quarterly report

Q4

2013

belgacom

Key figures

Note that to maintain a correct comparison base, and where applicable, 2012 figures published in this report have been restated following the revision of IAS 19 (IAS 19R) on Employee Benefits and more specifically on post-employment benefits.

	Full Year	
Income Statement (EUR million)	**2012 Restated**	**2013**
Total income	6,462	6,318
EBITDA (1) before non-recurring items	1,801	1,713
EBITDA (1)	1,786	1,699
Depreciation and amortization	-748	-782
Operating income (EBIT)	1,038	917
Net finance costs	-131	-96
Income before taxes	907	822
Tax expense	-177	-170
Non-controlling interests	19	22
Net income (Group share)	712	630
Cash flows (EUR million)	**2012 Restated**	**2013**
Cash flows from operating activities	1,480	1,319
Cash paid for acquisitions of intangible assets and property, plant and equipment	-773	-852
Cash flows from / (used in) other investing activities	-16	38
Free cash flow (2)	**691**	**505**
Net cash used in financing activities	-809	-353
Net increase / (decrease) of cash and cash equivalents	**-118**	**152**
Balance sheet (EUR million)	**As of 31 December 2012 - restated**	**As of 31 December 2013**
Balance sheet total	8,243	8,417
Non-current assets	6,192	6,254
Investments, cash and cash equivalents	285	415
Shareholders' equity	2,881	2,846
Non-controlling interests	211	196
Liabilities for pensions, other post-employment benefits and termination benefits	570	473
Net financial position	-1,601	-1,815
Data per share	**2012 Restated**	**2013**
Earnings per share (EUR) (3)	2.24	1.98
Weighted average number of outstanding shares	318,011,049	318,759,360
Data on employees	**2012 Restated**	**2013**
Number of employees (full-time equivalents)	15,859	15,699
Average number of employees over the period	15,952	15,753
Total income per employee (EUR)	405,084	401,080
EBITDA (1) before non-recurring items per employee (EUR)	112,924	108,735
EBITDA (1) per employee (EUR)	111,973	107,851
Ratios (before non-recurring items)	**2012 Restated**	**2013**
Return on Equity	25.0%	22.5%
Gross margin	59.6%	59.5%

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities.
(3) For 2012 and 2013 basic and diluted earnings per share are equivalent.

The Belgacom Management Committee declares that to the best of its knowledge, the 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 Dominique Leroy, President and CEO and Executive Vice-President Consumer, Bart Van Den Meersche, Executive Vice-President Enterprise, Ray Stewart, Executive Vice-President Finance and CFO, Geert Standaert, Executive Vice-President Service Delivery Engine, Michel Georgis, Executive Vice-President Human Resources, and Dirk Lybaert, Executive Vice-President Corporate Affairs.

Highlights – Q4 2013

- Strong operational performance with good subscriber growth for mobile and fixed services
- First signs of mobile recovery in both Consumer and Business segment
- Full-year EBITDA guidance achieved; revenue hampered by fourth quarter revenue BICS
- Belgacom proposes to return a dividend of EUR 2.18 over 2013 and EUR 1.50 for the next 3 years

- The Belgacom Group closed the fourth quarter of 2013 with EUR 1,582 million of revenue, i.e. 3.8% lower than in the same period of 2012. This includes a EUR 20 million capital gain from the sale of technical buildings which was, however, more than offset by lower BICS revenue. Both the Consumer and Business segments on the other hand showed a slight sequential improvement as some of the effects from the Mobile disruption in Belgium started to dissipate.

- Belgacom reported for the fourth quarter 2013 a Group EBITDA of EUR 413 million, 3.7% lower year-on-year. Adjusted for one-off effects, the fourth-quarter EBITDA declined 8.3% to EUR 397 million, showing some improvement versus the previous quarters.

- During the fourth quarter of 2013, Belgacom's capital expenditures totaled EUR 426 million, including EUR 120 million for the 800 MHz spectrum license acquired in December 2013.

- Belgacom generated EUR 95 million in Free Cash Flow (FCF) in the fourth quarter 2013, or EUR 59 million less than for the same period of 2012 due to higher cash paid for Capex and cash income tax, and lower EBITDA, partly offset by a favorable evolution in working capital.

- In a typically promotionally intensive quarter, Belgacom solidly grew its customer base for most product lines, supported by its convergence strategy, a successful year-end campaign and promising trends from its multi-brand approach.
    - + 54,000 Mobile cards (+100,000 postpaid, -46,000 prepaid); total of 5,496,000[1] Mobile cards
    - + 31,000[2] Belgacom TV subscriptions, increasing the total TV customer base to 1,479,000
    - + 17,000 Fixed Internet lines, with a total Internet customer base of 1,677,000
    - + 18,000 multi-play Packs, leading to a total of 1,314,000 Packs
    - - 33,000 Fixed Voice lines, with a total Fixed Voice customer base of 2,936,000

- On 27 February, Belgacom's Board of Directors approved to propose to the Annual Shareholder Meeting to return to the shareholders for the year 2013 a total dividend of EUR 2.18 gross per share, of which EUR 0.50 per share was paid in December 2013 and EUR 1.68 per share is payable in April 2014:
    - Ex-coupon date: 22 April 2014
    - Record date: 24 April 2014
    - Payment date: 25 April 2014

  Furthermore, Belgacom's Board of Directors intends to continue to award Belgacom's shareholders with an attractive and sustainable dividend. Therefore the Board of Directors intends to pay out a stable yearly dividend of EUR 1.50 per share (interim dividend of EUR 0.50 and ordinary dividend of EUR 1.00) for the next 3 years to come, provided Belgacom's financial performance is in line with its expectations.

Comment by the CEO

We closed what was undoubtedly a challenging and eventful year. A year in which Belgacom proved how valuable its consistent convergence strategy is, and how this strength makes it more resilient than some of its peers. This was evident in the last quarter of 2013 too, as our combined Fixed-Mobile offers, along with a successful year-end campaign, drove a solid operational performance, with strong subscriber growth for TV, Internet and Mobile. We also saw encouraging trend changes in mobile revenue, with the negative year-on-year variance somewhat lessening for both the Consumer and Enterprise units as certain mobile disruption effects started to annualize. I'm proud of our achievements in a difficult market and intend to continue to build on our strengths. In my new role as Belgacom's CEO, I also see opportunities to make the company more agile, cost-efficient and customer-friendly, and to reduce complexity in general. I believe we can strengthen our competitive position by further increasing our customer focus, continuing to leverage and invest in excellent, future-proof networks and boosting our brand image.

Dominique Leroy, CEO Belgacom

[1] Including Voice and Data mobile cards sold through CBU, as well as M2M cards in EBU. Mobile cards from Tango, MVNO and SDE&W segment are included as well.
[2] Corresponds to total number of set-top boxes: 20,000 new households and 11,000 second-stream users

Analyst and investor meeting

Belgacom will host a presentation for analysts and institutional investors on Friday 28 February 2014, at 1:00 PM CET. The event will take place at Belgacom's headquarters in Brussels. All presentations can be followed via Audio Webcast, accessible via Belgacom's website.

Financial report

Belgacom Group

- **Fourth quarter revenue variance of both CBU and EBU showing first signs of mobile recovery**
- **Capital gain on technical building sales was more than offset by lower fourth quarter BICS revenue**
- **Lower costs providing some relief to Mobile direct margin pressure**
- **Fourth-quarter Free Cash Flow of EUR 95 million**

Quarterly financials as of page 18

Revenue

	4th Quarter			Full Year		
(EUR million)	**2012**	**2013**	**% Change**	**2012**	**2013**	**% Change**
Consumer Business Unit	581	556	-4.2%	2,321	2,226	-4.1%
Enterprise Business Unit	579	557	-3.8%	2,294	2,198	-4.2%
Service Delivery Engine & Wholesale	76	72	-4.7%	304	294	-3.4%
Staff & Support	11	25	125.1%	34	60	74.4%
International Carrier Services	430	401	-6.8%	1,645	1,666	1.3%
Inter-segment eliminations	-33	-30	-9.8%	-137	-127	-7.5%
Total	**1,644**	**1,582**	**-3.8%**	**6,462**	**6,318**	**-2.2%**

The Belgacom Group closed the ***fourth quarter of 2013*** with EUR 1,582 million of revenue, i.e. 3.8% lower than in the same period of 2012. In the last quarter 2013, Belgacom's Staff and Support segment recorded a EUR 20 million capital gain from the sale of technical buildings as part of Belgacom's network simplification project. This positive impact was, however, more than offset by a lower revenue generation of BICS. Belgacom's two customer segments (CBU and EBU) on the other hand showed a slight sequential improvement as some of the effects from the Mobile disruption in Belgium are starting to annualize. Furthermore, the year-on-year evolution was impacted by regulatory measures[1] for a total amount of EUR 15 million (-0.9%), in line with the previous quarter.
The regulatory impacts and capital gain aside, the Belgacom Group revenue variance results from:

- A lower revenue from the Consumer Business Unit, though the year-on-year decline showed some improvement compared to the previous quarter. The lower revenue remains driven by the pressure on Mobile revenues, being only partly compensated for by the continued firm performance of Fixed revenues and Tango, with Scarlet progressing to a slight growth as well.
- Ongoing pressure on the Enterprise Business Unit revenue mainly because of the overall tendency to include more volumes in Mobile pricing plans. The rate of Mobile revenue decline, however, showed some improvement compared to the previous quarters, supported by a continued solid mobile customer growth.
- A significant decline in BICS' revenue, 6.8% lower than the previous year due to a decline in the temporary traffic towards the Asian region, further reduced by the European-wide MTR cut and a negative dollar impact. This was only offset in a limited way by the continued uptake of Mobile data revenue.

For ***full-year 2013***, the Belgacom Group recorded EUR 6,318 million revenue, or 2.2% less than for 2012. Capital gains (EUR 31 million) and other one-off[2] impacts excluded, the Belgacom Group revenue was 2.9% or EUR 186 million lower than the previous year. EUR 85 million (-1.3%) of this was driven by regulatory impacts, while the remaining revenue loss was largely due to the pressure on the mobile business, which could only be partly offset by a solid Fixed business and a positive full-year contribution of BICS.

[1] Combined impact of regulatory reduction of Mobile Termination Rates (and flow-through to fixed-to-mobile rates), voice and data roaming rates. The regulation impact has become less significant since July 2013 with the first capping of Retail Data roaming rates annualizing.

[2] One-off accounting impacts recorded in the second quarter 2012 following the adoption of the New Telecom law and the accounting reallocation in the third quarter 2013

Operating expenses

(EUR million)	4th Quarter 2012 Restated	2013	% Change	Full Year 2012 Restated	2013	% Change
Costs of materials and services related to revenue	680	643	-5.6%	2,611	2,561	-1.9%
Personnel expenses and pensions	278	282	1.7%	1,126	1,142	1.4%
Other operating expenses	256	244	-5.0%	924	903	-2.3%
Total	**1,215**	**1,168**	**-3.8%**	**4,661**	**4,605**	**-1.2%**
Non-recurring expenses	4	15	-	15	14	-
Total	**1,218**	**1,184**	**-2.9%**	**4,676**	**4,619**	**-1.2%**

Less Group Cost of Sales mainly because of lower costs for BICS

The Belgacom Group reported EUR 643 million Cost of Sales for the ***fourth quarter 2013***, 5.6% or EUR 38 million less than for the last quarter of 2012. This was mainly the result of lower BICS-related Cost of Sales and positive regulation effects in the Consumer and Business Segment, offsetting volume-driven commissions. Moreover, the Consumer segment benefitted from a continued improvement in sales channel mix.

Over the ***full-year 2013***, Belgacom recorded EUR 2,561 million Cost of Sales, 1.9% below that of the previous year. One-offs[1] excluded, Belgacom's Cost of Sales was 0.9% lower as a result of a favorable regulation impact on Cost of Sales, and lower costs from the customer segments CBU and EBU, partly offset by higher full-year costs for BICS.

Fourth-quarter HR expenses up 1.7% year-over-year

The Belgacom Group reported EUR 282 million HR expenses for the ***fourth quarter of 2013***, up 1.7% from a low comparable base. This brings the ***full-year 2013*** HR expenses to EUR 1,142 million, 1.4% higher compared to 2012. The increase was mainly driven by the inflation-based wage indexation in January 2013, for a large part offset by the year-on-year reduction in headcount (-160 FTEs) and more capitalized manpower resulting from Belgacom's network and IT simplification projects in 2013.

Number of FTE	End 2012	September 2013	End 2013	3 months variance	12 months variance
Consumer Business Unit	5,273	5,221	5,185	-36	-88
Enterprise Business Unit	5,298	5,369	5,334	-34	36
Service Delivery Engine & Wholesale	3,125	3,049	3,037	-12	-88
Staff & Support	1,772	1,715	1,713	-2	-59
International Carrier Services	391	414	430	16	38
Total	**15,859**	**15,767**	**15,699**	**-68**	**-160**

Solid cost containment reflected in lower non-HR expenses, -5% year-on-year

In the ***fourth quarter of 2013***, the Belgacom Group recorded EUR 244 million in non-HR expenses including a EUR 4 million loss on disposal[2], i.e. costs were down 5% from a high comparable base. Apart from continued company-wide cost containment, the positive cost variance was driven by the lower Staff & Support non-HR expenses as 2012 included some unfavorable incidentals as well as funding of the cost-efficiency project. This largely offset the impact in 2013 from required resources for Belgacom's simplification projects within the Service Delivery Engine segment.

Over the ***full-year 2013***, the non-HR expenses totaled EUR 903 million, or 2.3% lower compared to the previous year.

Non-recurring expenses[3]

A non-recurring expense of EUR 15 million was recorded in the fourth quarter of 2013 within the Consumer Segment, mainly as a result of an impairment loss recognized on the disposal the business of Scarlet Netherlands.

Operating income before depreciation and amortization (EBITDA)

(EUR million)	4th Quarter 2012 Restated	2013	% Change	Full Year 2012 Restated	2013	% Change
Consumer Business Unit	243	223	-8.3%	991	971	-2.0%
Enterprise Business Unit	276	255	-7.5%	1,113	1,023	-8.1%
Service Delivery Engine & Wholesale	-25	-30	-19.1%	-94	-122	-30.6%
Staff & Support	-96	-65	32.0%	-338	-298	11.7%
International Carrier Services	32	31	-2.4%	129	140	8.6%
Inter-segment eliminations	0	0	0.0%	-1	-1	-0.0%
Total	**429**	**413**	**-3.7%**	**1,801**	**1,713**	**-4.9%**
Non-recurring expenses	-4	-15	-	-15	-14	-
Total	**425**	**398**	**-6.3%**	**1,786**	**1,699**	**-4.9%**

Belgacom reported for the ***fourth quarter 2013*** a **Group EBITDA of EUR 413 million[4], 3.7%** or EUR 16 million lower than for the same period of 2012. Accordingly, the fourth-quarter 2013 EBITDA margin was 26.1%.

[1] Accounting impacts recorded in the second quarter 2012 following the adoption of the New Telecom law and the accounting reallocation in the third quarter 2013

[2] Belgacom booked a EUR 4 million loss on the disposal of Sahara Net.

[3] Belgacom defines income and expenses as non-recurring in the following cases: gains or losses on the disposal of consolidated companies exceeding individually EUR 5 million, fines and penalties imposed by competition authorities or by the regulator exceeding EUR 5 million, costs of employee restructuring programs including actuarial gains and losses, the effect of settlements of post-employment benefit plans and the impacts of changes in discount rates on long-term employee-related liabilities.

[4] Before non-recurring expenses

Adjusted for the EUR 20 million capital gain on the sale of technical buildings and a EUR 4 million loss on disposals, the fourth-quarter 2013 EBITDA totaled EUR 397 million, or a 8.3% decline on like-for-like basis, meaning a slight improvement versus the previous quarters[1].
The year-on-year lower EBITDA is mainly the result of a fairly stable decline in direct margin, the capital gain excluded, partially offset by lower costs.
In line with the previous quarter, the impact from regulatory measures has been lower since July 2013, reducing the 2013 fourth-quarter EBITDA by EUR -5 million (-1.3%), mainly related to lowered Voice and Data roaming prices.

The Belgacom Group closed ***the year 2013*** with EUR 1,713 million EBITDA[2], or 4.9% lower than for 2012. One-offs excluded, this was -8.7%. Regulatory measures reduced the Group EBITDA by an estimated amount of EUR 48 million (-2.7%).

Depreciation and amortization

The ***fourth-quarter 2013*** depreciation and amortization remained stable year-on-year at EUR 193 million, including the effect of the increase of the useful life of modems and decoders from two to three years.
For the ***full-year 2013***, the amount of depreciation and amortization was EUR 782 million. The increase compared with the previous year is volume driven by the depreciation of modems, and by investments in assets with generally a shorter useful live.

Net finance cost

Fourth-quarter 2013 net finance costs were EUR 24 million, leading to a total finance cost of EUR 96 million for the ***full year***. This is EUR 35 million less than the 2012 figure, which included higher impairment losses on participating interests, and higher discounting expenses on long-term HR-related debts.

Tax expense

The ***fourth-quarter 2013*** tax expenses amounted to EUR 29 million, in line with the fourth quarter of 2012. The effective tax rate was 20.7% for the ***year 2013***, this is slightly above the effective rate of 19.5% for the year 2012 which included an accelerated use of tax losses. The 2013 tax rate results from the application of the general principles of Belgian tax law.

Net income (Group share)

Belgacom reported a Group net income (Group share) of EUR 148 million for the ***fourth quarter of 2013***, leading to EUR 630 million for the year ***2013***. The EUR 82 million decrease compared to the year 2012 results from a lower EBITDA and higher depreciation and amortization, partly offset by lower net finance costs and tax expense.

Capital expenditure (Capex)

	4th Quarter			Full Year		
(EUR million)	**2012**	**2013**	**% Change**	**2012**	**2013**	**% Change**
Consumer Business Unit	40	61	52.3%	164	164	0.4%
Enterprise Business Unit	5	5	15.2%	15	13	-14.3%
Service Delivery Engine & Wholesale	158	315	99.2%	514	725	41.1%
Staff & Support	19	18	-2.5%	40	33	-17.9%
International Carrier Services	12	26	114.6%	20	37	78.9%
Total	**234**	**426**	**82.2%**	**753**	**972**	**29.0%**

During the ***fourth quarter of 2013***, Belgacom's capital expenditures totaled EUR 426 million. This includes EUR 120 million for the 800 MHz spectrum license acquired in December 2013 for a 20-year period. The spectrum investment aside, Belgacom spent EUR 306 million Capex in the ***last quarter 2013***, or EUR 72 million more than in the same period of 2012. Within the Consumer segment, the fourth-quarter Capex level was impacted by the timing of the renewal of content licenses.
The Belgacom Group's invested amount for ***full-year 2013*** totaled EUR 852 million, or 13.5% of Group revenue, the spectrum license excluded. With network quality being an important differentiator in an even more intense Belgian competitive market, investments in the Fixed and Mobile networks represent the majority of invested amounts. Apart from ongoing basic network investments for renewal and expanding capacity, Belgacom invested in increasing its download speeds on the broadband network through the implementation of Dynamic Line Management, an in-house developed technology, and started to prepare the network for the Vectoring roll-out in 2014. Furthermore, on the mobile side, Belgacom increased its mobile data speeds to 6 Mbps on average on 3G, rolled out Dual Carrier and continued to deploy the 4G technology, reaching over 50% outdoor coverage end-2013, with 4G availability in over 260 Belgian cities. The SDE&W division is also implementing a Network Simplification program and a company-wide IT change plan.

[1] Like-for-like the EBITDA was down 9% for the two previous quarters
[2] Before non-recurring expenses

Cash flows

(EUR million)	4th Quarter 2012 Restated	2013	% Change	Full Year 2012 Restated	2013	% Change
Cash flows from operating activities	380	376	-1%	1,480	1,319	-11%
Cash paid for acquisitions of intangible assets and property, plant and equipment	-234	-306	-30.8%	-773	-852	-10.2%
Cash flows from / (used in) other investing activities	8	25	>-100%	-16	38	-341%
Cash flow before financing activities	**154**	**95**	**-38%**	**691**	**505**	**-27%**
Net cash provided by / (used in) financing activities	-317	27	108.4%	-809	-353	56.4%
Net increase / (decrease) of cash and cash equivalents	**-163**	**122**	**-175%**	**-118**	**152**	**-230%**

In the ***fourth quarter 2013***, Belgacom generated EUR 95 million in Free Cash Flow (FCF), or EUR 59 million less than for the same period of 2012. The lower fourth quarter FCF is mainly the result of higher cash paid for Capex, higher income tax payments and lower EBITDA, partly offset by a favorable evolution in working capital. In December 2013 Belgacom acquired a license for the 800 MHz spectrum for an amount of EUR 120 million, payable by installments over a 20-year period. This Capex is not included in the Free Cash Flow as it is a non-cash transaction. The annual reimbursement of EUR 6 million is considered as a financing activity in the cash flow statement.
By **end-December 2013**, the FCF totaled EUR 505 million, or EUR 186 million less than for 2012, mainly due to the same reasons as for the above quarterly variance, i.e. higher income tax payments and cash paid for Capex, and lower EBITDA[1], partially offset by a positive evolution in the working capital[1].

In the ***last quarter 2013,*** the cash provided by financing activities amounted to EUR 27 million mainly as a result of short term borrowings which were higher than the interim dividend payments and the repayment of long-term debt.
Over the ***full-year***, the cash used in financing activities decreased by EUR 456 million mainly resulting from the special interim dividend paid in 2012 to shareholders, and a net increase in short and long term debt in 2013. In March 2013 the Group issued a fifteen-year unsubordinated bond of EUR 150 million under the Euro Medium Term Note program and in May 2013 a ten year unsubordinated bond of 100 million partially offsetting the reimbursement of a loan maturing in December 2013, for a nominal amount of EUR 125 million.

Balance sheet and shareholders' equity

The shareholders' equity decreased from EUR 2,881 million at year-end 2012 (after restatement) to EUR 2,846 million per end of December 2013. This results mainly from the dividend distribution as approved by the General Assembly of April 2013 and the interim dividend paid in December exceeding the net income (Group share) generated in 2013.

Compared to end-2012, the net financial debt increased by EUR 214 million to EUR 1,815 million per end of 2013 as the cash returned to shareholders in the form of dividends exceeded the 2013 Free Cash Flow.
The outstanding long-term gross financial debt amounted to EUR 1.9 billion at the same date. The outstanding amount of EUR 114 million from the deferred payment arrangement for the 800 MHz license is not included in the net financial debt.

Regulation and legal update

Regulation impacts (Decrease in EUR million)		Outlook	Estimated impact				
		FY 2014	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013
MTR	Revenue	*~ € 10m*	€10m	€10m	€9m	€10m	€38m
	EBITDA	*~ € 5m*	€1m	€1m	€0m	€1m	€2m
Roaming (i.e. Voice, SMS and Data)	Revenue	*~ € 25m*	€15m	€19m	€7m	€5m	€46m
	EBITDA	*~ € 25m*	€15m	€19m	€7m	€5m	€46m
Total	**Revenue**	***~ € 35m***	**€24m**	**€30m**	**€16m**	**€15m**	**€85m**
	EBITDA	***~ € 30m***	**€15m**	**€20m**	**€7m**	**€6m**	**€48m**

Mobile Termination Rates (MTR)

On 1 January 2013, the last step of the MTR glide path set by the Belgian regulator (BIPT) in June 2010 for the 2010-2013 period entered into force. Since 1 January 2013, MTRs in Belgium have been fully symmetric at a rate of 1.18 euro cents/min (incl. inflation).

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	1.18
Mobistar	*9.02*	5.05	4.29	2.79	1.18
Base	*11.43*	5.81	4.90	3.11	1.18
% 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

[1] Corrected for (non-cash) accounting adjustment in second quarter 2012 following adoption of new Telecom law

The BIPT is currently developing a new cost model to determine MTR tariffs for the period 2014-2017. On 21 November 2013, the BIPT communicated the preliminary version of this MTR cost model to the mobile operators. First results show a further decrease of the MTR.

On 16 January 2014, the Luxembourg regulator, ILR, published its decision concerning its review of the MTR market analysis. The three mobile operators (EPT, Tango and Orange) are considered as having significant market power. ILR intends to define the MTR on the basis of a pure bottom-up long run incremental cost (LRIC) cost model. Until the finalisation of this model, ILR sets symmetrical MTR at 0.98 eurocent/min as from now on. MTRs were at 8.2 eurocents for EPT and Tango and 10.5 eurocents for Orange. For 2014, the impact of the lower MTR for Tango, recorded within the Consumer segment, is estimated at EUR 10 million revenue and EUR 5 million EBITDA. Tango has decided to introduce an appeal against this decision

International Roaming

The Roaming III Regulation entered into force on 1 July 2012. This regulation covers a ten-year period until 30 June 2022. It imposed a further lowering of the existing regulated price caps and extended 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

In addition, two structural measures to encourage competition have been taken: (i) MVNO wholesale access from 1 July 2012 and (ii) decoupling, i.e. separate selling of roaming services from domestic mobile services, from 1 July 2014. The regulation also lays down rules aimed at increasing price transparency and improving the provision of information on charges to roaming customers.

The Roaming III Regulation will expire in principle on 30 June 2022. However, in the meantime, the EU Commission has proposed in its package of measures to address the fragmentation of the EU telecoms sector, referred now to as “Connected continent”, to impose additional measures to abolish roaming in the coming years. Adoption before the EU elections in May 2014 seems unlikely.

Spectrum

On 12 November 2013, the BIPT has proceeded with the auction of the 800 MHz spectrum (resulting from the digital dividend). This auction was concluded after two rounds and the three blocks were sold at the minimum price of EUR 120 million each. Each lot entails national coverage obligations (with a minimum speed of 3Mbps): 30% after 2 years, 70% after 4 years and 98% after 6 years. Belgacom acquired lot 2 which has the advantage to facilitate coordination with foreign operators at the national borders. Lot 3, which has been acquired by Mobistar, includes additional coverage obligations in rural areas (60 municipalities mainly in Wallonia) that must be reached within 3 years. KPN Group Belgium acquired the third lot. On 30 November 2013, the authorization was formally notified to Belgacom. The license is valid until 29 November 2033. Belgacom has decided to pay the concession fee in annual installments.

Tax on mobile sites

In December 2013, the Walloon government decided to levy, as of 2014, a tax on mobile telecom equipment of EUR 8.000 per ‘site’. Belgacom intends to safeguard its legal right to contest this legislation. Belgacom considers it has high chances to successfully challenge the legality of this tax.

Networks

On 26 March 2013, the European Commission has proposed new rules aimed at lowering the cost of deploying **new broadband networks**. The draft Regulation tries to achieve this by measures such as promoting sharing of infrastructure, easier access to civil engineering resources and permits, better coordination, etc. Civil engineering, such as digging up roads to lay fibre, can account for up to 80% of the costs of deploying high-speed networks and the Commission claims that its proposals can save as much as 30% on the cost of rolling out a fibre network. The draft needs to be approved by the European Council and Parliament and reportedly would be transformed in a Directive.
In October 2013, the BIPT has proposed to authorize Belgacom to deploy the **vectoring[1] technology** as from February 2014 provided that Belgacom gives enough time to the alternative operators to make the IT adaptations required to launch at the same time. Even though the final decision has not been taken yet, the vectoring roll out has already started.

[1] Vectoring is a technology that enables copper lines to achieve near to their theoretical maximum download speeds by reducing interference between the loops in the same bundle

Outlook 2014

For 2014, Belgacom Group expects following trends:
For its ***core business***, i.e. BICS excluded, the ***revenue to decline by 1% to 2%***. Assuming continued stability in the Belgian Mobile market, Belgacom expects its Consumer and Business segment to show significant improvement in mobile revenue trends versus the decline seen in 2013. The more positive revenue development is expected to come from gradually fading mobile disruption effects in the course of 2014 and the sound net additions for most product groups in 2013.

For its ***International Carrier Segment, BICS, to report 2014 revenue that could be 10% to 15% lower*** versus the prior year. Part of the BICS business is volatile, with some commercial agreements of limited duration coming to an end. The BICS revenue decline, however, should only have a minor impact on Belgacom Group EBITDA.

Furthermore, Belgacom will continue its network simplification project in 2014, and plans further sales of network buildings. These are expected to realise ***capital gains for about the same amount as in 2013***.

On EBITDA level, Belgacom Group estimates for 2014 to report **a decline between 3% and 4%,** mainly driven by above described revenue expectations.

Furthermore, over 2014, Belgacom foresees exceptional spending (mainly opex) of about EUR 20 million to strengthen its competitive position through transformation and boosting its brand image. For the full-year EBITDA, this additional cost will, however, be offset by the positive effect from an accounting alignment within the company for capitalisation of network installation activities for customer connections as from of 1 January 2014.

Belgacom's outlook for 2014 revenue and EBITDA does not take into account the effects of the potential disposal of Telindus France for which Belgacom is in exclusive dialogue with Vivendi. Pending a final agreement, the transaction will be subject to approval by the French Competition Authorities. Telindus France generated in 2013 EUR 241 million revenue.

Belgacom will continue to invest in excellent and future proof networks. For 2014, Belgacom expects to spend about **EUR 900 million in Capex**, including accelerated network investments for Belgacom's 4G network, the roll-out of Vectoring and further network and IT simplification.

Consumer Business Unit – CBU

- **Strong Mobile postpaid subscriber growth driven by convergence and year-end marketing campaign**
- **Ongoing re-pricing in Mobile still reflected in Mobile revenue decline though slowly recovering**
- **Solid Fixed net adds and price increases further driving positive Fixed revenue evolution**
- **Segment result decline driven by a loss on a disposal[1] and pressure on Mobile, partly offset by good value management**

P&L Consumer Business Unit

(EUR million)	4th Quarter 2012 Restated	4th Quarter 2013	4th Quarter % Change	Full Year 2012 Restated	Full Year 2013	Full Year % Change
TOTAL SEGMENT INCOME	**581**	**556**	**-4.2%**	**2,321**	**2,226**	**-4.1%**
Costs of materials and services related to revenue	-166	-159	-4.2%	-666	-611	-8.3%
Personnel expenses and pensions	-87	-87	0.7%	-354	-349	-1.3%
Other operating expenses	-86	-88	2.5%	-309	-294	-4.9%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-338**	**-334**	**-1.3%**	**-1,330**	**-1,255**	**-5.6%**
TOTAL SEGMENT RESULT (1)	**243**	**223**	**-8.3%**	**991**	**971**	**-2.0%**
Segment contribution margin	*41.8%*	*40.0%*	-	*42.7%*	*43.6%*	-
Non-recurring expenses	-0	-17	-	-0	-17	-
OPERATING INCOME before depreciation & amortization	**243**	**205**	**-15.4%**	**991**	**954**	**-3.8%**
Depreciation and amortization	-38	-31	-17.2%	-139	-155	11.5%
OPERATING INCOME	**205**	**174**	**-15.1%**	**852**	**799**	**-6.2%**

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

CBU quarterly financial and operational results: page 19

Revenue

Over the ***last quarter of 2013***, CBU reported **EUR 556 million revenue**, down 4.2% year-over-year. This includes regulatory price measures[2] reducing the revenue by EUR -6 million (-1.0%). This quarter's decline versus 2012 showed some improvement compared to the previous quarter. The decline was mainly driven by the controlled decrease in Mobile revenue, being only partly compensated for by the continued firm performance of the Fixed revenues and Tango. Also the multi-brand strategy started to pay off with some further support coming from Scarlet, whose year-over-year evolution progressed to a slight growth.

CBU ended ***2013*** with EUR 2,226 million revenue, -4.1% versus 2012, including EUR -27 million regulation impact (-1.2%).

(EUR million)	4th Quarter 2012	4th Quarter 2013	4th Quarter % Change	Year-to-date 2012	Year-to-date 2013	Year-to-date % Change
Revenues	**581**	**556**	**-4.2%**	**2,321**	**2,226**	**-4.1%**
From Fixed	**277**	**283**	**1.9%**	**1,096**	**1,124**	**2.6%**
Voice	105	101	-4.5%	425	410	-3.4%
Data	85	89	4.9%	339	354	4.5%
TV	62	69	11.3%	235	267	13.3%
Terminals (excl. TV)	7	5	-22.6%	25	23	-9.3%
Scarlet	18	18	2.6%	71	69	-2.4%
From Mobile	**278**	**252**	**-9.4%**	**1,133**	**1,019**	**-10.1%**
Voice	120	94	-21.8%	505	399	-21.1%
Data	100	96	-3.9%	398	386	-3.0%
Terminals	28	29	4.9%	116	109	-6.8%
Tango	30	33	8.2%	114	127	11.2%
Other	**25**	**22**	**-14.5%**	**92**	**82**	**-10.2%**

Fixed Voice price increase results in higher ARPU, line erosion largely explaining revenue decline
The ***fourth-quarter 2013*** Fixed Voice revenue of EUR 101 million was down 4.5% year-over-year. The quarter benefited from price changes earlier this year, which continued to be reflected in the Fixed Voice ARPU, up 1.1% year-over-year to EUR 20.3. This brought some relief to the declining Voice revenue resulting from the year-on-year line loss. In the fourth quarter 2013, CBU reported a stable Fixed line erosion of -19,000 lines. By end 2013, the CBU Fixed Voice customer base totaled 1,634,000 lines, i.e. -4.9% year-over-year.
The total Fixed Voice traffic was down 8.4%, driven by lower national and fixed-to-mobile traffic.
By ***end-December 2013***, the revenue from Fixed Voice totaled EUR 410 million, i.e. a 3.4% decline compared with the year before.

Strong Fixed Internet revenue grew 4.9%, driven by price adjustments and larger customer base
CBU generated in the ***last quarter of 2013*** a Fixed Data revenue of EUR 89 million, i.e. 4.9% higher compared with the same period of the year before. This was driven by the growing customer base and the price changes of February and July 2013. With 17,000 net adds in the fourth quarter of 2013, the broadband customer base grew more than at any other point

[1] Belgacom booked a EUR 4 million loss on the disposal of Sahara Net.
[2] The regulated price cut of 1 January 2013 on Mobile Termination Rates as well as lower Voice, SMS and Data Roaming rates following the reduced regulated tariffs since 1 July 2013.

in the last two years, especially helped by a strong performance of the Scarlet brand. This brings the total CBU Fixed Internet customer base to 1,235,000 by end-December 2013. The fourth-quarter Broadband ARPU of EUR 26.4 was up 1.2% versus the same period in 2012.
Over the ***full year 2013***, CBU recorded EUR 354 million, up 4.5% versus the same period last year.

Firm TV revenue growth through larger TV customer base and higher ARPU
The ***fourth-quarter 2013*** TV revenue grew by 11.3% to EUR 69 million, as a result of continued subscriber growth. Belgacom added 20,000 TV households, doing better than the previous quarters. Moreover, another 11,000 multiple set-top boxes were added in the fourth quarter 2013. This resulted in a total TV customer base of 1,479,000 (+6.7% year-over-year), of which 260,000 were multiple streams. The TV ARPU showed a 4.3% growth year-over-year to EUR 19.0, supported by a price increase for rented set-top boxes since February 2013.
CBU's TV revenue over ***2013*** totaled EUR 267 million, i.e. 13.3% higher than the previous year.

Postpaid adding 52,000 net adds to a growing Mobile customer base; controlled Mobile Voice revenue decline
In the ***last quarter 2013,*** CBU generated EUR 94 million Mobile Voice revenue, i.e. 21.8% lower year-on-year; a touch better compared to the 23.7% decline of the previous quarter[1].
Besides the regulatory impact[2], the lower revenue is largely the cumulative result of the loss of Prepaid customers and the continued mobile Postpaid re-pricing. With the new tariffs launched in mid-December 2012, the first signs of this impact annualizing are starting to show.
The blended Voice ARPU was EUR 9.0, remaining fairly similar to the ARPU of the previous quarters.
Backed by the superior mobile network and attractive mobile pricing, CBU further controlled its Mobile churn levels since the peak seen in October 2012 when the new Telecom law came into force. Furthermore, the successful convergent Packs including mobile and the year-end promotion campaign led to a firm net addition of 52,000 postpaid cards, of which Voice cards taking the larger share.
In line with the market evolution seen over the last quarters, Mobile Prepaid continued to decline, though less than in the previous quarters. This resulted in a slowing net loss of 44,000 prepaid cards during the fourth quarter.
Accordingly, Prepaid and Postpaid combined, CBU's total Mobile customer base end-December 2013 numbered 3,568,000 cards, i.e. a net increase of 8,000 cards in the fourth quarter.
For the ***full year 2013***, CBU's Mobile Voice revenue was EUR 399 million, i.e. 21.1% lower than in 2012.

Roaming regulation and the mobile customer evolution feeding further Mobile data revenue decline
Year-over-year, the Mobile Data revenue declined (-3.9%) in the ***fourth quarter of 2013***, being negatively impacted by regulation, the year-on-year lower mobile customer base and the more abundant offers. The SMS revenue was down 3.7% in the fourth quarter 2013, while the average monthly SMS usage was down 7.4% year-over-year to 272 text messages. Advanced Mobile Data showed a further reduced revenue decline versus the previous quarters, down 5.5% and generating EUR 13 million in the fourth quarter of 2013. This revenue decline was impacted by the new reduced price cap on retail Data Roaming effective since July 2013, though to a lesser extent than before. This, in addition to the more abundant offers, offset the uptake in usage.
The ARPU from Mobile Data decreased slightly year-over-year by 1.0% to EUR 9.0 for the last quarter of 2013.
Over the ***twelve months of 2013***, the total CBU Mobile Data revenue amounted to EUR 386 million, i.e. a 3.0% decrease compared with last year.

	4th Quarter			Year-to-date		
(EUR million)	**2012**	**2013**	**% Change**	**2012**	**2013**	**% Change**
Mobile DATA revenue	**100**	**96**	**-3.9%**	**398**	**386**	**-3.0%**
SMS	87	83	-3.7%	342	336	-1.9%
Advanced data	13	13	-5.5%	56	50	-10.0%

CBU operating expenses

Lower Cost of Sales despite commercial quarter, down 4.2% year-over-year
The last-quarter 2013 Cost of Sales continued the positive trend of the previous quarters, ending 4.2% lower year-over-year. Besides regulation this includes the positive impact from continued benefits from the improved sales channel mix, i.e. a greater focus on own direct and e-sales channels. Furthermore, there was still a positive impact from the divestment of part of The Phone House stores. However as these were sold in November 2012, this had already partly annualized.
Cost of Sales decreased 8.3% over ***2013*** to EUR 611 million.

HR expenses up 0.7%
HR expenses for the ***fourth quarter*** showed a small increase, 0.7 % year-over-year. This trend reversal from the previous quarters was caused by a lower comparable base as the fourth quarter 2012 was favorably impacted by year-end provisions. In addition to this the inflation-based salary indexations of January 2013 were also no longer offset by the positive impact of the lower headcount within the Consumer Business Unit in part due to the annualized divestment of a number of The Phone House stores.
Over ***2013***, the HR expenses decreased 1.3% year-over-year to EUR 349 million.

[1] On a comparable basis, i.e. excluding the impact of the change in bundle carry-over in the third quarter of 2012
[2] Including the MTR cut of January 2013 and lower Voice Roaming rates (July 2013).

Non-HR expenses up 2.5% due to the loss on a disposal

CBU's ***last-quarter*** non-HR expenses of EUR 88 million were up 2.5% including a one-off loss on a disposal. This could not be offset by the continued cost optimization.

Non-HR expenses over ***2013*** decreased by 4.9% to 294 million.

CBU segment result

For the ***last quarter 2013***, CBU reported a segment result of EUR 223 million, i.e. a year-over-year decrease of 8.3% containing the loss on a disposal[1]. This excluded, the like-for-like segment result was down 7.4% which still includes a small negative impact from regulation of EUR -1 million, mainly due to Voice and Data Roaming price caps. The pressure on Mobile and increased marketing spending more than offset the sound Fixed revenues and the cost savings resulting from value management. Compared to the previous quarters, there was also additional pressure coming from the unfavorable year-over-year comparison on the HR-cost side.

The segment contribution margin was 40.0%.

Over the ***year 2013***, the reported segment result was EUR 971 million, i.e. down 2.0% versus 2012.

CBU operating result

	4th Quarter		
	2012	2013	YoY Variance (in abs. amount)
FROM FIXED			
Number of access channels (thousands)	2,912	2,870	-42
Voice	1,718	1,634	-84
Broadband	1,193	1,235	42
Traffic (millions of minutes)	1,060	971	-89
National	768	689	-79
Fixed to Mobile	187	174	-14
International	104	108	3
TV (thousands)	1,386	1,479	92
TV - households	1,156	1,218	62
Of which multiple settop boxes	230	260	30
ARPU (EUR)			
ARPU Voice	20.0	20.3	0.2
ARPU broadband	26.1	26.4	0.3
ARPU Belgacom TV	18.2	19.0	0.8
FROM MOBILE			
Number of active customers (thousands)	3,643	3,568	-75
Prepaid (1)	1,923	1,640	-283
Postpaid	1,720	1,928	208
Annualized churn rate (blended - variance in p.p.)	36.0%	26.5%	
Net ARPU (EUR)			
Prepaid	14.4	12.5	-1.9
Postpaid	26.6	22.8	-3.9
Blended	20.1	18.0	-2.2
Blended voice	11.1	9.0	-2.1
Blended data	9.0	9.0	-0.1
UoU (units)	389.9	373.3	-16.6
MoU (min)	101.7	110.4	8.8
SMS (units)	294.2	272.3	-21.8

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

Tango

	4th Quarter			Year-to-date		
	2012	2013	% Change	2012	2013	% Change
Revenue (in EUR mio) (1)	30	33	8.2%	114	127	11.2%
Total active mobile customers (in '000)	271	280	3.3%	271	280	3.3%
Blended mobile net ARPU (EUR/month)	30.7	32.4	5.3%	29.5	31.1	5.4%

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

Tango's income reached EUR 33 million in revenue in the ***last quarter of 2013***. The growth shown during the previous quarters of the year has been sustained to reach an 8.2% increase year-over-year. The good trend in smartphone sales was boosted by the inclusion of 4G in Tango's offers. Together with the launch of the new iPhone 5s and iPhone 5c, these sales generators are the major contributors to the positive trend that enabled Tango to grow its customer base with 2,000 new mobile customers in the last quarter of 2013. Tango's quadruple-play offer including TV is continuing its progression.

[1] Belgacom booked a EUR 4 million loss on the disposal of Sahara Net.

Enterprise Business Unit – EBU

- **Mobile revenue erosion showing some improvement versus previous quarters**
- **Continued solid mobile customer growth and rising Mobile data volumes partly offsetting pricing pressure**
- **Segment result of fourth quarter down on lower Direct Margin, though showing signs of recovery**

P&L Enterprise Business Unit

(EUR million)	4th Quarter 2012 Restated	4th Quarter 2013	4th Quarter % Change	Full Year 2012 Restated	Full Year 2013	Full Year % Change
TOTAL SEGMENT INCOME	**579**	**557**	**-3.8%**	**2,294**	**2,198**	**-4.2%**
Costs of materials and services related to revenue	-163	-159	-1.9%	-619	-603	-2.6%
Personnel expenses and pensions	-100	-102	2.4%	-402	-418	3.9%
Other operating expenses	-41	-41	-0.4%	-160	-155	-3.4%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-303**	**-302**	**-0.3%**	**-1,181**	**-1,175**	**-0.5%**
TOTAL SEGMENT RESULT (1)	**276**	**255**	**-7.5%**	**1,113**	**1,023**	**-8.1%**
Segment contribution margin	*47.6%*	*45.7%*	-	*48.5%*	*46.5%*	-
Non-recurring expenses	-	1	-	0	1	-
OPERATING INCOME before depreciation & amortization	**276**	**256**	**-7.1%**	**1,113**	**1,024**	**-8.0%**
Depreciation and amortization	-4	-4	-10.9%	-16	-14	-7.7%
OPERATING INCOME	**271**	**252**	**-7.0%**	**1,097**	**1,010**	**-8.0%**

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

EBU quarterly financial and operational results: page 20

Revenue

For the ***last quarter of 2013***, Belgacom's Business segment generated EUR 557 million of revenue or a 3.8% year-on-year decrease, which is a slight improvement from previous quarters.
The estimated impact from regulatory measures[1] was limited to EUR -8 million (-1.4%) for the fourth quarter 2013, confirming the lessened impact from Roaming regulation since 1 July 2013.
The regulation impact aside, EBU's revenue remains impacted by the overall tendency to include more volumes (Voice, SMS and DATA) in Mobile pricing plans. The rate of Mobile revenue decline, however, showed an improvement compared with the previous quarters, supported by a continued solid mobile customer growth.
Over the ***full-year 2013***, EBU reported EUR 2,198 million revenue, EUR 96 million or 4.2% lower versus 2012. About EUR -54 million (-2.3%) is estimated to be driven by regulatory pricing.

(EUR million)	4th Quarter 2012	4th Quarter 2013	4th Quarter % Change	Year-to-date 2012	Year-to-date 2013	Year-to-date % Change
Revenues	**579**	**557**	**-3.8%**	**2,294**	**2,198**	**-4.2%**
From Fixed	**418**	**412**	**-1.6%**	**1,633**	**1,615**	**-1.1%**
Voice	119	114	-4.3%	481	463	-3.8%
Data	95	95	-0.7%	388	380	-2.1%
Terminals (excl. TV)	18	17	-2.6%	72	71	-1.5%
ICT	186	186	-0.1%	692	701	1.3%
From Mobile	**155**	**141**	**-9.1%**	**640**	**565**	**-11.7%**
Voice	96	83	-13.4%	403	343	-15.0%
Data	54	54	-0.3%	223	212	-4.9%
Terminals	5	4	-23.0%	14	10	-26.9%
Other	**6**	**5**	**-16.4%**	**21**	**19**	**-10.6%**

Stable Fixed line erosion, while Fixed Voice ARPU is slightly up
For the ***fourth quarter 2013***, EBU reported EUR 114 million revenue in Fixed Voice, i.e. 4.3% less compared with the same period in 2012. This includes a limited negative effect from lowered Fixed-to-Mobile rates on 1 January 2013 following the regulated cut in Mobile Termination Rates. Besides the regulation impact, the Fixed Voice revenue remained pressured by a stable year-on-year line erosion, while price changes since February and May provided some relief to the ARPU. The fourth-quarter 2013 Fixed Voice ARPU was up by 0.4% year-over-year to EUR 28.7.
With enterprises continuing to rationalize on their Fixed Voice lines, the EBU Fixed Line base eroded by 14,000 lines, which is stable in relation to the line loss one year ago. By end 2013, the EBU Fixed Voice customer base totaled 1,292,000 lines, or a 4.7% loss on a yearly basis.
For the full-year 2013, EBU's Fixed Voice revenue amounted EUR 463 million, 3.8 % down from the previous year.

[1] Regulatory measures include the final cut in Mobile Termination Rates, lower Voice and SMS Roaming rates, and reduced retail Data roaming tariffs

Stable Fixed Data revenue in spite of migrations to Explore platform and uptake of converged Packs with Internet
The ***fourth-quarter 2013*** revenue from Fixed Data, consisting of Fixed Internet and data connectivity revenue, for a total of EUR 95 million, was 0.7% below that of the same period of 2012. This is in part due to a continued migration from older technologies to the Belgacom Explore platform, for which pricing is more favorable for customers. Furthermore, EBU ended the year 2013 with a slightly smaller customer base of 441,000 Internet customers (-0.5% year-on-year), partly offset by a 1.1% increase in ARPU to EUR 39.2, mainly driven by price adjustments. This offset the impact on ARPU from SOHO and SME customers increasingly opting for advantageous converged Packs.
For ***full-year*** 2013, EBU reported EUR 380 million Fixed Data revenues, 2.1% less than for 2012.

Seasonally higher fourth-quarter ICT revenue compared to previous quarters
EBU reported for the ***last quarter of 2013*** EUR 186 million ICT revenue, showing a seasonal increase compared to the prior quarters. In comparison with the fourth quarter of 2012, the ICT revenue remained stable, in spite of an unfavourable economic climate, with customers delaying IT projects or opting for private Cloud-based solutions, triggering a shift from one-time revenue to monthly service fees.
Over the full-year 2013, EBU's ICT revenue totaled EUR 701 million, a 1.3% increase compared to the previous year.

Mobile Voice revenue decline showing some sequential improvement on the back of continued strong customer growth
For the ***fourth quarter of 2013,*** EBU reported EUR 83 million revenue from Mobile Voice, or a 13.4% revenue erosion compared to the previous year, as such showing some improvement from previous quarters[1].
Besides the impact from regulatory[2] price changes, EBU's Mobile Voice revenue remains impacted by mobile re-pricing effects on small-sized business customers. EBU's new Mobile pricing, supported by a recognized high-quality Mobile network, resulted in a rapid restoration of the port-in/port-out balance in the course of 2013. In the fourth quarter EBU saw its annualized Mobile churn falling back to 10.4%, versus 16.8% one year before. Mobile cards sold in a multi-play Pack continued to do very well in the fourth quarter 2013, and pushed the Mobile sales to strong growth of 44,000 mobile cards. Particularly Mobile Voice cards did well. In line with previous quarters, EBU added 8,000 Machine-to-Machine cards. This brought the EBU total Mobile customer base by end 2013 to 1,633,000 cards[3], up year-on-year by 10%.
The fourth-quarter ARPU was down by 20.3% from the prior year, to EUR 17.2. The level of decline showed some improvement over the previous quarter as the year-on-year effect from customer loss end-2012 started to dissipate. The ARPU erosion is partly the consequence of the inclusion of a growing number of Machine-to-Machine cards, with typically lower ARPU. The majority of the ARPU pressure, however, is caused by the uptake of more abundant price plans, including more free Voice usage.
Over the full-year 2013, the revenue from Mobile Voice totaled EUR 343 million, a 15% decrease compared to the previous year.

Fourth quarter mobile data revenue variance showing strong sequential improvement, nearly stable year-on-year
For the ***fourth quarter of 2013***, EBU reported EUR 54 million revenue in total for Mobile Data, i.e. a stable result compared to the same period of 2012. The fourth- quarter Mobile Data ARPU was EUR 11.2, down year-on-year by 8.4%, showing an improvement over the previous quarters.
This improvement was attributable to growing **non-SMS data revenue**, which showed an 8.5% year-on-year increase to EUR 30 million. As the impact from the regulated price caps on retail Data roaming since 1 July 2013 lessened, the price erosion could be offset by the success of paying options for data roaming bundles. EBU generated EUR 24 million **revenue from SMS** in the last quarter of 2013, i.e. a 9.7% decline versus the previous year, including a limited impact from the regulated capping of SMS roaming rates. Moreover, SMS revenue was impacted by the re-pricing in the business market, including more free SMS volumes. This is also reflected in SMS usage, up year-on-year by 6.1% to 125 text messages per user per month.
Over the ***full-year 2013,*** the revenue from Mobile data totaled EUR 212 million, 4.9% lower than for 2012.

	4th Quarter			Year-to-date		
(EUR million)	2012 Adjusted	2013	% Change	2012	2013	% Change
Mobile DATA revenue	**54**	**54**	**-0.3%**	**223**	**212**	**-4.9%**
SMS	26	24	-9.7%	103	96	-7.6%
Advanced data	28	30	8.5%	120	117	-2.5%

The split between SMS and advanced Mobile Data has been adjusted due to a refinement in the allocation of EBU data bundles. The 2012 results have been adjusted accordingly to keep a correct comparable basis. Adjusted 2012 quarterly evolution also on page 20

1 Average mobile Voice revenue decline over the first three quarters was 16% , on a like-for-like basis
2 The final cut in Mobile Termination Rates (1 January 2013) and the reduced Voice Roaming rates (1 July 2013)
3 Including Voice, Data and Machine-to-Machine cards

EBU operating expenses

Cost of Sales down 1.9%

For the ***fourth quarter 2013***, EBU reported EUR 159 million in Cost of Sales, i.e. 1.9% less than for the same period of 2012. This results from the positive effect from lower Mobile Termination Rates, more than offsetting volume-driven commissions and SMS interconnection costs.
EBU ended ***2013*** with EUR 603 million Cost of Sales, 2.6% lower year-on-year.

HR expenses up including year-on-year impact of salary indexation

Year-over-year the HR expenses increased by 2.2% to EUR 102 million for the ***fourth quarter of 2013***, mainly due to a higher personnel base versus last year to support the increased servicing to business customers and the migration from ‘old’ to ‘new’ technologies, and as a result of the inflation-based salary indexation of January 2013.
EBU reported EUR 418 million HR expenses over ***full-year 2013***, up 3.9% from the previous year.

Stable non-HR expenses

For the ***fourth quarter 2013,*** EBU reported EUR 41 million non-HR expenses, 0.4% lower compared to the same period of 2012, continued cost containment in part offset by commercially driven costs.
Over the ***full-year 2013***, EBU’s non-HR expenses declined by 3.4% to EUR 155 million.

EBU segment result

EBU’s ***fourth-quarter 2013*** segment result of EUR 255 million was 7.5% lower versus the same period of 2012, showing some improvement over the previous quarters[1]. Regulatory measures reduced the fourth-quarter segment result by EUR 4 million (-1.3%). The remaining decrease was mainly driven by a lower Direct margin resulting from the pressure on high-margin mobile revenue.
EBU’s segment result over the ***full-year 2013*** totaled EUR 1,023 million, 8.1% lower compared to 2012 or -8.8% on a like-for-like[2] basis. Regulatory price measures reduced EBU’s segment result by an estimated amount of EUR 37 million (-3.3%)

EBU operating result

	4th Quarter		
	2012	**2013**	**YoY Variance** (in abs. amount)
FROM FIXED			
Number of access channels (thousands)	1,799	1,732	-67
Voice	1,356	1,292	-64
Broadband	443	441	-2
Traffic (millions of minutes)	686	630	-55
National	451	410	-41
Fixed to Mobile	160	151	-10
International	75	70	-5
ARPU (EUR)			
ARPU Voice	28.6	28.7	0.1
ARPU Broadband	38.8	39.2	0.4
FROM MOBILE			
Number of active customers (thousands)	1,486	1,633	147
Postpaid	1,486	1,633	147
Annualized churn rate (blended - variance in p.p.)	16.8%	10.4%	
Net ARPU (EUR)			
Postpaid	33.9	28.4	-5.4
Postpaid voice	21.6	17.2	-4.4
Postpaid data	12.2	11.2	-1.0
UoU (units)	366.8	361.4	-5.5
MoU (min)	314.3	311.1	-3.2
SMS (units)	118.1	125.3	7.2

[1] EBU’s segment result over the first nine months 2013 was 8.3% below that of 2012
[2] Corrected for the EUR 8.1 million accounting adjustment in the second quarter 2012 following the adoption of the new Telecom law

Service Delivery Engine & Wholesale – SDE&W

P&L Service Delivery Engine & Wholesale

	4th Quarter			Full Year		
(EUR million)	2012 Restated	2013	% Change	2012 Restated	2013	% Change
TOTAL SEGMENT INCOME	**76**	**72**	**-4.7%**	**304**	**294**	**-3.4%**
Costs of materials and services related to revenue	-10	-10	-0.7%	-37	-40	7.2%
Personnel expenses and pensions	-43	-41	-2.5%	-174	-172	-1.2%
Other operating expenses	-48	-50	4.9%	-187	-204	9.5%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-101**	**-102**	**1.2%**	**-398**	**-417**	**4.6%**
TOTAL SEGMENT RESULT (1)	**-25**	**-30**	**-19.1%**	**-94**	**-122**	**-30.6%**
Depreciation and amortization	-113	-119	5.8%	-440	-464	5.3%
OPERATING LOSS	**-138**	**-149**	**-8.2%**	**-534**	**-586**	**-9.7%**

(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 ***fourth quarter of 2013***, SDE&W reported EUR 72 million revenue, a 4.7% year-on-year decline, of which 1.5% due to regulatory measures. This is mainly driven by lower revenue from Carrier Wholesale Services as a result of lower broadband volumes, partially compensated for by the commercial wholesale offer to Base. Furthermore, the growth in Roaming volumes could not entirely compensate for both regulated and commercial price reductions.
For the ***full-year 2013***, the revenue was down by 3.4% to EUR 294 million, including a EUR 4 million (-1.2%) negative regulation impact.

Operating expenses

SDE&W reported EUR 41 million HR expenses for the ***fourth quarter 2013***, down by 2.5% from the previous year.
The salary indexation of January 2013 was more than compensated for by the positive effect from a lower headcount and more capitalized manpower resulting from increased network investments and IT development in 2013. ***Over the full-year 2013*** the HR expenses totaled EUR 172 million, slightly down from the prior year.

The trend seen in the previous quarters for non-HR expenses continued in the ***fourth quarter***, with expenses rising 4.9% higher to EUR 50 million. This brings the total non-HR expenses for ***full-year 2013*** to EUR 204 million. Besides the one-off provision reversal in the third quarter 2012, costs were up year-on-year because of the resources required for Belgacom’s simplification projects.

Staff & Support – S&S

P&L Staff and Support

	4th Quarter			Full Year		
(EUR million)	2012 Restated	2013	% Change	2012 Restated	2013	% Change
TOTAL SEGMENT INCOME	**11**	**25**	**125.1%**	**34**	**60**	**74.4%**
Personnel expenses and pensions	-38	-40	5.7%	-153	-157	3.0%
Other operating expenses	-67	-50	-25.6%	-217	-201	-7.7%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-107**	**-90**	**-15.6%**	**-372**	**-358**	**-3.7%**
TOTAL SEGMENT RESULT (1)	**-96**	**-65**	**-32.0%**	**-338**	**-298**	**-11.7%**
Non-recurring expenses	-4	1	131.2%	-15	2	115.3%
OPERATING LOSS before depreciation & amortization	**-99**	**-64**	**35.7%**	**-353**	**-296**	**16.1%**
Depreciation and amortization	-19	-18	-7.1%	-74	-69	-6.4%
OPERATING LOSS	**-119**	**-82**	**31.0%**	**-427**	**-365**	**14.4%**

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

S&S quarterly financial results: page 22

For the ***fourth quarter 2013***, Staff and Support recorded EUR 25 million of revenue, including a EUR 20 million capital gain on the sale of technical buildings as part of the network simplification project. The revenue from Staff & Support over the ***full-year 2013*** totaled EUR 60 million, of which EUR 31 million was driven by the capital gains on buildings recorded in the first and last quarter of 2013.

S&S total expenses for the ***fourth quarter 2013*** of EUR 90 million were below those of 2012 driven by lower non-HR expenses. The EUR 17 million year-on-year decline of non-HR expenses resulted from some unfavorable incidentals recorded in 2012 (impairment, provision for environmentally driven soil works) as well as the funding of the cost efficiency project initiated in 2012.
Full-year 2013 non-HR expenses were down 7.7% mainly driven by the reasons described above, whereas HR expenses were up by 3% resulting from the inflation-based wage indexation in January 2013, partially offset by the benefit from lower headcount compared to end-2012.

International Carrier Services – BICS

- **Less Voice traffic results in lower revenue**
- **Decline in temporary traffic volumes to the Asian region**
- **Continued growth in Mobile Data volumes and revenue**
- **Contribution margin of 7.7%, up 0.3p.p. year-on-year**

P&L International Carrier Services

	4th Quarter			Full Year		
(EUR million)	**2012 Restated**	**2013**	**% Change**	**2012 Restated**	**2013**	**% Change**
TOTAL SEGMENT INCOME	**430**	**401**	**-6.8%**	**1,645**	**1,666**	**1.3%**
Costs of materials and services related to revenue	-367	-340	-7.3%	-1,400	-1,412	0.9%
Gross margin (1)	*63*	*61*	-3.8%	*244*	*254*	3.9%
Personnel expenses and pensions	-11	-12	6.3%	-43	-45	6.1%
Other operating expenses	-20	-18	-11.5%	-73	-69	-5.5%
TOTAL SEGMENT RESULT (2)	**32**	**31**	**-2.4%**	**129**	**140**	**8.6%**
Segment result margin	*7.3%*	*7.7%*	-	*7.8%*	*8.4%*	-
Depreciation and amortization	-20	-20	1.4%	-80	-80	0.0%
OPERATING INCOME	**12**	**11**	**-8.8%**	**49**	**60**	**22.4%**

(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 22

Revenue

BICS reported revenue of EUR 401 million in the ***fourth quarter 2013***, 6.8% down from a strong comparable base. The decrease results mainly from lower Voice traffic towards the Asian region. This temporary traffic showed a sequential decline and dropped below the peak volume obtained in the first half of 2013. The European-wide reduced MTRs and a negative dollar impact further reduced BICS' fourth quarter revenue. This was only offset in a limited way by the continued uptake of Mobile data volumes (+15%), leading to a 6.4% non-voice revenue increase.

Over the ***full-year 2013*** BICS reported EUR 1,666 million revenue, up by 1.3% compared to 2012, driven by BICS' non-Voice business. Revenue from the Voice business was fairly stable in relation to the previous year, as the benefit from a better destination mix was neutralized by the negative effect from European-wide MTR cuts and a disadvantageous dollar effect.

	4th Quarter			Year-to-date		
(EUR million)	**2012**	**2013**	**% Change**	**2012**	**2013**	**% Change**
Voice	379	347	-8.6%	1,457	1,455	-0.2%
Non Voice	50	54	6.4%	188	212	12.9%
Total revenues	**430**	**401**	**-6.8%**	**1,645**	**1,666**	**1.3%**

The reversal of the revenue trend in the ***fourth quarter 2013,*** also led to a lower Gross margin of EUR 61 million, down 3.8% from the previous year. The Gross margin over the ***full-year 2013*** totaled EUR 254 million, a 3.9% year-on-year increase. While Voice revenues remained stable, the Voice gross margin improved by 8.2 %, driven by the higher-margin traffic to Asia, while the MTR and dollar impacts are limited on gross margin. On the other hand, non-Voice revenues were up by 12.9% whereas the Gross margin was down by 0.9% because of fierce price competition.

	4th Quarter			Year-to-date		
(EUR million)	**2012**	**2013**	**% Change**	**2012**	**2013**	**% Change**
Voice	34	32	-4.7%	130	140	8.2%
Non Voice	29	28	-2.6%	115	114	-0.9%
Total Gross Margin	**63**	**61**	**-3.8%**	**244**	**254**	**3.9%**

Segment result

BICS' ***fourth-quarter 2013*** **non-HR expenses** totaled EUR 18 million. They were therefore fairly stable compared to previous quarters, though they were 11% lower compared with the same period of 2012, which was inflated by the reassessment of bad debt provisions. **HR expenses** for the fourth quarter 2013 were EUR 12 million, showing an effect from a larger personnel base and salary indexations.

As a consequence of the lower Direct margin, partly compensated for by lower operating expenses, BICS' segment result for the fourth quarter 2013 decreased 2.4% to EUR 31 million. The segment result margin increased 0.4 p.p. to 7.7%.

Over the full-year 2013, BICS reported a segment result of EUR 140 million, up 8.6% from 2012, and a segment margin of 8.4%.

	4th Quarter			Year-to-date		
Volumes (in million)	**2012**	**2013**	**% Change**	**2012**	**2013**	**% Change**
Voice	7,556	6,872	-9.1%	28,382	28,127	-0.9%
Non-Voice (SMS/MMS)	445	512	15.1%	1,557	1,964	26.1%

Quarterly results

Note that to maintain a correct comparison base, and where applicable, 2012 figures published in this report have been restated following the revision of IAS 19 (IAS 19R) on Employee Benefits and more specifically on post-employment benefits.

Group – Financials

(EUR million)	Q112	Q212	Q312 Restated	Q412	2012	Q113	Q213	Q313	Q413	2013
Revenues (1)	**1,588**	**1,611**	**1,620**	**1,644**	**6,462**	**1,586**	**1,583**	**1,568**	**1,582**	**6,318**
Consumer Business Unit	577	575	587	581	2,321	553	567	549	556	2,226
Enterprise business unit	579	576	560	579	2,294	554	554	533	557	2,198
Service Delivery Engine & Wholesale	78	76	75	76	304	75	74	73	72	294
Staff&Support	9	7	7	11	34	18	7	10	25	60
International Carrier Services	382	409	424	430	1,645	417	413	437	401	1,666
Intersegment eliminations	-37	-34	-33	-33	-137	-31	-32	-34	-30	-127
Costs of materials and charges to revenues	**-614**	**-667**	**-649**	**-680**	**-2,611**	**-637**	**-645**	**-636**	**-643**	**-2,561**
Personnel expenses and pensions	**-278**	**-281**	**-290**	**-278**	**-1,126**	**-290**	**-283**	**-288**	**-282**	**-1,142**
Other operating expenses	**-226**	**-224**	**-217**	**-256**	**-924**	**-218**	**-225**	**-216**	**-244**	**-903**
EBITDA (1)	**470**	**438**	**464**	**429**	**1,801**	**441**	**430**	**428**	**413**	**1,713**
Segment EBITDA margin (1)	**29.6%**	**27.2%**	**28.6%**	**26.1%**	**27.9%**	**27.8%**	**27.2%**	**27.3%**	**26.1%**	**27.1%**
Non recurring items	**0**	**-10**	**-1**	**-4**	**-15**	**0**	**0**	**1**	**-15**	**-14**
Ebitda after non-recurring items	**470**	**428**	**463**	**425**	**1,786**	**441**	**430**	**430**	**398**	**1,699**

(1) before non-recurring items

Group from reported to underlying

	Q112 Restated	Q113	Var in %	Q212 Restated	Q213	Var in %	Q312 Restated	Q313	Var in %	Q412 Restated	Q413	Var in %	2012 Restated	2013	Var in %
GROUP - REVENUE															
Reported	**1,588**	**1,586**	**-0.1%**	**1,611**	**1,583**	**-1.7%**	**1,620**	**1,568**	**-3.2%**	**1,644**	**1,582**	**-3.8%**	**6,462**	**6,318**	**-2.2%**
One-offs	0	-11		12	0		0	1		0	-20		12	-30	
Like-for-like	**1,588**	**1,575**	**-0.8%**	**1,623**	**1,583**	**-2.5%**	**1,620**	**1,569**	**-3.1%**	**1,644**	**1,561**	**-5.0%**	**6,474**	**6,288**	**-2.9%**
Regulation		24			30			16			15			85	
Underlying	**1,588**	**1,599**	**0.7%**	**1,623**	**1,612**	**-0.6%**	**1,620**	**1,585**	**-2.1%**	**1,644**	**1,576**	**-4.1%**	**6,474**	**6,373**	**-1.6%**
GROUP - EBITDA															
Reported	**470**	**441**	**-6.1%**	**438**	**430**	**-1.9%**	**464**	**428**	**-7.7%**	**429**	**413**	**-3.7%**	**1,801**	**1,713**	**-4.9%**
One-offs	0	-11		34	0		-2	-8		4	-16		36	-35	
Like-for-like	**470**	**430**	**-8.4%**	**472**	**430**	**-9.0%**	**462**	**421**	**-9.0%**	**433**	**397**	**-8.3%**	**1,838**	**1,678**	**-8.7%**
Regulation		15			20			7			5			48	
Underlying	**470**	**446**	**-5.2%**	**472**	**450**	**-4.7%**	**462**	**428**	**-7.4%**	**433**	**402**	**-7.1%**	**1,838**	**1,726**	**-6.1%**

One-offs: net impact provisions, the new Telco Law accounting adjustments in Q2'12, capital gains realised on the sale of a technical buildings, the Q3'13 (EBITDA-neutral) accounting reclassification and the loss on a disposal

Regulation: includes impact from lower Mobile Termination and Roaming rates, and other regulatory impacts

Revenue evolution in percentages

	Q112	Q212	Q312	Q412	2012	Q113	Q213	Q313	Q413	2013
GROUP										
Reported YoY variance	**0.3%**	**-0.1%**	**1.5%**	**1.7%**	**0.9%**	**-0.1%**	**-1.7%**	**-3.2%**	**-3.8%**	**-2.2%**
Like-for-like YoY variance	0.1%	0.8%	0.4%	0.7%	0.5%	-0.8%	-2.5%	-3.1%	-5.0%	-2.9%
Underlying YoY variance	1.0%	1.8%	2.7%	2.1%	1.9%	0.7%	-0.6%	-2.1%	-4.1%	-1.6%
CBU										
Reported YoY variance	**2.1%**	**-0.7%**	**2.8%**	**1.5%**	**1.4%**	**-4.2%**	**-1.5%**	**-6.5%**	**-4.2%**	**-4.1%**
Like-for-like YoY variance	0.5%	-0.8%	0.3%	-1.0%	-0.3%	-4.2%	-3.1%	-5.9%	-4.2%	-4.4%
Underlying YoY variance	1.7%	0.7%	2.8%	0.7%	1.5%	-3.1%	-1.8%	-4.7%	-3.2%	-3.2%
EBU										
Reported YoY variance	**-2.2%**	**-2.9%**	**-2.2%**	**-2.1%**	**-2.3%**	**-4.4%**	**-3.8%**	**-4.7%**	**-3.8%**	**-4.2%**
Like-for-like YoY variance	-1.0%	-0.3%	-2.5%	-2.4%	-1.5%	-4.4%	-4.2%	-4.7%	-3.8%	-4.3%
Underlying YoY variance	0.1%	0.8%	1.3%	-0.3%	0.4%	-1.5%	-0.7%	-3.1%	-2.4%	-1.9%
SDE&W										
Reported YoY variance	**-4.3%**	**-4.9%**	**-3.2%**	**-5.0%**	**-4.4%**	**-3.0%**	**-3.4%**	**-2.4%**	**-4.7%**	**-3.4%**
Like-for-like YoY variance	-5.1%	-6.1%	-4.5%	-6.3%	-5.5%	-3.0%	-3.4%	-2.4%	-4.7%	-3.4%
Underlying YoY variance	-4.3%	-4.9%	-3.3%	-5.0%	-4.4%	-1.8%	-1.7%	-1.9%	-3.2%	-2.1%
BICS										
Reported YoY variance	**2.6%**	**5.5%**	**5.7%**	**7.3%**	**5.3%**	**9.1%**	**0.9%**	**3.0%**	**-6.8%**	**1.3%**

Like-for-like: i.e. excluding impact from M&A, the re-segmentation, the new Telco Law accounting adjustments, capital gains realised on the sale of a technical buildings, the Q3'13 accounting reclassification and litigation settlement

Underlying: i.e. like-for-like excluding impact from regulatory measures

Group – Capex

(EUR million)	Q112	Q212	Q312	Q412	2012	Q113	Q213	Q313	Q413	2013
Group Capex	**186**	**174**	**160**	**234**	**753**	**193**	**177**	**176**	**426**	**972**
Consumer Business Unit	61	33	30	40	164	48	30	26	61	164
Enterprise business unit	4	4	3	5	15	3	3	2	5	13
Service Delivery Engine & Wholesale	116	126	114	158	514	134	137	139	315	725
Staff&Support	5	8	8	19	40	2	5	7	18	33
International Carrier Services	1	3	5	12	20	6	2	3	26	37

CBU – Financials

(EUR million)	Q112	Q212	Q312	Q412	2012	Q113	Q213	Q313	Q413	2013
			Restated							
Revenues	**577**	**575**	**587**	**581**	**2,321**	**553**	**567**	**549**	**556**	**2,226**
From Fixed	**274**	**270**	**274**	**277**	**1,096**	**279**	**281**	**282**	**283**	**1,124**
Voice	110	105	105	105	425	104	103	102	101	410
Data	85	84	85	85	339	87	89	90	89	354
TV	55	57	61	62	235	64	66	67	69	267
Terminals (excl. TV)	6	6	7	7	25	6	6	6	5	23
Scarlet	19	18	17	18	71	17	17	17	18	69
From Mobile	**281**	**282**	**292**	**278**	**1,133**	**255**	**262**	**250**	**252**	**1,019**
Voice	130	123	133	120	505	100	107	99	94	399
Data	97	102	98	100	398	97	98	95	96	386
Terminals (excl. TV)	27	29	32	28	116	29	25	25	29	109
Tango	27	28	28	30	114	29	32	32	33	127
Other	**22**	**23**	**22**	**25**	**92**	**19**	**24**	**17**	**22**	**82**
Costs of materials and charges to revenues	**-162**	**-182**	**-157**	**-166**	**-666**	**-149**	**-165**	**-139**	**-159**	**-611**
Personnel expenses and pensions	**-89**	**-87**	**-91**	**-87**	**-354**	**-88**	**-86**	**-88**	**-87**	**-349**
Other operating expenses	**-74**	**-73**	**-77**	**-86**	**-309**	**-68**	**-74**	**-65**	**-88**	**-294**
Segment result	**252**	**234**	**263**	**243**	**991**	**248**	**243**	**258**	**223**	**971**
Segment Contribution margin	**43.7%**	**40.6%**	**44.7%**	**41.8%**	**42.7%**	**44.9%**	**42.8%**	**46.9%**	**40.0%**	**43.6%**

CBU – Operationals

	Q112	Q212	Q312	Q412	2012	Q113	Q213	Q313	Q413	2013
FROM FIXED										
Number of access channels (thousands)	**2,938**	**2,926**	**2,918**	**2,912**	**2,912**	**2,895**	**2,883**	**2,872**	**2,870**	**2,870**
Voice	1,780	1,758	1,737	1,718	1,718	1,693	1,673	1,653	1,634	1,634
Broadband	1,159	1,169	1,181	1,193	1,193	1,203	1,210	1,219	1,235	1,235
Traffic (millions of minutes)	**1,086**	**1,027**	**965**	**1,060**	**4,138**	**1,086**	**988**	**901**	**971**	**3,945**
National	828	754	703	768	3,053	787	696	639	689	2,810
Fixed to Mobile	164	179	170	187	701	190	184	164	174	712
International	94	93	92	104	383	110	108	98	108	423
TV (thousands)	**1,254**	**1,301**	**1,340**	**1,386**	**1,386**	**1,412**	**1,428**	**1,447**	**1,479**	**1,479**
TV - households	1,057	1,093	1,125	1,156	1,156	1,170	1,184	1,198	1,218	1,218
of which multiple settop boxes	196	209	216	230	230	242	245	249	260	260
ARPU (EUR)										
ARPU Voice	20.2	19.7	19.7	20.0	19.9	20.1	20.2	20.3	20.3	20.2
ARPU broadband	26.9	26.4	26.5	26.1	26.5	26.3	26.7	26.9	26.4	26.6
ARPU Belgacom TV	17.6	17.6	18.1	18.2	17.9	18.3	18.6	18.7	19.0	18.7
FROM MOBILE										
Number of active customers (thousands)	**3,805**	**3,811**	**3,748**	**3,643**	**3,643**	**3,561**	**3,572**	**3,560**	**3,568**	**3,568**
Prepaid	2,116	2,071	1,992	1,923	1,923	1,815	1,733	1,684	1,640	1,640
Postpaid	1,690	1,739	1,756	1,720	1,720	1,746	1,838	1,876	1,928	1,928
Annualized churn rate (blended - variance in p.p.)	**20.4%**	**19.9%**	**25.8%**	**36.0%**	**25.9%**	**33.3%**	**26.5%**	**26.1%**	**26.5%**	**28.0%**
Net ARPU (EUR)										
Prepaid	14.0	14.2	13.6	14.4	14.0	13.3	14.0	12.6	12.5	13.1
Postpaid	27.9	27.3	28.9	26.6	27.7	24.1	24.4	23.5	22.8	23.7
Blended	20.1	20.1	20.8	20.1	20.3	18.5	19.2	18.3	18.0	18.5
Blended voice	11.6	11.1	12.0	11.1	11.5	9.5	10.2	9.5	9.0	9.5
Blended data	8.5	9.0	8.7	9.0	8.8	9.0	9.1	8.8	9.0	9.0
UoU (units)	**377.9**	**391.7**	**357.5**	**389.9**	**379.1**	**375.3**	**384.4**	**348.6**	**373.3**	**370.7**
MoU (min)	**101.5**	**104.7**	**100.5**	**101.7**	**102.1**	**102.2**	**109.4**	**108.1**	**110.4**	**107.6**
SMS (units)	**279.8**	**291.3**	**262.1**	**294.2**	**281.7**	**279.8**	**283.0**	**249.2**	**272.3**	**271.4**

EBU – Financials

(EUR million)	Q112	Q212	Q312 Restated	Q412	2012	Q113	Q213	Q313	Q413	2013
Revenue	**579**	**576**	**560**	**579**	**2,294**	**554**	**554**	**533**	**557**	**2,198**
From Fixed	**408**	**409**	**398**	**418**	**1,633**	**406**	**406**	**391**	**412**	**1,615**
Voice	124	120	118	119	481	118	117	114	114	463
Data	99	99	96	95	388	96	96	94	95	380
Terminals	18	18	18	18	72	18	18	17	17	71
ICT	167	172	167	186	692	174	175	166	186	701
From Mobile	**166**	**162**	**158**	**155**	**640**	**143**	**144**	**137**	**141**	**565**
Voice	106	102	100	96	403	88	88	83	83	343
Data	56	58	55	54	223	53	53	52	54	212
Terminals	3	3	3	5	14	2	2	2	4	10
Other	**5**	**5**	**4**	**6**	**21**	**5**	**5**	**5**	**5**	**19**
Costs of materials and charges to revenues	**-149**	**-157**	**-150**	**-163**	**-619**	**-148**	**-149**	**-146**	**-159**	**-603**
Personnel expenses and pensions	**-99**	**-102**	**-102**	**-100**	**-402**	**-107**	**-105**	**-104**	**-102**	**-418**
Other operating expenses	**-40**	**-39**	**-39**	**-41**	**-160**	**-38**	**-37**	**-38**	**-41**	**-155**
Segment result	**291**	**278**	**268**	**276**	**1,113**	**260**	**263**	**245**	**255**	**1,023**
Segment Contribution margin	**50.2%**	**48.3%**	**48.0%**	**47.6%**	**48.5%**	**47.0%**	**47.5%**	**45.9%**	**45.7%**	**46.5%**
Mobile Data - detail	**56**	**58**	**55**	**54**	**223**	**53**	**53**	**52**	**54**	**212**
			Adjusted*							
SMS	26	26	25	26	103	25	24	23	24	96
Advanced data	31	32	30	28	120	28	29	29	30	117

*The split between SMS and advanced Mobile Data has been adjusted due to a refinement in the allocation of data bundles. The 2012 results have been adjusted accordingly to keep a correct comparable basis.

EBU- Operationals

	Q112	Q212	Q312	Q412	2012	Q113	Q213	Q313	Q413	2013
FROM FIXED										
Number of access channels (thousands)	**1,841**	**1,824**	**1,815**	**1,799**	**1,799**	**1,781**	**1,760**	**1,746**	**1,732**	**1,732**
Voice	1,394	1,379	1,370	1,356	1,356	1,338	1,318	1,305	1,292	1,292
Broadband	446	445	444	443	443	444	442	441	441	441
Traffic (millions of minutes)	**754**	**699**	**636**	**686**	**2,775**	**695**	**654**	**592**	**630**	**2,571**
National	502	459	416	451	1,828	457	422	382	410	1,672
Fixed to Mobile	167	161	147	160	635	161	156	140	151	607
International	84	79	73	75	311	77	76	69	70	292
ARPU (EUR)										
ARPU Voice	28.9	28.4	27.9	28.6	28.5	28.7	28.8	28.3	28.7	28.6
ARPU Broadband	39.5	39.0	39.1	38.8	39.1	39.0	39.3	39.5	39.2	39.3
FROM MOBILE										
Number of active customers (thousands)	**1,413**	**1,449**	**1,470**	**1,486**	**1,486**	**1,516**	**1,549**	**1,589**	**1,633**	**1,633**
Postpaid	1,413	1,449	1,470	1,486	1,486	1,516	1,549	1,589	1,633	1,633
Annualized churn rate (blended - variance in p.p.)	**11.7%**	**11.0%**	**10.8%**	**16.8%**	**12.7%**	**14.2%**	**13.6%**	**10.0%**	**10.4%**	**11.9%**
Net ARPU (EUR)										
Postpaid	38.7	37.2	35.5	33.9	36.3	31.5	30.8	28.8	28.4	29.9
Postpaid voice	25.3	23.7	22.9	21.6	23.3	19.7	19.2	17.8	17.2	18.4
Postpaid data	13.5	13.5	12.6	12.2	12.9	11.8	11.6	11.1	11.2	11.4
UoU (units)	**375.8**	**377.0**	**339.9**	**366.8**	**364.7**	**360.2**	**363.9**	**337.4**	**361.4**	**355.7**
MoU (min)	**327.8**	**326.6**	**293.3**	**314.3**	**315.4**	**310.2**	**315.8**	**290.9**	**311.1**	**306.8**
SMS (units)	**106.6**	**111.7**	**104.7**	**118.1**	**110.3**	**117.7**	**118.9**	**113.1**	**125.3**	**119.0**

SDE&W – Financials

(EUR million)	Q112	Q212	Q312 Restated	Q412	2012	Q113	Q213	Q313	Q413	2013
Revenues	**78**	**76**	**75**	**76**	**304**	**75**	**74**	**73**	**72**	**294**
Costs of materials and charges to revenues	**-9**	**-9**	**-9**	**-10**	**-37**	**-11**	**-10**	**-10**	**-10**	**-40**
Personnel expenses and pensions	**-43**	**-43**	**-46**	**-43**	**-174**	**-45**	**-42**	**-44**	**-41**	**-172**
Other operating expenses	**-48**	**-50**	**-41**	**-48**	**-187**	**-50**	**-52**	**-51**	**-50**	**-204**
Segment result	**-23**	**-26**	**-21**	**-25**	**-94**	**-30**	**-31**	**-32**	**-30**	**-122**

SDE&W – Retail Operationals and MVNO customers

	Q112	Q212	Q312	Q412	2012	Q113	Q213	Q313	Q413	2013
FROM FIXED										
Number of access channels (thousands)										
Voice (1)	12	11	11	11	11	10	10	10	10	10
Broadband (1)	1	1	1	1	1	1	1	1	1	1
FROM MOBILE										
Number of active Mobile customers (thousands)										
Retail (1)	8	9	8	8	8	8	7	9	9	9
MVNO	5	7	8	8	8	5	7	7	6	6

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

S&S – Financials

(EUR million)	Q112	Q212	Q312	Q412	2012	Q113	Q213	Q313	Q413	2013
			Restated							
Revenues	9	7	7	11	34	18	7	10	25	60
Costs of materials and charges to revenues	1	-1	0	-2	-2	0	0	0	0	0
Personnel expenses and pensions	-37	-38	-40	-38	-153	-40	-38	-40	-40	-157
Other operating expenses	-50	-50	-49	-67	-217	-50	-50	-50	-50	-201
Segment result	-78	-82	-81	-96	-338	-71	-82	-80	-65	-298

ICS – Financials

(EUR million)	Q112	Q212	Q312	Q412	2012	Q113	Q213	Q313	Q413	2013
Revenues	382	409	424	430	1,645	417	413	437	401	1,666
Costs of materials and charges to revenues	-326	-347	-361	-367	-1,400	-355	-347	-370	-340	-1,412
Personnel expenses and pensions	-10	-10	-11	-11	-43	-11	-11	-12	-12	-45
Other operating expenses	-18	-17	-17	-20	-73	-16	-18	-17	-18	-69
Segment result	28	34	35	32	129	35	37	38	31	140
Segment EBITDA margin	7.3%	8.4%	8.3%	7.3%	7.8%	8.3%	8.9%	8.6%	7.7%	8.4%

ICS – Operationals

Volumes (in million)	Q112	Q212	Q312	Q412	2012	Q113	Q213	Q313	Q413	2013
Voice	6,907	6,984	6,934	7,556	28,382	7,267	6,701	7,287	6,872	28,127
Non-Voice (SMS/MMS)	323	361	428	445	1,557	451	461	540	512	1,964

Consolidated Financial statements

Consolidated income statements

(EUR million)	4th Quarter 2012 Restated	4th Quarter 2013	Full Year 2012 Restated	Full Year 2013
Net revenue	1,628	1,549	6,415	6,239
Other operating income	16	33	47	79
TOTAL INCOME	**1,644**	**1,582**	**6,462**	**6,318**
Costs of materials and services related to revenue	-680	-643	-2,611	-2,561
Personnel expenses and pensions	-278	-282	-1,126	-1,142
Other operating expenses	-256	-244	-924	-903
Non-recurring expenses	-4	-15	-15	-14
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,218**	**-1,184**	**-4,676**	**-4,619**
OPERATING INCOME before depreciation & amortization	**425**	**398**	**1,786**	**1,699**
Depreciation and amortization	-194	-193	-748	-782
OPERATING INCOME	**231**	**206**	**1,038**	**917**
Finance income	5	4	15	17
Finance costs	-33	-28	-145	-113
Net finance costs	**-28**	**-24**	**-131**	**-96**
INCOME BEFORE TAXES	**203**	**182**	**907**	**822**
Tax expense	-30	-29	-177	-170
NET INCOME	**173**	**153**	**730**	**652**
Non-controlling interests	5	4	19	22
Net income (Group share)	168	148	712	630
Basic earnings per share	0.53 EUR	0.46 EUR	2.24 EUR	1.98 EUR
Diluted earnings per share	0.53 EUR	0.46 EUR	2.23 EUR	1.98 EUR
Weighted average number of ordinary shares	318,285,245	319,092,227	318,011,049	318,759,360
Weighted average number of ordinary shares for diluted earnings per share	318,741,992	319,504,273	318,688,078	318,987,711

Consolidated statements of other comprehensive income

(EUR million)	As of 31 December 2012 Restated	As of 31 December 2013
Net income	**730**	**652**
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Cash flow hedges:		
Gain/(loss) taken to equity	1	-5
Transfer to profit or loss for the period	0	1
Exchange differences on translation of foreign operations	-1	-1
Total before related tax effects	**-1**	**-5**
Related tax effects		
Cash flow hedges:		
Gain/(loss) taken to equity	0	2
Income tax relating to items that may be reclassified	**0**	**1**
Items that may be reclassified to profit and loss, net of related tax effects	**-1**	**-3**
Items that will not be reclassified to profit and loss		
Actuarial gain/(loss) on defined benefit plans	-71	18
Total before related tax effects	**-71**	**18**
Related tax effects		
Actuarial gain/(loss) on defined benefit plans	11	-6
Income tax relating to items that will not be reclassified	**11**	**-6**
Items that may be reclassified to profit and loss, net of related tax effects	**-61**	**12**
Total comprehensive income	**669**	**661**
Attributable to:		
Equity holders of the parent	650	639
Non-controlling interests	18	22

Consolidated balance sheets

	As of 31 December	As of 31 December
(EUR million)	**2012 Restated**	**2013**
ASSETS		
NON-CURRENT ASSETS	**6,192**	**6,254**
Goodwill	2,339	2,320
Intangible assets with finite useful life	1,097	1,185
Property, plant and equipment	2,467	2,558
Investments in associates	1	6
Other participating interests	7	6
Deferred income tax assets	147	105
Other non-current assets	134	74
CURRENT ASSETS	**2,051**	**2,163**
Inventories	133	163
Trade receivables	1,341	1,289
Current tax assets	151	137
Other current assets	141	148
Investments	83	60
Cash and cash equivalents	202	355
Assets classified as held for sale	0	11
TOTAL ASSETS	**8,243**	**8,417**
LIABILITIES AND EQUITY		
EQUITY	**3,093**	**3,042**
Shareholders' equity	**2,881**	**2,846**
Issued capital	1,000	1,000
Treasury shares	-551	-527
Restricted reserve	100	100
Remeasurement reserve	-60	-51
Stock compensation	14	13
Retained earnings	2,377	2,310
Foreign currency translation	1	1
Non-controlling interests	**211**	**196**
NON-CURRENT LIABILITIES	**2,678**	**2,865**
Interest-bearing liabilities	1,761	1,950
Liability for pensions, other post-employment benefits and termination benefits	570	473
Provisions	203	204
Deferred income tax liabilities	143	128
Other non-current payables	1	111
CURRENT LIABILITIES	**2,472**	**2,511**
Interest-bearing liabilities	215	316
Trade payables	1,310	1,320
Tax payables	236	132
Other current payables	711	731
Liabilities associated with assets classified as held for sale	0	13
TOTAL LIABILITIES AND EQUITY	**8,243**	**8,417**

Consolidated cash flow statements

(EUR million)	4th Quarter 2012 Restated	4th Quarter 2013	Full Year 2012 Restated	Full Year 2013
Cash flow from operating activities				
Net income (group share)	168	148	712	630
Adjustments for:				
Non-controlling interests	5	4	19	22
Depreciation and amortization on intangible assets and property, plant and equipment	194	193	748	782
Increase of impairment on intangible assets and property, plant and equipment	2	22	4	23
Increase of provisions	20	2	40	1
Deferred tax expense	-10	7	-6	23
Impairment on participating interests	3	0	27	1
Fair value adjustments on financial instruments	-2	-3	-6	-11
Loans amortization	1	0	5	4
Gain on disposal of other participating interests and enterprises accounted for using the equity method	-1	0	-1	0
Gain on disposal of property, plant and equipment	-3	-21	-5	-32
Other non-cash movements	2	4	9	5
Operating cash flow before working capital changes	**379**	**356**	**1,547**	**1,447**
Decrease / (increase) in inventories	6	-2	-10	-30
Decrease / (increase) in trade receivables	35	-36	-3	45
Decrease in current income tax assets	2	1	2	2
Decrease / (increase) in other current assets	-5	30	11	-9
Increase / (decrease) in trade payables	19	119	-31	17
Increase / (decrease) in income tax payables	33	-15	7	-104
Increase / (decrease) in other current payables	-60	-58	55	30
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-18	-18	-78	-79
Decrease in other non-current payables and provisions	-12	0	-19	0
Decrease / (increase) in working capital, net of acquisitions and disposals of subsidiaries	**0**	**20**	**-67**	**-128**
Net cash flow provided by operating activities	**380**	**376**	**1,480**	**1,319**
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment	-234	-306	-773	-852
Cash paid for acquisitions of other participating interests	0	-6	-4	-6
Cash paid for acquisition of consolidated companies, net of cash acquired	1	0	-23	0
Cash received from sales of intangible assets and property, plant and equipment	4	26	7	38
Net cash received from other non-current assets	3	5	3	5
Net cash used in investing activities	**-226**	**-281**	**-789**	**-814**
Cash flow before financing activities	**154**	**95**	**691**	**505**
Cash flow from financing activities				
Dividends paid to shareholders	-258	-162	-798	-701
Dividends / capital paid to non-controlling interests	-31	0	-31	-38
Net sale of treasury shares	1	7	19	25
Sale / (purchase) of investments	-57	1	-42	23
Decrease of shareholders' equity	-1	-1	-3	-6
Repayment of vendor financing	0	0	0	-7
Issuance of long term debt	0	-1	0	249
Repayment of long term debt	-1	-124	-4	-128
Issuance of short term debt	29	314	50	230
Net cash provided by / (used in) financing activities	**-317**	**27**	**-809**	**-353**
Net increase / (decrease) of cash and cash equivalents	**-163**	**122**	**-118**	**152**
Cash and cash equivalents at 1 January			320	202
Cash and cash equivalents at 31 December			202	355

Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Remeasur-ement reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Non-controlling interests	Total Equity
Balance at 1st December 2012	**1,000**	**-570**	**100**	**0**	**2**	**13**	**2,532**	**3,078**	**225**	**3,303**
Adjustments	0	0	0	0	0	0	-75	-75	-1	-75
Balance at 1st December 2012 - restated	**1,000**	**-570**	**100**	**0**	**2**	**13**	**2,457**	**3,003**	**224**	**3,227**
Currency translation differences	*0*	*0*	*0*	*0*	*-1*	*0*	*0*	*-1*	*0*	*-1*
Remeasurment defined benefit obligations	*0*	*0*	*0*	*-60*	*0*	*0*	*0*	*-60*	*0*	*-61*
Equity changes not recognised in the income statement	0	0	0	-60	-1	0	0	-61	0	-62
Net income	0	0	0	0	0	0	712	712	19	730
Total comprehensive income and expense	**0**	**0**	**0**	**-60**	**-1**	**0**	**712**	**650**	**18**	**669**
Dividends to shareholders (relating to 2011)	0	0	0	0	0	0	-534	-534	0	-534
Interim dividends to shareholders (relating to 2012)	0	0	0	0	0	0	-258	-258	0	-258
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	-31	-31
Treasury shares										
Exercise of stock options	0	13	0	0	0	0	0	13	0	13
Sale of treasury shares under a discounted share purchase plan	0	6	0	0	0	0	-1	4	0	4
Stock options										
Stock options granted and accepted	0	0	0	0	0	1	0	1	0	1
Deferred stock compensation	0	0	0	0	0	-1	0	-1	0	-1
Amortization deferred stock compensation	0	0	0	0	0	2	0	2	0	2
Exercise of stock options	0	0	0	0	0	-1	1	0	0	0
Total transactions with equity holders	**0**	**19**	**0**	**0**	**0**	**1**	**-792**	**-772**	**-31**	**-804**
Balance at 31 December 2012 - restated	**1,000**	**-551**	**100**	**-60**	**1**	**14**	**2,377**	**2,881**	**211**	**3,093**
Fair value changes in cash flow hedges - acquired during the year	*0*	*0*	*0*	*-3*	*0*	*0*	*0*	***-3***	*0*	*-3*
Currency translation differences	*0*	*0*	*0*	*0*	*-1*	*0*	*0*	***-1***	*0*	*-1*
Remeasurment defined benefit obligations	*0*	*0*	*0*	*12*	*0*	*0*	*0*	***12***	*0*	*12*
Equity changes not recognised in the income statement	0	0	0	9	-1	0	0	**9**	0	9
Net income	0	0	0	0	0	0	630	**630**	22	652
Total comprehensive income and expense	**0**	**0**	**0**	**9**	**-1**	**0**	**630**	**639**	**22**	**661**
Dividends to shareholders (relating to 2012)	0	0	0	0	0	0	-535	**-535**	0	-535
Interim dividends to shareholders (relating to 2013)	0	0	0	0	0	0	-160	**-160**	0	-160
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	**0**	-38	-38
Treasury shares										
Exercise of stock options	0	19	0	0	0	0	-3	**15**	0	15
Sale of treasury shares under a discounted share purchase plan	0	6	0	0	0	0	-2	**4**	0	4
Stock options										
Amortization deferred stock compensation	0	0	0	0	0	1	0	**1**	0	1
Exercise of stock options	0	0	0	0	0	-3	3	**0**	0	0
Total transactions with equity holders	**0**	**25**	**0**	**0**	**0**	**-1**	**-698**	**-674**	**-38**	**-712**
Balance at 31 December 2013	**1,000**	**-527**	**100**	**-51**	**1**	**13**	**2,310**	**2,846**	**196**	**3,042**

Segment reporting

Segment revenue and results

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Year ended 31 December 2012 - restated						
Net revenue	2,298	2,278	240	7	1,592	-	6,415
Other operating income	19	9	3	16	1	-	47
Intersegment income	5	8	62	11	51	-137	**-**
TOTAL SEGMENT INCOME	**2,321**	**2,294**	**304**	**34**	**1,645**	**-137**	**6,462**
Costs of materials and services related to revenue	-666	-619	-37	-2	-1,400	114	-2,611
Personnel expenses and pensions	-354	-402	-174	-153	-43	-	-1,126
Other operating expenses	-309	-160	-187	-217	-73	22	-924
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,330**	**-1,181**	**-398**	**-372**	**-1,516**	**136**	**-4,661**
TOTAL SEGMENT RESULT (1)	**991**	**1,113**	**-94**	**-338**	**129**	**-1**	**1,801**
Non-recurring expenses	-0	-	-	-15	-	-	**-15**
OPERATING INCOME / (LOSS) before depreciation & amortization	**991**	**1,113**	**-94**	**-353**	**129**	**-1**	**1,786**
Depreciation and amortization	-139	-16	-440	-74	-80	1	-748
OPERATING INCOME / (LOSS)	**852**	**1,097**	**-534**	**-427**	**49**	**-0**	**1,038**
Finance expense (net)							-131
INCOME BEFORE TAXES							**907**
Tax expense							-177
NET INCOME							**730**
Non-controlling interests							19
Net income (Group share)							712

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

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Year ended 31 December 2013						
Net revenue	2,201	2,184	223	7	1,623	-	6,239
Other operating income	21	8	5	44	1	-	79
Intersegment income	3	6	66	9	42	-127	**-**
TOTAL SEGMENT INCOME	**2,226**	**2,198**	**294**	**60**	**1,666**	**-127**	**6,318**
Costs of materials and services related to revenue	-611	-603	-40	-0	-1,412	106	-2,561
Personnel expenses and pensions	-349	-418	-172	-157	-45	0	-1,142
Other operating expenses	-294	-155	-204	-201	-69	20	-903
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,255**	**-1,175**	**-417**	**-358**	**-1,526**	**126**	**-4,605**
TOTAL SEGMENT RESULT (1)	**971**	**1,023**	**-122**	**-298**	**140**	**-1**	**1,713**
Non-recurring expenses	-17	1	-	2	-	-	**-14**
OPERATING INCOME / (LOSS) before depreciation & amortization	**954**	**1,024**	**-122**	**-296**	**140**	**-1**	**1,699**
Depreciation and amortization	-155	-14	-464	-69	-80	1	-782
OPERATING INCOME / (LOSS)	**799**	**1,010**	**-586**	**-365**	**60**	**0**	**917**
Finance expense (net)							-96
INCOME BEFORE TAXES							**822**
Tax expense							-170
NET INCOME							**652**
Non-controlling interests							22
Net income (Group share)							630

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

Other segment information

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Year ended 31 December 2012 - restated						
Capital expenditure	164	15	514	40	20	0	**753**

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Year ended 31 December 2013						
Capital expenditure	164	13	725	33	37	0	**972**

Financial instruments

In conformity with IAS 34 §16 A (j) that requires the interim reporting to provide specific fair value disclosures, this **chapter discloses the following information:**

- The carrying amounts and fair values of the financial instruments at 31 December 2013;
- The categorization of the fair valued financial instruments within the fair value hierarchy;
- The fair valuation techniques used.

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

Fair Value and Fair value Hierarchy

Set out below is a comparison of the carrying amounts and fair value of financial instruments as at 31 December 2013 and the fair value hierarchy:

As of 31 December 2013 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	6	6	
Other non-current assets				
Other derivatives	FVTPL	35	35	Level 2
Other financial assets	LaR	39	39	
Current assets				
Trade receivables	LaR	1,293	1,293	
Other current assets				
VAT and other receivables	N/A	55	55	
Other derivatives	FVTPL	1	1	Level 1
Investments	AFS	54	54	Level 1
Investments	HTM	5	5	
Cash and cash equivalents				
Fixed income securities	HTM	100	100	
Short-term deposits	LaR	254	254	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	1,919	2,093	Level 2
Leasing and similar obligations	OFL	2	2	
Other loans	OFL	1	1	
Other derivatives	FVTPL	28	28	Level 2
Non-interest-bearing liabilities				
Derivatives held-for-hedging	HeAc	3	3	Level 1
Other non-current payables	OFL	1	1	
Current liabilities				
Interest-bearing liabilities, current portion				
Leasing and similar obligations	OFL	2	2	
Interest-bearing liabilities				
Other loans	OFL	314	314	
Trade payables	OFL	1,434	1,434	
Other current payables				
Derivatives held-for-hedging	HeAc	2	2	Level 1
Other derivatives	FVTPL	2	2	Level 1
V.A.T. and other amounts payable	N/A	379	379	

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

The financial instruments were categorized according to principles that are consistent with those applied for the preparation of Note 32.5 of the 2012 Financial Statements.

No transfer between Levels occurred during 2013.

Valuation technique

The Group holds financial instruments classified in Level 1 or 2 only.

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

Other derivatives in Level 2

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

Unsubordinated debentures

The unsubordinated debentures not in a hedge relationship are recognized at amortized costs. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 December 2013 for similar debentures with the same remaining maturities.

Contingent liabilities to come

Compared to the Consolidated Financial Statements of the year 2012, no changes occurred during 2013 in the contingent liabilities except that:

- Mobistar launched on 3 May 2013 a claim for damages against Belgacom before the commercial court of Brussels for allegedly wrongful and/or abusive termination by Belgacom of negotiations with Mobistar on the conclusion of a commercial agreement on DSL-based services. Belgacom contests Mobistar's claims entirely, particularly as Mobistar has publicly expressed at several occasions its interest for and its intention to obtain wholesale access from the cable operators. The claims are scheduled to be heard by the commercial court in the second half of 2014.
- For the Claims and legal proceedings part (p.48 of the 2012 Consolidated financial statements) in the litigation related to the on-net tariffs, on 14 October 2013, the Court of Cassation has rejected the request in cassation of KPN Group Belgium/Base Company (KPN Group) and Mobistar (France Telecom Group) against the Court of Appeal of Brussels of 6 March 2012 ordering the replacement of two experts appointed in 2007 by the Commercial Court of Brussels. On 23 January 2014, the Court of Appeal appointed two new experts, jointly proposed by parties. The experts must still accept the mission.

On 17 October 2013 the Constitutional Court has rejected the annulment procedure lodged by Belgacom and the other mobile operators against the 15 March 2010 law imposing an additional fee for the extension of the 2G licenses. This additional fee was capitalized in 2010 and amortized over 5 years (p. 16 of the 2012 Consolidated financial statements). The fee for the extension of the 2G license amounted to EUR 74.37 million per operator which Belgacom chose to pay in annual instalments. The decision has no negative impact on the Financial Statements of the Group. Belgacom's rights on the 2G spectrum are secured until 2021.

Post balance sheet events

Belgacom has entered into exclusive negotiations with Vivendi with respect to the sale of its fully owned subsidiary "Groupe Telindus France"
Completion of the transaction is subject to the satisfaction of certain conditions precedent among which approval by the French Competition Authorities.

Others

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

In December 2013, Belgacom International Carrier Services, a subsidiary of the Belgacom Group, has signed an agreement with eServGlobal and Master Card for the creation of a new entity, HomeSend, that will deliver remittance services. Under the terms of the agreement, eServGlobal and BICS will each contribute or make available all of their assets, including staff, that are directly related to the existing HomeSend business to a newly formed company ("NewCo"). Following the transaction, MasterCard will own 55% of NewCo, eServGlobal 35% and BICS 10%. As a result of the transfer of assets to the Newco the Belgacom Group will recognize a gain on disposal in 2014.

Completion of the transaction is subject to the satisfaction of certain conditions precedent.

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. This also includes MVNOs.

MoU (Minutes of Use): duration of all calls from or to Proximus (corrected for intra-network double count), per active voice customer, per month, also including free minutes included in mobile pricing plans and including MVNOs.

OLO: Other Licensed Operator

SMS: number of SMS messages sent or received (corrected for intra-network double count), per active customer per month, also including free SMSes included in mobile pricing plans and including MVNOs.

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

Financial Calendar

16 April 2014	Annual General Shareholder meeting
17 April 2014	Start of quiet period ahead of Q1 2014 results
09 May 2014	Announcement of Q1 2014 results
07 July 2014	Start of quiet period ahead of Q2 2014 results
01 August 2014	Announcement of Q2 2014 results
29 September 2014	Start of quiet period ahead of Q3 2014 results
24 October 2014	Announcement of Q3 2014 results

For further information

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