU (min)	317.1	327.8	10.6
SMS (units)	83.7	106.6	22.8

Service Delivery Engine & Wholesale – SDE&W

P&L Service Delivery Engine & Wholesale

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
TOTAL SEGMENT INCOME	**81**	**78**	**-4.3%**
Costs of materials and services related to revenue	-9	-9	2.3%
Personnel expenses and pensions	-49	-43	-11.5%
Other operating expenses	-52	-48	-6.3%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-110**	**-101**	**-7.9%**
TOTAL SEGMENT RESULT (1)	**-29**	**-23**	-18.1%
Segment contribution margin	*-35.2%*	*-30.1%*	-
Depreciation and amortization	-112	-108	-4.0%
OPERATING LOSS	**-141**	**-131**	**-6.9%**

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

✓ SDE&W quarterly financial and operational results: page 21

Revenue

For the ***first quarter of 2012***, SDE&W reported EUR 78 million revenue, or 4.3% less than for the same period last year. This is due to lower leased line and broadband volumes, while a volume increase for roaming traffic was only partially offsetting the roaming price decrease. Regulatory measures reduced the SDE&W revenue by 0.8%.
Since January 2012 Belgacom has an external MVNO. The 5,000 MVNO customers are reported in SDE&W. (page 22)

Operating expenses

SDE&W's total operating expenses for the first quarter 2012 were down year-on-year by nearly 8%, as a result of a favourable evolution of both HR and non-HR expenses. For both, the decline is mainly related to a higher rate of capitalized internal labour in 2012 as a result of the phasing and timing of IT-activities.
Compared to end March 2011, SDE&W counted 114 fewer FTEs. The benefit from the lower headcount, a higher capitalization rate of internal labour and a small positive effect of a changed cost allocation offset the inflation-based salary increase of June 2011 and March 2012, resulting in 11.5% less HR-expenses for the first quarter.

Staff & Support – S&S

P&L Staff and Support

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
TOTAL SEGMENT INCOME	**8**	**9**	**9.0%**
Costs of materials and services related to revenue	-0	1	>100%
Personnel expenses and pensions	-39	-38	-3.6%
Other operating expenses	-47	-51	7.6%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-87**	**-88**	**1.4%**
TOTAL SEGMENT RESULT (1)	**-79**	**-79**	**0.6%**
Segment contribution margin	-	-	-
Depreciation and amortization	-18	-18	-1.0%
OPERATING LOSS	**-97**	**-97**	**0.3%**

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

✓ S&S quarterly financial results: page 21

For the ***first quarter***, Staff and Support reported EUR 9 million revenues, up 9.0% year-over-year.
First-quarter operating expenses were up 1.4% partially driven by costs linked to the efficiency effort impacting the **non-HR expenses**. **HR expenses** were down 3.6% year-over-year as the decline in headcount (-158 FTEs) more than offset the impact of the wage indexations.

International Carrier Services – BICS

- **Revenue growing 2.6%; volume growth of Voice and Non-Voice more than offsetting MTR impact**
- **First-quarter gross margin up 8.1% driven by growing volumes**
- **EBITDA +15.9% year-over-year**

P&L International Carrier Services

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
TOTAL SEGMENT INCOME	**372**	**382**	**2.6%**
Costs of materials and services related to revenue	-320	-326	1.7%
Gross margin (1)	*52*	*56*	*8.1%*
Personnel expenses and pensions	-10	-10	5.1%
Other operating expenses	-18	-18	-0.8%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-348**	**-354**	**1.7%**
TOTAL SEGMENT RESULT (2)	**24**	**28**	**15.9%**
Segment result margin	*6.5%*	*7.3%*	-
Depreciation and amortization	-20	-20	1.3%
OPERATING INCOME	**5**	**8**	**79.7%**

(1) Total segment income net of Costs of materials and services related to revenue
(2) Operating income before depreciation and amortization and before non-recurring income and expenses

✓ *ICS quarterly financial and operational results: page 21*

Revenue

Over the ***first quarter of 2012***, BICS reported revenue of EUR 382 million, up 2.6% compared to the same period last year, reversing the declining trend seen in 2011.
BICS' growing revenue is the result of 1- a strong increase in Non-Voice revenue which grew year-over-year by 21.7% to EUR 41 million, mainly driven by Messaging and Signalling. 2- Slightly growing Voice revenue due to higher volumes, with BICS trading almost 7 billion Voice minutes. 3- The support of a positive currency effect in the first quarter of 2012. These positive evolutions more than offset the negative impact of the European-wide MTR reduction.

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Voice	338.3	340.7	0.7%
Non Voice	33.9	41.3	21.7%
Total revenues	**372.3**	**381.9**	**2.6%**

The first-quarter Gross Margin was up 8.1% year-over-year, leading to a Gross Margin of EUR 56 million. This positive change mainly came from strong performances in both Signalling and SMS, enforced by higher Voice volumes, more than offsetting a lower Infrastructure Business.

	1st Quarter		
(EUR million)	**2011**	**2012**	**% Change**
Voice	28.6	31.0	8.4%
Non Voice	23.3	25.1	7.7%
Total Gross Margin	**51.9**	**56.1**	**8.1%**

Growing Gross Margin leads to higher EBITDA

The **first-quarter** segment result of BICS was up 15.9% year-over-year to EUR 28 million. This was driven by the higher Gross Margin while the HR and Non-HR expenses remained stable year-over-year, supported by a lower negative currency effect compared to 2011. This resulted in a 0.8 p.p. year-over-year growth in the EBITDA margin to 7.3%.

	1st Quarter		
Volumes (in million)	**2011**	**2012**	**% Change**
Voice	6,574	6,907	5.1%
Non-Voice (SMS/MMS)	230	323	40.4%

Some reporting changes

A number of elements impacted reported financial and/or operational results in the first quarter:

▪ Capitalization of modems:

As a consequence of the gradual evolution to the current business model for internet modems, new Belgacom modems rented to customers are capitalized as from 1 January 2012 and have an estimated useful life time of 24 months. This resulted in a positive impact on Cost of Sales, while increasing the level of Capex.

▪ Fine-tuning cost allocation:

Allocation of a.o. customer installation and overhead costs was fine-tuned at the start of 2012 having some impact on the expenses of the Consumer, Business and Service Delivery Engine & Wholesale segments, though, not impacting Group results. Where applicable, a reference was made in the detailed segment results.

▪ Customer re-segmentation:

The full alignment at the start of 2012 of the Belgacom Fixed and Mobile customer base led to the re-segmentation of some customers. For your information, we provide you with the tables below, giving an overview of 1- the customer bases as we reported end of 2011, 2- the result of the new segmentation and other movements, and 3- the real net adds for the first quarter 2012.

Note, however, that since the re-segmentation was unaudited, the fourth quarter customer bases have not been officially restated in the operational tables included in other parts of this release.

FIXED VOICE in '000	as reported	After re-segmentation		net adds	Changes in customer base end 2011
	Q4'11	**Q4'11**	**Q1'12**	**Q1'12**	
CBU	1,818	1,800	1,780	-20	CBU: -18k former CBU customers were re-segmented to EBU
EBU	1,385	1,413	1,394	-18	EBU: +18k from CBU and 9k business trunking added to Fixed Voice
SDE&W (retail)	-	12	12	0	SDE&W: 12k Belgacom retail Fixed Voice lines sold via SDE&W segment*
GROUP	**3,204**	**3,225**	**3,186**	**-39**	Fixed Voice customer base +21k as EBU Business trunking (9k) and SDE&W Fixed Voice retail lines (12k) are now included

BROADBAND in '000	as reported	After re-segmentation		net adds	
	Q4'11	**Q4'11**	**Q1'12**	**Q1'12**	
CBU	1,156	1,144	1,159	15	CBU: -12k former CBU customers were re-segmented to EBU
EBU	434	447	446	0	EBU: +12k former CBU customers added
SDE&W (retail)	-	1	1	0	SDE&W: 1k Belgacom retail Broadband lines sold via SDE&W segment*
GROUP	**1,590**	**1,591**	**1,606**	**15**	Broadband customer base +1k as SDE&W Broadband retail lines are now included

MOBILE in '000	as reported	After re-segmentation		net adds	
	Q4'11	**Q4'11**	**Q1'12**	**Q1'12**	
CBU	3,805	3,795	3,805	10	CBU: -10k internal cards cleaned
EBU	1,408	1,391	1,413	22	EBU: -8k to SDE&W (retail) and -9k internal cards cleaned
SDE&W (retail)	-	8	8	0	SDE&W: +8k former EBU mobile cards added*
SDE&W (MVNO)	-	-	5	5	
TANGO	264	264	266	2	
GROUP	**5,478**	**5,458**	**5,498**	**39**	Group after segmentation: 19k internal cards cleaned

*OLO's own usage and reselling

Quarterly results

Note that reported customer bases have not been restated for the customer re-segmentation. (see previous page)

Group – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112
Revenues (1)	**1,583**	**1,612**	**1,596**	**1,616**	**6,406**	**1,588**
Consumer Business Unit	565	579	571	572	2,288	577
Enterprise business unit	593	593	572	591	2,349	579
Service Delivery Engine & Wholesale	81	80	77	80	318	78
Staff&Support	8	7	25	8	47	9
International Carrier Services	372	388	401	401	1,562	382
Intersegment eliminations	-36	-36	-51	-36	-159	-37
Costs of materials and charges to revenues	**-609**	**-621**	**-633**	**-655**	**-2,517**	**-614**
Personnel expenses and pensions	**-274**	**-282**	**-278**	**-283**	**-1,117**	**-282**
Other operating expenses	**-220**	**-196**	**-213**	**-232**	**-860**	**-226**
EBITDA before non-recurring items	**480**	**512**	**472**	**446**	**1,912**	**466**
Segment EBITDA margin (1)	**30.3%**	**31.8%**	**29.6%**	**27.6%**	**29.8%**	**29.3%**
Non recurring items	**0**	**-18**	**0**	**4**	**-15**	**0**
Ebitda	**480**	**494**	**472**	**450**	**1,897**	**466**

(1) before non-recurring items

Revenue evolution in percentages

	Q111	Q211	Q311	Q411	2011	Q112
GROUP						
Reported YoY variance	**-3.5%**	**-3.2%**	**-2.7%**	**-2.6%**	**-3.0%**	**0.3%**
Like-for-like YoY variance	-3.5%	-3.3%	-2.0%	-1.6%	-2.6%	0.1%
Underlying YoY variance	-0.4%	-1.3%	-0.9%	-1.0%	-0.9%	1.0%
CBU						
Reported YoY variance	**-4.3%**	**-2.1%**	**-2.3%**	**-4.6%**	**-3.3%**	**2.1%**
Like-for-like YoY variance	-4.3%	-2.1%	-2.3%	-4.0%	-3.2%	0.5%
Underlying YoY variance	-0.1%	0.4%	-0.8%	-3.2%	-0.9%	1.7%
EBU						
Reported YoY variance	**-3.7%**	**-2.8%**	**-3.1%**	**-2.4%**	**-3.0%**	**-2.2%**
Like-for-like YoY variance	-3.7%	-3.1%	-1.1%	-0.2%	-2.1%	-1.0%
Underlying YoY variance	-0.8%	-0.7%	0.3%	0.6%	-0.2%	0.1%
SDE&W						
Reported YoY variance	**-13.9%**	**-6.1%**	**-2.3%**	**-3.9%**	**-6.9%**	**-4.3%**
Underlying YoY variance	-3.6%	-2.9%	-0.8%	-3.4%	-2.7%	-4.3%
BICS						
Reported YoY variance	**-1.5%**	**-6.5%**	**-3.4%**	**-0.3%**	**-3.0%**	**2.6%**

Like-for-like: i.e. excluding impact from M&A and the re-segmentation
Underlying: i.e. like-for-like excluding impact from regulatory measures

Group – Capex

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112
Group Capex	**173**	**161**	**163**	**279**	**777**	**186**
Consumer Business Unit	44	27	24	40	134	61
Enterprise business unit	4	4	3	8	18	4
Service Delivery Engine & Wholesale	115	119	125	193	552	116
Staff&Support	7	9	9	26	51	5
International Carrier Services	3	2	3	14	22	1

CBU – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112
Revenues	**565**	**579**	**571**	**572**	**2,288**	**577**
From Fixed	**281**	**278**	**271**	**269**	**1,099**	**274**
Voice	118	115	111	110	454	110
Data	85	83	82	82	332	85
TV	51	53	51	53	208	55
Terminals (excl. TV)	7	6	7	7	26	6
Scarlet	21	21	20	18	79	19
From Mobile	**265**	**279**	**279**	**280**	**1,142**	**281**
Voice	139	147	143	136	565	130
Data	87	92	93	97	369	97
Terminals (excl. TV)	14	14	16	19	63	27
Tango	25	26	28	28	107	27
Other	**19**	**23**	**21**	**23**	**86**	**22**
Costs of materials and charges to revenues	**-149**	**-149**	**-158**	**-168**	**-624**	**-162**
Personnel expenses and pensions	**-83**	**-85**	**-86**	**-87**	**-340**	**-90**
Other operating expenses	**-70**	**-74**	**-71**	**-84**	**-299**	**-74**
Segment result	**264**	**271**	**257**	**233**	**1,025**	**251**
Segment Contribution margin	**46.7%**	**46.8%**	**45.0%**	**40.8%**	**44.8%**	**43.5%**

CBU – Operationals

	Q111	Q211	Q311	Q411	2011	Q112
FROM FIXED						
Number of access channels (thousands)	**3,028**	**3,006**	**2,977**	**2,974**	**2,974**	**2,938**
Voice	1,896	1,870	1,839	1,818	1,818	1,780
Broadband	1,131	1,136	1,138	1,156	1,156	1,159
Traffic (millions of minutes)	**1,061**	**977**	**936**	**1,036**	**4,011**	**1,086**
National	875	795	765	821	3,256	828
Fixed to Mobile	95	96	89	123	402	164
International	91	87	82	92	352	94
TV (thousands)	**1,029**	**1,087**	**1,139**	**1,211**	**1,211**	**1,254**
TV - households	879	925	963	1,021	1,021	1,057
of which multiple settop boxes	149	162	176	190	190	196
ARPU (EUR)						
ARPU Voice	20.2	20.0	19.7	19.8	19.9	20.2
ARPU broadband	27.6	27.0	26.7	26.1	26.8	26.9
ARPU Belgacom TV	19.4	19.2	17.8	17.5	18.4	17.6
FROM MOBILE						
Number of active customers (thousands)	**3,723**	**3,726**	**3,774**	**3,805**	**3,805**	**3,805**
Pre-paid (1)	2,117	2,096	2,111	2,116	2,116	2,116
Post-paid	1,606	1,630	1,663	1,690	1,690	1,690
Annualized churn rate (blended - variance in p.p.) (2)	**21.3%**	**20.4%**	**20.4%**	**25.2%**	**21.8%**	**20.4%**
Net ARPU (EUR)						
Prepaid	14.1	15.3	14.4	14.9	14.7	14.0
Postpaid	29.2	30.0	30.0	28.6	29.5	27.9
Blended	20.5	21.6	21.1	20.7	21.0	20.1
Blended voice	12.7	13.4	12.9	12.2	12.8	11.6
Blended data	7.8	8.2	8.2	8.5	8.2	8.5
UoU (units)	**338.0**	**357.5**	**335.4**	**373.3**	**351.6**	**377.9**
MoU (min)	**102.2**	**106.6**	**103.6**	**103.8**	**104.3**	**101.5**
SMS (units)	**238.7**	**254.1**	**235.1**	**273.0**	**250.5**	**279.8**

(1) Prepaid includes Mobisud customers that were previously reported as MVNO customers
(2) Q4 2011 impacted by clean-up of inactive prepaid cards. This clean-up has no impact on the number of active customers & prepaid net adds.

EBU – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112
Revenue	**593**	**593**	**572**	**591**	**2,349**	**579**
From Fixed	**420**	**417**	**398**	**420**	**1,655**	**408**
Voice	128	125	121	122	496	124
Data	98	97	96	97	389	99
Terminals	18	18	18	18	72	18
ICT	175	177	163	182	697	167
From Mobile	**169**	**171**	**169**	**168**	**677**	**166**
Voice	115	115	110	108	448	106
Data	50	53	56	57	216	56
Terminals	4	3	3	3	13	3
Other	**4**	**5**	**5**	**4**	**23**	**5**
Costs of materials and charges to revenues	**-162**	**-160**	**-154**	**-164**	**-639**	**-149**
Personnel expenses and pensions	**-94**	**-98**	**-93**	**-96**	**-381**	**-100**
Other operating expenses	**-37**	**-37**	**-34**	**-36**	**-144**	**-40**
Segment result	**300**	**298**	**291**	**296**	**1,185**	**289**
Segment Contribution margin	**50.6%**	**50.3%**	**50.9%**	**50.0%**	**50.4%**	**50.0%**

EBU– Operationals

	Q111	Q211	Q311	Q411	2011	Q112
FROM FIXED						
Number of access channels (thousands)	**1,861**	**1,849**	**1,834**	**1,820**	**1,820**	**1,841**
Voice	1,425	1,412	1,400	1,385	1,385	1,394
Broadband	436	436	434	434	434	446
Traffic (millions of minutes)	**782**	**732**	**672**	**716**	**2,901**	**754**
National	526	485	445	476	1,932	502
Fixed to Mobile	165	160	147	160	633	167
International	90	86	80	80	336	84
ARPU (EUR)						
ARPU Voice	29.1	28.9	28.1	28.6	28.7	28.9
ARPU Broadband	39.6	39.3	39.1	38.9	39.2	39.5
FROM MOBILE						
Number of active customers (thousands)	**1,327**	**1,357**	**1,380**	**1,408**	**1,408**	**1,413**
Post-paid	1,327	1,357	1,380	1,408	1,408	1,413
Annualized churn rate (blended - variance in p.p.)	**11.1%**	**10.8%**	**9.4%**	**10.2%**	**10.3%**	**11.7%**
Net ARPU (EUR)						
Postpaid	41.8	41.9	40.6	39.5	41.0	38.7
Postpaid voice	29.2	28.7	26.9	25.9	27.6	25.3
Postpaid data	12.6	13.2	13.8	13.7	13.3	13.5
UoU (units)	**356.5**	**369.6**	**343.3**	**363.4**	**358.8**	**375.8**
MoU (min)	**317.1**	**328.3**	**305.0**	**322.8**	**318.9**	**327.8**
SMS (units)	**83.7**	**90.1**	**87.3**	**95.6**	**89.4**	**106.6**

SDE&W – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112
Revenues	**81**	**80**	**77**	**80**	**318**	**78**
Costs of materials and charges to revenues	**-9**	**-9**	**-9**	**-9**	**-36**	**-9**
Personnel expenses and pensions	**-49**	**-50**	**-50**	**-50**	**-199**	**-43**
Other operating expenses	**-52**	**-33**	**-48**	**-42**	**-175**	**-48**
Segment result	**-29**	**-12**	**-30**	**-21**	**-92**	**-23**

SDE&W – Retail Operationals and MVNO customers

	Q111	Q211	Q311	Q411	2011	Q112
FROM FIXED						
Number of access channels (thousands)						
Voice (1)	-	-	-	-	12	12
Broadband (1)	-	-	-	-	1	1
FROM MOBILE						
Number of active Mobile customers (thousands)						
Retail (1)	-	-	-	-	8	8
MVNO	-	-	-	-	-	5

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

S&S – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112
Revenues	**8**	**7**	**25**	**8**	**47**	**9**
Costs of materials and charges to revenues	**0**	**0**	**0**	**-1**	**-1**	**1**
Personnel expenses and pensions	**-39**	**-40**	**-40**	**-40**	**-160**	**-38**
Other operating expenses	**-47**	**-41**	**-66**	**-61**	**-215**	**-51**
Segment result	**-79**	**-74**	**-81**	**-95**	**-328**	**-79**

ICS – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112
Revenues	**372**	**388**	**401**	**401**	**1,562**	**382**
Costs of materials and charges to revenues	**-320**	**-333**	**-342**	**-342**	**-1,338**	**-326**
Personnel expenses and pensions	**-10**	**-9**	**-9**	**-9**	**-37**	**-10**
Other operating expenses	**-18**	**-17**	**-15**	**-16**	**-65**	**-18**
Segment result	**24**	**29**	**35**	**33**	**122**	**28**
Segment EBITDA margin	**6.5%**	**7.5%**	**8.7%**	**8.3%**	**7.8%**	**7.3%**

ICS – Operationals

Volumes (in million)	Q111	Q211	Q311	Q411	2011	Q112
Voice	**6,574**	**6,997**	**6,853**	**7,018**	**27,442**	**6,907**
Non-Voice (SMS/MMS)	**230**	**253**	**276**	**315**	**1,074**	**323**

Acquisition of Wireless Technologies BVBA

Early January 2012, the Group acquired all outstanding shares of Wireless Technologies BVBA, the company owning the chain of The Phone House Belgium stores. A number of these points-of-sale will subsequently be divested.

The total acquisition price amounted to EUR 22 million before price adjustments which are not finalized.

The Group is still identifying assets and liabilities acquired and analysing their fair value. For this reason the fair value of the identified assets and liabilities of Wireless Technologies BVBA, as of the date of acquisition, has been determined provisionally for these interim financial statements and amounts to EUR 6 million for non-current assets, EUR 28 million for current assets, and EUR 24 million for current liabilities. Consequently such provisional initial accounting led to the recognition in these interim financial statements of EUR 15 million of goodwill.

As a result of this acquisition, early January 2012, the revenues and expenses of Wireless Technologies BVBA have been incorporated into the Belgacom Group financial statements starting 1 January 2012.

Interim financial statements

These interim financial statements have not been subject to a review by the independent auditor.

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

The accounting policies and methods of the Group are consistent with those applied in the 31 December 2011 consolidated financial statements, with the exception that the Group adopted the new standards and interpretations that became mandatory for the Belgacom Group on 1 January 2012 and which are detailed in note 38 of the 31 December 2011 consolidated financial statements. The adoption of these new standards has only limited disclosure impacts on the consolidated financial statements. The Group does not anticipate on the application of standards and interpretations.

During the first three months of 2012, aside from the acquisition of all shares of Wireless Technologies BVBA, the Belgacom Group did not acquire or dispose of any significant subsidiary, joint venture or affiliate.

The Group does not make any significant judgments and estimates other than those mentioned here above or in the 31 December 2011 consolidated financial statements.

Consolidated income statements

	1st Quarter	
(EUR million)	**2011**	**2012**
Net revenue	1,573	1,576
Other operating income	10	12
TOTAL INCOME	**1,583**	**1,588**
Costs of materials and services related to revenue	-609	-614
Personnel expenses and pensions	-274	-282
Other operating expenses	-220	-226
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,103**	**-1,122**
OPERATING INCOME before depreciation & amortization	**480**	**466**
Depreciation and amortization	-195	-181
OPERATING INCOME	**286**	**284**
Finance income	4	3
Finance costs	-34	-20
Net finance costs	**-30**	**-18**
INCOME BEFORE TAXES	**256**	**267**
Tax expense	-61	-65
NET INCOME	**195**	**202**
Non-controlling interests	1	3
Net income (Group share)	194	199
Basic earnings per share	0.60 EUR	0.62 EUR
Diluted earnings per share	0.60 EUR	0.62 EUR
Weighted average number of ordinary shares	321,489,045	317,704,642
Weighted average number of ordinary shares for diluted earnings per share	322,063,026	318,070,774

Consolidated statements of other comprehensive income

	As of 31 March	As of 31 March
(EUR million)	**2011**	**2012**
Net income	**195**	**202**
Other comprehensive income:		
Cash flow hedges:		
Gain/(loss) taken to equity	0	1
Total comprehensive income	**194**	**202**
Attributable to:		
Equity holders of the parent	193	199
Non-controlling interests	1	3

Consolidated balance sheets

	As of 31 December	As of 31 March
(EUR million)	**2011**	**2012**
ASSETS		
NON-CURRENT ASSETS	**6,217**	**6,200**
Goodwill	2,323	2,339
Intangible assets with finite useful life	1,155	1,167
Property, plant and equipment	2,401	2,397
Investments in associates	3	3
Other participating interests	31	34
Deferred income tax assets	121	112
Pension assets	2	2
Other non-current assets	180	145
CURRENT ASSETS	**2,095**	**2,333**
Inventories	116	141
Trade receivables	1,328	1,299
Current tax assets	143	143
Other current assets	152	215
Investments	36	21
Cash and cash equivalents	320	515
TOTAL ASSETS	**8,312**	**8,533**
LIABILITIES AND EQUITY		
EQUITY	**3,303**	**3,510**
Shareholders' equity	**3,078**	**3,282**
Issued capital	1,000	1,000
Treasury shares	-570	-566
Restricted reserve	100	100
Stock compensation	13	13
Retained earnings	2,532	2,731
Foreign currency translation	2	2
Non-controlling interests	**225**	**228**
NON-CURRENT LIABILITIES	**2,749**	**2,690**
Interest-bearing liabilities	1,931	1,899
Liability for pensions, other post-employment benefits and termination benefits	479	454
Provisions	180	181
Deferred income tax liabilities	157	154
Other non-current payables	2	2
CURRENT LIABILITIES	**2,260**	**2,334**
Interest-bearing liabilities	41	35
Trade payables	1,367	1,278
Tax payables	254	286
Other current payables	598	734
TOTAL LIABILITIES AND EQUITY	**8,312**	**8,533**

Consolidated cash flow statements

(EUR million)	1st Quarter 2011	1st Quarter 2012
Cash flow from operating activities		
Net income (group share)	194	199
Adjustments for:		
Non-controlling interests	1	3
Depreciation and amortization on intangible assets and property, plant and equipment	195	181
Increase of provisions	5	3
Deferred tax expense	3	6
Fair value adjustments on financial instruments	-7	-3
Loans amortization	-1	1
Gain on disposal of property, plant and equipment	-1	-2
Other non-cash movements	2	2
Operating cash flow before working capital changes	**389**	**391**
Increase in inventories	-4	-17
Decrease in trade receivables	1	38
Decrease in current income tax assets	1	1
Increase in other current assets	-72	-54
Decrease in trade payables	-23	-81
Increase in income tax payables	51	57
Increase in other current payables	94	78
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-25	-25
Decrease in other non-current payables and provisions	-2	-2
Decrease / (increase) in working capital, net of acquisitions and disposals of subsidiaries	**21**	**-5**
Net cash flow provided by operating activities	**410**	**386**
Cash flow from investing activities		
Cash paid for acquisitions of intangible assets and property, plant and equipment	-173	-186
Cash paid for acquisitions of other participating interests	0	-4
Cash paid for acquisition of consolidated companies, net of cash acquired	0	-21
Cash received from sales of intangible assets and property, plant and equipment	1	4
Net cash received from other non-current assets	1	0
Net cash used in investing activities	**-171**	**-207**
Cash flow before financing activities	**239**	**179**
Cash flow from financing activities		
Dividends paid to shareholders	-1	-2
Net sale of treasury shares	1	4
Sale / (purchase) of investments	-3	20
Issuance of long term debt	495	0
Repayment of long term debt	-394	0
Issuance / (repayment) of short term debt	1	-5
Net cash provided by financing activities	**98**	**16**
Net increase of cash and cash equivalents	**337**	**195**
Cash and cash equivalents at 1 January	584	320
Cash and cash equivalents at 31 March	921	515

Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share-holder Equity	Non-controlling interests	Total Equity
Balance at 31 December 2010	**1,000**	**-484**	**100**	**0**	**4**	**11**	**2,476**	**3,108**	**235**	**3,342**
Currency translation differences	*0*	*0*	*0*	*0*	*-1*	*0*	*0*	***-1***	*0*	*0*
Equity changes not recognised in the income statement	0	0	0	0	-1	0	0	**-1**	0	0
Net income	0	0	0	0	0	0	194	**194**	1	195
Total comprehensive income and expense	**0**	**0**	**0**	**0**	**-1**	**0**	**194**	**193**	**1**	**194**
Treasury shares										
Exercise of stock options	0	1	0	0	0	0	0	**1**	0	1
Stock options										
Stock options granted and accepted	0	0	0	0	0	3	0	**3**	0	3
Deferred stock compensation	0	0	0	0	0	-3	0	**-3**	0	-3
Amortization deferred stock compensation	0	0	0	0	0	1	0	**1**	0	1
Total transactions with equity holders	**0**	**1**	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**1**
Balance at 31 March 2011	**1,000**	**-483**	**100**	**0**	**3**	**12**	**2,670**	**3,302**	**236**	**3,538**
Balance at 31 December 2011	**1,000**	**-570**	**100**	**0**	**2**	**13**	**2,532**	**3,078**	**225**	**3,303**
Fair value changes in cash flow hedges - acquired during the year	*0*	*0*	*0*	*1*	*0*	*0*	*0*	***1***	*0*	*1*
Net income	0	0	0	0	0	0	199	**199**	3	202
Total comprehensive income and expense	**0**	**0**	**0**	**0**	**0**	**0**	**199**	**199**	**3**	**202**
Treasury shares										
Exercise of stock options	0	4	0	0	0	0	0	**4**	0	4
Stock options										
Amortization deferred stock compensation	0	0	0	0	0	1	0	**1**	0	1
Total transactions with equity holders	**0**	**4**	**0**	**0**	**0**	**0**	**1**	**5**	**0**	**5**
Balance at 31 March 2012	**1,000**	**-566**	**100**	**0**	**2**	**13**	**2,731**	**3,282**	**228**	**3,510**

Segment reporting

Segment revenue and results

	Three months ended 31 March 2011						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Net revenue	559	589	64	2	358	-	1,573
Other operating income	4	2	1	4	-0	-	10
Intersegment income	1	2	16	2	14	-36	-
TOTAL SEGMENT INCOME	**565**	**593**	**81**	**8**	**372**	**-36**	**1,583**
Costs of materials and services related to revenue	-149	-162	-9	-0	-320	31	-609
Personnel expenses and pensions	-83	-94	-49	-39	-10	-	-274
Other operating expenses	-70	-37	-52	-47	-18	5	-220
TOTAL OPERATING EXPENSES before depreciation & amortization	**-301**	**-293**	**-110**	**-87**	**-348**	**36**	**-1,103**
TOTAL SEGMENT RESULT (1)	**264**	**300**	**-29**	**-79**	**24**	**-0**	**480**
Depreciation and amortization	-41	-4	-112	-18	-20	0	-195
OPERATING INCOME / (LOSS)	**223**	**296**	**-141**	**-97**	**5**	**0**	**286**
Finance expense (net)							-30
INCOME BEFORE TAXES							**256**
Tax expense							-61
NET INCOME							**195**
Non-controlling interests							1
Net income (Group share)							194

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

	Three months ended 31 March 2012						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Net revenue	571	574	62	2	366		1,576
Other operating income	5	2	0	4	0		12
Intersegment income	1	3	15	3	15	-37	-
TOTAL SEGMENT INCOME	**577**	**579**	**78**	**9**	**382**	**-37**	**1,588**
Costs of materials and services related to revenue	-162	-149	-9	1	-326	31	-614
Personnel expenses and pensions	-90	-100	-43	-38	-10	0	-282
Other operating expenses	-74	-40	-48	-51	-18	5	-226
TOTAL OPERATING EXPENSES before depreciation & amortization	**-326**	**-290**	**-101**	**-88**	**-354**	**37**	**-1,122**
TOTAL SEGMENT RESULT (1)	**251**	**289**	**-23**	**-79**	**28**	**-0**	**466**
Depreciation and amortization	-32	-4	-108	-18	-20	0	-181
OPERATING INCOME / (LOSS)	**219**	**286**	**-131**	**-97**	**8**	**-0**	**284**
Finance expense (net)							-18
INCOME BEFORE TAXES							**267**
Tax expense							-65
NET INCOME							**202**
Non-controlling interests							3
Net income (Group share)							199

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

Other segment information

	Three months ended 31 March 2011						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Capital expenditure	44	4	115	7	3	0	**173**

	Three months ended 31 March 2012						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Capital expenditure	61	4	116	5	1	0	**186**

Contingent liabilities

Compared to the Consolidated Financial Statements of the year 2011, no changes occurred during 2012 in the contingent liabilities except the Court of Appeal decision dated 6 March 2012 stating that the experts committed several errors and refrained systematically from replying appropriately to Belgacom's observations, thus affecting the rights of defence. The Court thus decided that the experts should be replaced and it will soon appoint new experts who should restart the expertise from the beginning.

Post balance sheet events

The Annual General meeting of 18 April 2012 approved the dividend distribution for the year 2011 which will impact the cash flow of the Group in the second quarter of 2012 for EUR 534 million.

Definitions

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

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

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

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

Broadband ARPU: total ADSL revenue, including activation fees, divided by the average number of ADSL lines for the period considered, divided by the number of months in that same period.

Belgacom TV ARPU: includes only customer-related revenue and takes into account promotional offers, divided by the number of households with Belgacom TV.

Mobile active customers: includes voice and data cards as well as Machine-to-Machine (EBU). Active customers are customers who have made or received at least one call, sent or received at least one SMS message or made at least one data connection in the last three months. Prepaid customers are fully segmented as CBU customers.

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

Mobile net ARPU: calculated on the basis of monthly averages for the period indicated.
Monthly net ARPU is equal to total mobile voice and mobile data revenues, divided by the average number of active mobile customers for that period, divided by the number of months of that same period.

MoU (Minutes of Use): duration of all calls from or to Proximus, per active voice customer, per month, also including free minutes included in mobile pricing plans

OLO: Other Licensed Operator

SMS: number of SMS messages per active customer per month, also including free SMS included in mobile pricing plans

UoU (Units of Use): voice minutes of use + SMS messages (where one SMS message equals one minute) per active customer per month.

Financial Calendar

4 May 2012	Announcement of Q1 2012 results
2 July 2012	Start of quiet period ahead of Q2 results
27 July 2012	Announcement of Q2 2012 results
1 October 2012	Start of quiet period ahead of Q3 results
26 October 2012	Announcement of Q3 2012 results

For further information

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