

2014

Q4

QUARTERLY REPORT

Key figures – as reported

Income Statement (EUR million)	4th Quarter		Full Year	
	2013	2014	2013	2014
Total income	1,582	1,515	6,318	6,112
EBITDA (1)	398	354	1,699	1,755
Depreciation and amortization	-193	-212	-782	-821
Operating income (EBIT)	206	143	917	933
Net finance costs	-24	-24	-96	-96
Share of loss on associates	0	-1	0	-2
Income before taxes	182	118	822	835
Tax expense	-29	-14	-170	-154
Non-controlling interests	4	5	22	27
Net income (Group share)	148	98	630	654
Cash flows (EUR million)	2013	2014	2013	2014
Cash flows from operating activities	376	434	1,319	1,482
Cash paid for acquisitions of intangible assets and property, plant and equipment	-306	-374	-852	-951
Cash flows from other investing activities	25	21	38	180
Free cash flow (2)	95	81	505	711
Net cash provided by / (used in) financing activities	27	-153	-353	-364
Net increase of cash and cash equivalents	122	-71	152	347
Balance sheet (EUR million)			As of 31 December 2013	As of 31 December 2014
Balance sheet total			8,417	8,522
Non-current assets			6,254	6,339
Investments, cash and cash equivalents			415	710
Shareholders' equity			2,846	2,779
Non-controlling interests			196	189
Net financial position			-1,815	-1,800
Data per share	2013	2014	2013	2014
Basic earnings per share (EUR)	0,46	0,31	1,98	2,04
Weighted average number of outstanding shares	319,092,227	321,053,402	318,759,360	320,119,106
Data on employees			2013	2014
Number of employees (full-time equivalents)			15,699	14,187
Average number of employees over the period			15,753	14,770
Total income per employee (EUR)			401,080	413,826
EBITDA (1) per employee (EUR)			107,851	118,798
Ratios (before non-recurring items)			2013	2014
Return on Equity			22.5%	22.8%
Gross margin			59.5%	60.0%
Net debt / EBITDA before non-recurring items			1.06	1.05

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.

(2) Cash flow before financing activities.

(3) For 2013 and 2014 basic and diluted earnings per share are equivalent.

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

The financial report gives an accurate overview of the information that needs to be disclosed. The Executive Committee is represented by Dominique Leroy, Chief Executive Officer, Phillip Vandervoort, Chief Consumer Market Officer, Bart Van Den Meersche, Chief Enterprise Market Officer, Ray Stewart, Chief Financial Officer, Geert Standaert, Chief Technology Officer, Renaud Tilmans, Chief Customer Operations Officer, Michel Georgis, Chief Human Resources Officer and Dirk Lybaert, Chief Corporate Affairs Officer. Sandrine Dufour has become member of the Executive Committee since 1 January 2015 and will become Chief Financial Officer as of 1 April 2015, subsequent to the retirement of Ray Stewart as of that date.

Brussels, 27 February 2015 - 7:00 (CET) - Regulated Information

Highlights – Q4 2014

- 2014 full-year guidance achieved, Fit-for-Growth strategy on track
 - Underlying¹ Core² revenue up 3.5%, strong Consumer and Enterprise segment performance
 - Firm customer gain supported by successful year-end campaign
 - Underlying EBITDA of EUR 380 million, including provision for Walloon region pylon tax
- Belgacom Group generated in the fourth quarter of 2014 underlying revenue of EUR 1,506 million, i.e. 2.2% above that of the fourth quarter of 2013. This resulted from a solid 3.5% growth in Belgacom's core revenue, partially offset by a 1.3% revenue decline in Belgacom's International Carrier Services (BICS).
 - Revenue from Fixed products showed further improvement in the fourth quarter on a continuously growing customer base for TV and for Fixed Internet, and through an exceptionally strong quarter for the Proximus ICT business.
 - The fourth quarter revenue from Mobile handset sales was up significantly following great success of the Proximus year-end promotion. The combined Mobile Service revenue from the Consumer and Business segment was a touch lower (-0.4%) from the comparable period of 2013, though maintaining a fairly stable variance to the prior quarter in spite of seasonally lower roaming volumes.
 - The fourth-quarter 2014 underlying Group EBITDA totaled EUR 380 million, 4.7% lower compared to the same period of 2013. Whereas the underlying Group Direct margin showed a further sequential trend improvement, the operating expenses for the fourth quarter were up, including a provision for the Walloon region pylon tax and some non-structural expenses.
 - For the fourth quarter of 2014, Belgacom's capex totaled EUR 355 million, excluding EUR 16 million for additional spectrum in the 900Mhz/1800Mhz band. This brought the total invested amount to EUR 978 million, spectrum capex excluded.
 - In the fourth quarter 2014, Belgacom generated EUR 81 million in Free Cash Flow leading to a total of EUR 711 million for the full-year. This was EUR 206 million up versus 2013, positively impacted by higher cash received from the sale of consolidated companies and buildings.
 - Successful year-end promotions and investments in a stronger brand image, resulted in a very solid operational performance from the company's main brands Proximus and Scarlet in the fourth quarter:
 - + 96,000³ Mobile Postpaid cards, increasing the total customer base to 4,125,000⁴
 - - 36,000 Mobile Prepaid cards, increasing the total customer base to 1,552,000
 - + 35,000⁵ TV subscriptions, increasing the total TV customer base to 1,593,000
 - + 22,000 Fixed Internet lines, with a total Internet customer base of 1,740,000
 - - 20,000 Fixed Voice Lines, leading to a total of 2,831,000 lines
 - As result of its solid customer gain, Belgacom improved its market share for Mobile (+0.2pp), Fixed internet (+0.3pp) and Digital TV (+0.9pp) compared to end 2013.
 - On 26 February 2015, Belgacom's Board of Directors approved to propose to the Annual Shareholder meeting to return over the result of 2014 a total gross dividend of EUR 1.50 per share, of which EUR 0.50 interim dividend was paid in December 2014. The Board of Directors also confirmed their intention to return a stable total gross dividend of EUR 1.50 per share over the result of 2015 and 2016. For the upcoming normal dividend of EUR 1.00 gross per share:
 - Ex-coupon date: 22 April 2015
 - Record date: 23 April 2015
 - Payment date: 24 April 2015

¹ Adjusted for incidentals to get a better view of the ongoing business performance. See page 23.

² Group revenue excluding revenue from Belgacom International Carrier Services (BICS)

³ incl. 33,000 Internet Everywhere cards and M2M

⁴ Including Voice and Data Mobile cards sold through CBU, as well as M2M cards in EBU. Mobile cards from the Tango, MVNO and SDE&W segment are included as well.

⁵ Corresponds to total number of set-top boxes. Fourth quarter included 10,000 multiple set-top boxes

Dominique Leroy, CEO of Belgacom:

"I'm pleased to announce that we have closed the year 2014 on a strong note. In a highly competitive market we achieved our 2014 revenue and EBITDA guidance. Moreover, we realised a strong set of operational strengths by our continued efforts to improve the overall customer experience, combined with our great position to offer attractive convergent solutions. Especially in the fourth quarter we saw good growth in our customer base thanks to a successful year-end campaign launched under the new Proximus brand. As a result, we have closed the year with a higher market share for Mobile, Digital TV and Fixed Internet.

With the good progress made so far on our 'Fit for Growth' strategy, we are well on track to deliver our underlying Revenue and EBITDA growth objective in 2016. Under current market conditions, we believe the year 2015 will be the tipping point within our track to growth. We estimate to end the year 2015 with a core underlying revenue and a Group underlying EBITDA stable to slightly positive versus the comparable base of 2014."

Details analyst conference call

Belgacom will host a conference call for institutional investors and analysts on Friday 27th February 2015.

Time: 2:00 p.m. Brussels – 1:00 p.m. London – 8:00 a.m. New York

- Dial-in UK : + 44 20 3427 1906
 - Dial-in USA : + 1 646 254 3388
 - Dial-in Europe : + 32 2 620 01 38
 - Code : 3671571
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Financial review Belgacom Group

- Fourth quarter Group revenue of EUR 1,506 million, up by 2.2% v.s. last year on underlying⁶ basis
- Core⁷ revenue up 3.5%: favourable trend in Fixed, stable Mobile service revenue, high revenue from ICT and success of Mobile promotions
- Underlying Group EBITDA of EUR 380 million, incl. commercial push, tax provision and non-structural costs
- Fourth-quarter Free Cash Flow of EUR 81 million

Quarterly financials as of page 24

Revenue

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
Group Reported	1,582	1,515	-4.2%	6,318	6,112	-3.3%
<i>Incidentals</i>	<i>-108</i>	<i>-9</i>		<i>-359</i>	<i>-248</i>	
Underlying Group	1,474	1,506	2.2%	5,960	5,864	-1.6%
Consumer Business Unit	550	577	4.8%	2,204	2,216	0.5%
Enterprise Business Unit	476	493	3.6%	1,894	1,898	0.2%
Service Delivery Engine & Wholesale	65	58	-10.3%	265	241	-8.8%
Staff & Support	5	8	70.1%	26	30	13.5%
International Carrier Services	401	395	-1.3%	1,666	1,577	-5.4%
Inter-segment eliminations	-22	-25	-11.6%	-96	-98	-2.0%

Belgacom Group generated in the **fourth quarter of 2014** underlying revenue of EUR 1,506 million, i.e. 2.2% above that of the fourth quarter of 2013. This includes a 3.5% growth in Belgacom's core revenue as the revenue from both the Consumer and Business segment showed a firm increase compared to the fourth quarter of 2013, more than offsetting the continued revenue erosion from Belgacom's Wholesale business. Furthermore, the Belgacom Group saw its revenue impacted by a 1.3% revenue decline in Belgacom International Carrier Services (BICS).

More precisely the underlying Core revenue variance for the fourth quarter was the result of:

- **A 4.8% underlying revenue increase for the Consumer segment**, which resulted from strong revenue from both Mobile and Fixed. All Fixed product lines sequentially showed an improvement in the year-on-year variance. Within Mobile, the revenue from Mobile devices was boosted by the successful year-end promotions and joint-offers. Moreover, the Mobile Services revenue trend showed some further improvement from prior quarters on a solidly growing Postpaid customer base and better ARPU trends.
- **A 3.6% growth in underlying revenue from the Enterprise Business segment**, posting an exceptionally strong growth in organic ICT revenue. Mobile services revenue remained a positive contributor, be it slightly down from a strong roaming third quarter. Furthermore, the revenue erosion from Fixed Voice and Fixed Data showed some improvement from the prior quarters.
- The pressure on Carrier Wholesale Services revenue, with **Service Delivery Engine & Wholesale** reporting a 10.3% revenue erosion.

For **full-year 2014**, Belgacom's underlying revenue totaled EUR 5,864 million, or -1.6% lower than for 2013. This decline was mainly driven by the lower revenue from BICS, while the Core business posted nearly stable revenue compared to 2013 in spite of the revenue decline in its Wholesale segment.

⁶ Adjusted for incidentals to get a better view of the ongoing business performance. See page 23 for more information

⁷ Belgacom Group, BICS excluded

Operating expenses

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
Group Reported	1,184	1,161	-1.9%	4,619	4,358	-5.7%
<i>Incidentals</i>	<i>-108</i>	<i>-34</i>		<i>-354</i>	<i>-147</i>	
Underlying Group	1,076	1,127	4.7%	4,265	4,211	-1.3%
Costs of materials and services related to revenue	591	627	6.1%	2,364	2,330	-1.4%
Personnel expenses and pensions	259	243	-6.3%	1,048	1,014	-3.3%
Other operating expenses	226	257	13.9%	852	867	1.7%

Fourth quarter Cost of Sales⁸ higher driven by device-promotions and ICT

The Belgacom Group posted underlying Cost of Sales of EUR 627 million for the **fourth quarter 2014**, 6.1% more compared with the same period of 2013. The higher costs are due to Consumer and Enterprise segments' joint-offers and other promotional costs. For the Enterprise segment, the increase was largely ICT-driven. This was partly offset by BICS, which posted a 1.9% reduction versus the prior year.

The **year-to-date December 2014** underlying Cost of Sales totaled EUR 2,330 million, or -1.4% versus the prior year.

Underlying HR expenses⁹ down 6.3%, including favourable compensation for statutory retirees

The Belgacom Group posted EUR 243 million underlying¹⁰ HR-expenses for the **fourth quarter of 2014**, 6.3% less versus the comparable cost of the prior year. This includes a EUR 15 million positive effect from a receivable on the Belgian State with respect to a compensation mechanism for 2014 statutory retirees¹¹

Over the **full year 2014**, the Belgacom Group recorded EUR 1,014 million underlying HR expenses, 3.3% lower than the prior year. Besides the above mentioned favorable pension compensation, the lower HR expenses mainly resulted from a lower headcount, with a natural attrition of -298 FTEs over the past 12 months. Moreover, 2014 was not impacted by inflation-based salary indexations.

As a result of natural attrition and divestures, the Belgacom headcount decreased to 14,187 FTEs by end 2014 from the 15,699 FTEs reported one year ago.

Higher underlying non-HR¹² expenses including provision for Walloon region pylon tax

On an underlying basis, the Belgacom Group recorded EUR 257 million non-HR expenses in the **fourth quarter of 2014**, which was 13.9% or EUR 31 million higher than for the same period of 2013. This includes a provision for the Walloon Region pylon tax as well as non-structural elements in S&S which totaled EUR 11 million. Furthermore, the non-HR expenses were exceptionally high due to a more intensive year-end marketing campaign and a negative year-on-year impact from bad-debt in the Enterprise segment.

Over the **full year 2014**, the underlying non-HR expenses totaled EUR 867 million, 1.7% higher than the prior year, the provision for Walloon pylon tax included.

Operating income before depreciation and amortization (EBITDA)

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
Group Reported	398	354	-11.1%	1,699	1,755	3.3%
<i>Incidentals</i>	<i>0</i>	<i>25</i>		<i>-4</i>	<i>-102</i>	
Underlying Group	398	380	-4.7%	1,695	1,653	-2.5%
Consumer Business Unit	238	243	2.0%	1,018	1,009	-0.8%
Enterprise Business Unit	251	251	0.1%	1,017	1,004	-1.3%
Service Delivery Engine & Wholesale	-36	-57	-59.1%	-147	-166	-12.5%
Staff & Support	-85	-89	-4.1%	-332	-328	1.1%
International Carrier Services	31	32	3.2%	140	135	-3.9%

Belgacom's **fourth-quarter 2014** underlying Group EBITDA totaled EUR 380 million, EUR -18 million or 4.7% lower compared to the same period of 2013. Notwithstanding the strong year-end promotions on devices, the Group's Direct

8 Cost of sales are referred to "Cost of materials and services related to revenue" in the tables

9 HR expenses are referred to "Personnel expenses and pensions" in the tables

10 Adjusted for the impact of divestures (Telindus France, Telindus UK, Scarlet Netherlands and Sahara net)

11 Statutory employees officially retiring who had already left Belgacom under the tutorship program and have now reached their pensioning age.

12 Non-HR expenses are referred to "Other operating expenses" in the tables

Margin was only slightly down from the prior year (-0.4%). The total of HR and non-HR expenses, however, went up by 3.1%, or EUR 15 million. The provisioned Walloon region pylon tax and some non-structural expenses were only in part offset by the before mentioned favourable compensation for statutory retirees and by the ongoing benefits from cost reductions programs.

Over the **full year of 2014**, the Belgacom Group recorded EUR 1,653 million underlying EBITDA, or -2.5% year-on-year. With the achieved full-year 2014 underlying EBITDA, Belgacom ended the year within its provided guidance. (see page 11 of this release).

Depreciation and amortization

The fourth-quarter 2014 depreciation and amortization totaled EUR 212 million, up by EUR 19 million compared to the previous year. This brought the year-to-date December 2014 depreciation and amortization to EUR 821 million compared to EUR 782 million for 2013. The increase in depreciation and amortization was mainly the consequence of a higher asset base to depreciate, partially offset by divestment of consolidated subsidiaries.

Net finance cost

The net finance cost (EUR -96 million) remained stable compared to previous year despite (1) an increase of 6 million of the net interest expenses (due to higher average net finance debt and higher long term debt), (2) an increased cost for discounting long term (mainly HR related) debts, (3) higher impairment losses of other participating interest and (4) lower positive re-measurements to fair value of financial instruments. All these negative effects were offset by interest received from an incidental settlement of a dispute.

Tax expense

The fourth-quarter 2014 tax expenses of EUR 14 million brought the year-to-date 2014 total tax expenses to EUR 154 million, representing an effective tax rate of 18.4%. This is below the effective tax rate of 20.7% for 2013 and is mainly due to incidentals recorded in 2014 and results from the application of general principles of Belgian tax law.

Net income (Group share)

Belgacom reported a net income (Group share) of EUR 98 million for the **fourth quarter of 2014**, compared to EUR 148 million for the fourth quarter of 2013. The decrease mainly resulted from a lower reported EBITDA versus the fourth quarter 2013, which included a EUR 20 million capital gain on building sales in Belgacom's ongoing network simplification program. In addition, the amount of depreciation and amortization in the fourth quarter 2014 increased by EUR 19 million year-on-year, and was only in part offset by a lower tax expense.

The **full-year 2014** net income (Group share) totaled EUR 654 million, i.e. 3.8% higher versus the EUR 630 million of the year before. The increase mainly resulted from a higher reported EBITDA, which included for the full-year 2014 greater capital gains on building sales and disposed companies than the previous year.

Investments

Total capital expenditure (capex)

For the **fourth quarter of 2014**, Belgacom's capex totaled EUR 371 million, including EUR 16 million for additional spectrum in the 900Mhz/1800Mhz band.

The remaining EUR 355 million fourth quarter capex compares to EUR 306 million in the last quarter of 2013 (excl. EUR 120 million spectrum cost). The EUR 49 million increase was mainly driven by timing differences in content renewal, capitalized customer installations and especially accelerated investments in the LTE-network.

During the **full-year 2014**, Belgacom invested a total of EUR 994 million, or EUR 978 million excluding the above mentioned additional spectrum investment. This was EUR 126 million more than what was invested in 2013, spectrum excluded. Part of this was due to the three-year broadcasting rights of Belgian Jupiler Pro league football acquired in June 2014 and capitalized in the second quarter.

As set out in Belgacom's network strategy presentation at the start of 2014, Belgacom continued investing in its Fixed and Mobile networks, as well as in improving its IT systems. Through these investments, Belgacom ensures very high standards in customer experience for Mobile calling and surfing, across all technologies, maintaining a superior Mobile-network quality. By end of 2014, Proximus reached 85% outdoor population coverage for LTE. By deploying LTE mainly in the 1800 Mhz spectrum, Proximus provides the best-in-class customer experience, offering a measured average speed of 22 Mbps¹³ on LTE devices in free mode¹⁴. This was at least 45% faster than the comparable average speed of competition.

¹³ speeds measured by independent agency CommSquare through national drive tests in fourth quarter 2014

¹⁴ Speeds are measured by the independent agency CommSquare through national drive tests in Q4'14. Measurements are done with devices in free mode, meaning the device picks itself the available network technology (2G, 3G, 4G).

2014 was also the start of a 3-year program to roll-out the vectoring technology on the VDSL2 network, increasing the dedicated Internet speeds offered to customers to 70 Mbps. Furthermore, for its enterprise customers, Belgacom connected 80% of industrial zonings to its fibre network, enabling ultra-fast data transfer.

As part of its transformation & simplification plans, Belgacom also continued to invest in both its Network Simplification program and more efficient IT-systems. This resulted for example in faster order introductions, more efficient field force interventions and better in-depth testing of IT releases.

Spectrum

Following Telenet Tecteo Bidco's (TTB) decision to renounce their option to acquire spectrum in the 900/1800 MHz band (4.8 MHz duplex in the 900 MHz band and 15 MHz duplex in the 1800 MHz band), Belgacom, Mobistar and KPN/BASE have been able to acquire additional spectrum in these bands effective as from 27 November 2015 (BIPT decision dated 15 December 2014). This additional spectrum is granted until 15 March 2021.

Belgacom acquired an additional 2.4 MHz in the 900 MHz band (giving it 12.4MHz in total) and an additional block of 4.8 MHz in the 1800 MHz band (giving it 24,8 MHz in total). As such, Belgacom will be the largest spectrum holder in Belgium in the 900 MHz band, which is a crucial band to provide good indoor coverage for both voice and data. This will allow better voice quality management and bring LTE at its maximum capabilities in terms of speed and capacity.

The unique fee for the additional 900 MHz spectrum was EUR 16 million, with the option for a one-shot payment or yearly payments. The fee was capitalized in the fourth quarter 2014. The 1800 MHz spectrum has been granted at no additional cost except for the usage fees.

After a first extension covering the period 2010-2015, the current 2G licenses will be tacitly renewed for a second period as from 8 April 2015 until 15 March 2021. For the first extension of the 900 MHz license (2010-2015), Belgacom paid EUR 74 million through annual instalments. The unique fee for the second renewal (8 April 2015- 15 March 2021) will cost EUR 75 million. Belgacom will also have the possibility to opt for a one-shot payment or yearly payments

Cash flows

(EUR million)	4th Quarter			Full Year		
	2013	2014	% Change	2013	2014	% Change
Cash flows from operating activities	376	434	15%	1,319	1,482	12%
Cash paid for acquisitions of intangible assets and property, plant and equipment	-306	-374	22.5%	-852	-951	12%
Cash flows from other investing activities	25	21	>-100%	38	180	>100%
Cash flow before financing activities (FCF)	95	81	-15%	505	711	41%
Net cash provided by / (used in) financing activities	27	-153	>-100%	-353	-364	3%
Net increase of cash and cash equivalents	122	-71	>-100%	152	347	>100%

In the **fourth quarter 2014**, Belgacom generated EUR 81 million in Free Cash Flow (FCF), or EUR 14 million less than for the same period of 2013. For **full-year 2014** the Group's Free Cash Flow amounted to EUR 711 million, which was EUR 206 million up versus last year. The higher FCF was mainly the result of higher cash received from the sale of consolidated companies and buildings, lower needs for core working capital and lower income tax payments, partly due to timing differences. This was partly offset by more cash paid in 2014 for the acquisition of intangible assets and property, plant and equipment.

Balance sheet and shareholders' equity

In 2014, the Group disposed of Group Telindus France and the activities of Telindus UK impacting all balance sheet lines. Compared to year-end 2013, the goodwill decreased by EUR 48 million mainly as a consequence of these sales.

Intangible fixed assets and property, plant and equipment increased by EUR 117 million to EUR 3,860 million mainly as a consequence of invested Capex which was higher than the depreciation and amortization, partly offset by the disposal of Group Telindus France and Telindus UK and buildings

The shareholders' equity decreased from EUR 2,846 million at year-end 2013 to EUR 2,779 million end-December 2014. This resulted mainly from the dividend distribution as approved by the General Assembly of April 2014, the interim dividend paid in December and the increase through equity of the liability for post-employment benefits exceeding the net income (Group share) generated in 2014.

Compared to end-2014, the net financial debt decreased by EUR 15 million to EUR 1,800 million as per end of December 2014, as the cash provided by the Free Cash Flow and the sale of Treasury shares for exercised stock options slightly exceeded the dividend returned to shareholders and non-controlling interests.

The outstanding long-term gross financial debt amounted to EUR 2.5 billion at the same date. In April 2014 a 10-year bond of EUR 600 million was issued.

Regulation and legal

		<i>Estimated impact</i>		
Regulation impacts (Decrease in EUR million)		Q4 2014	FY 2014	FY 2015
MTR	Revenue	€ 4m	€ 15m	€ 1m
	EBITDA	€ 2m	€ 8m	€ 1m
Roaming (i.e. Voice, SMS and Data)	Revenue	€ 8m	€ 35m	€ 23m
	EBITDA	€ 8m	€ 35m	€ 23m
Total	Revenue	€ 12m	€ 50 m	€ 24 m
	EBITDA	€ 11 m	€ 43 m	€ 24 m

Mobile Termination Rates

In December 2014, the Luxembourg regulator, ILR, consulted the market on the new MTR defined based a pure bottom-up long run incremental cost (LRIC) cost model. ILR has proposed to set the MTR of the three Mobile operators (EPT, Tango and Orange) at 0.97 eurocents/min as from the entry into force of their final decision (expected in 2015). The MTR had already been set provisionally at 0.98 eurocents/min by a decision of 6 January 2014 (based on a benchmarking). Before January 2014, the MTR were at 8.2 eurocents for EPT and Tango and 10.5 eurocents for Orange. Tango has appealed this decision. For full-year 2014, the impact of the lower MTR for Tango, recorded within the Consumer segment, was EUR 15 million revenue and EUR 8 million EBITDA

International Roaming

The last decrease of the roaming rates under the Roaming III Regulation of 2012 entered into force on 1 July 2014.

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

The obligation on separate selling of roaming services from domestic Mobile services also entered into force on 1 July 2014.

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 telecom sector, referred to as “Connected continent”, to impose additional measures to abolish roaming surcharges in the coming years. The proposals that are currently being discussed by the EU authorities (Council and Parliament) all include an alignment of the domestic and roaming rates (“Roam-like-at home”). The timing and conditions of such alignment is however still uncertain as there are diverging views among them.

Cable regulation

On 12 November 2014, the Brussels Court of Appeal confirmed the 2011 regulatory decision to open up Telenet’s cable network to competitors for both television (analogue/digital) and broadband resale. Additionally, in response to Belgacom appeal in this case, the Court asserted that, back in 2011, the regulators did erroneously exclude Belgacom from wholesale access to digital TV and broadband resale on Telenet’s cable network. Belgacom has therefore currently the right for full access to the Telenet network. Decisions for VOO and Numéricable networks are still pending.

Tax on mobile sites

In December 2013, the Walloon government adopted a decree which imposes a tax on pylons of EUR 8,000 per 'site', applicable to all Mobile operators for the 2014 financial year. Under this legislation, all users of 'sites' are jointly liable towards the Walloon region for the tax related to the sites shared.

Belgacom considers the legality of this tax to be questionable. End of June 2014, an annulment request was filed before the Constitutional Court by all three Mobile operators. In addition, the Belgian State intervened in the procedure stating that the Walloon Region unlawfully intervened in the (fiscal) competences of the communes.

Two new decrees have been adopted by the Walloon Region in December 2014, extending the tax for 2015, without change in scope or in rate. A new annulment request before the Constitutional Court will be filed in due time.

Further to the recent developments a.o. the new decrees for 2015, the implementation measures and the assessment notice for 2014 amounting to EUR 13.2 million, Belgacom reviewed its position and recorded a liability per 31 December 2014.

Belgacom intends to further safeguard its legal rights and will not pay the tax as long as legal procedures are pending.

Outlook & achievements

Full-year 2014 performance in line with provided full-year outlook.

Metrics	FY 2013	FY 2014	% Change FY	Guidance FY 2014 (revised on 24 October 2014)
Reported Group revenue	6,318	6,112		
non-recurring	0	62		
Telindus France	242	75		
<i>Core business*</i>	4,410	4,399	-0.3%	Decline between '-1% and -2%'
<i>BICS**</i>	1,666	1,577	-5.4%	Decline between '-5% and -10%'
Reported Group EBITDA	1,699	1,755		
non-recurring	-14	34		
Telindus France	11	-0.4		
<i>EBITDA-base for guidance***</i>	1,702	1,721	1.1%	Slightly positive
Capex <i>(excl. spectrum capex)</i>	852	978		Around EUR 960 million

* i.e. Reported group revenue minus non-recurring & Telindus FR & BICS, including capital gain on building sales

** i.e. Reported BICS revenue minus non-recurring

*** i.e. Reported group EBITDA minus non-recurring & Telindus FR

2015 outlook

In view of the good progress we made in 2014 on our 'Fit for Growth' strategy, our underlying trends are **on track to deliver our underlying revenue and EBITDA growth objective in 2016**. Under current market conditions, we expect the year 2015 to be the tipping point within our track to growth. i.e.:

- **A stable to slightly positive underlying revenue from our Core business** (i.e. Group excluding BICS) compared to 2014. This includes on the one hand an expected sound progression from our Consumer/Enterprise key activities, and on the other hand revenue pressure on the Wholesale segment.
- **A stable to slightly positive Underlying Group EBITDA**, i.e. showing good progress from the -2.5% underlying EBITDA in 2014.

Furthermore, for the International Carrier Segment, **BICS**, we expect a **stable 2015 full-year revenue** versus 2014.

As we announced in our 'Fit for Growth' strategy early 2014, we consider it very important to invest in both our Fixed and Mobile access networks to further improve customer experience, as well as improving our IT systems.

These investments will continue in 2015, for which we estimate the full-year capex will be around EUR 900 million. This does not take into account the capex required for the tacit extension of the 900Mhz/1800Mhz spectrum for the period 2015 to 2021, which is expected to be around EUR 75 million.

Guidance metrics	FY 2014	Outlook 2015
Core underlying revenue	4,287 million	Stable to slightly positive
BICS underlying revenue	1,577 million	Stable
Group Underlying EBITDA	1,653 million	Stable to slightly positive
Capex (excl. spectrum license)	978 million*	About 900 million

*Including the capitalized three-year broadcasting rights of the Belgian Jupiler Pro league football acquired in June 2014

Consumer Business Unit – CBU

- Best Internet/TV customer gain in years: new Proximus brand and successful year-end campaign
- Underlying revenue +4.8%: high income from Mobile devices, solid Internet and TV revenue
- Mobile service revenue trend further recovering on customer growth and better ARPU trends
- Segment result growing 2.0%, in spite of promotion-driven Mobile device costs
- Firm 3- and 4-Play revenue growth on larger base and higher ARPH

P&L Consumer Business Unit (Underlying)

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
TOTAL SEGMENT INCOME	550	577	4.8%	2,204	2,216	0.5%
Costs of materials and services related to revenue	-149	-175	17.4%	-570	-595	4.3%
Personnel expenses and pensions	-83	-80	-4.4%	-334	-334	0.2%
Other operating expenses	-80	-79	-0.8%	-282	-277	-1.8%
TOTAL OPERATING EXPENSES before depreciation & amortization	-312	-334	6.9%	-1,186	-1,206	1.7%
TOTAL SEGMENT RESULT	238	243	2.0%	1,018	1,009	-0.8%
<i>Segment contribution margin</i>	<i>43.2%</i>	<i>42.1%</i>	<i>-1.2pp</i>	<i>46.2%</i>	<i>45.6%</i>	<i>-0.6pp</i>

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Revenue

CBU improved its underlying revenue trend further in the fourth quarter, growing by 4.8% year-on-year to EUR 577 million. This includes an estimated impact from regulatory measures¹⁵ of EUR -6 million (-1.0%).

The solid fourth quarter 2014 Consumer revenue resulted from both strong revenue from Mobile and from Fixed. Following the rebranding to Proximus end-September 2014, CBU stepped up its commercial activities in the last months of the year, culminating in a strong year-end campaign. Attractive promotions on Mobile devices and Mobile joint-offers proved to be well appreciated by customers, leading to a significant revenue increase from Mobile devices. Moreover, the joint-offers pushed the Smartphone penetration up and was favorable for CBU's price tiering of customers. This, amongst others, enabled the Mobile Services revenue trend to show further improvement from prior quarters.

For the Fixed products too, an attractive year-end campaign supported the net customer growth, and revenue. A successful TV-joint offer on triple play Packs, resulted in firm TV and Internet net adds, and limited the loss of Fixed Voice lines to the lowest level since many years.

CBU ended the year with EUR 2,216 million in underlying revenue. With the revenue trend sequentially improving over the quarters, **CBU closed the year 2014 0.5% up from the prior year.**

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
Revenues	550	577	4.8%	2,204	2,216	0.5%
From Fixed	265	274	3.5%	1,055	1,070	1.4%
Voice	101	99	-1.8%	411	395	-3.9%
Internet	89	93	3.7%	354	363	2.5%
TV	69	77	11.6%	267	292	9.3%
Terminals (excl. TV)	5	5	-4.2%	23	20	-15.4%
From Mobile	219	235	7.5%	893	896	0.4%
Mobile Services	190	186	-1.9%	784	747	-4.8%
Terminals	29	49	68.4%	109	149	37.4%
From Subsidiaries	45	43	-4.6%	175	167	-4.7%
Scarlet	12	12	0.3%	48	50	2.7%
Tango	33	31	-6.4%	127	117	-7.5%
Other	22	24	12.3%	81	83	2.6%

Limited Fixed Voice revenue erosion: significantly reduced Fixed Lines loss and slightly higher ARPU

The fourth-quarter 2014 Fixed Voice revenue of EUR 99 million was down 1.8% year-on-year, showing improvement from the previous quarters. During the fourth quarter 2014, the Fixed line erosion was significantly reduced to a loss of 4,000 lines, an improvement versus the prior quarters through a successful Proximus year-end promotion on triple-play offers including Fixed Voice, and a good customer gain of Scarlet Trio. By end- 2014, the CBU Fixed Voice customer base totaled 1,588,000 lines. The Fixed Voice ARPU also showed some improvement, up 1.5% year-on-year to EUR 20.6 benefitting from the price indexation early 2014.

¹⁵ The regulated price cut of 1 January 2014 on Mobile Termination Rates for Tango Luxembourg, as well as lower Voice, SMS and Data Roaming rates following the reduced regulated tariffs since 1 July 2014.

Over the year 2014, the revenue from Fixed Voice totaled EUR 395 million, i.e. -3.9% compared to last year. The revenue pressure was mainly driven by the lower Fixed Voice customer base, with a decline of 46,000 lines versus one year ago, improving from the 2013 line loss of -84,000, as a result of a lower churn, good gross customer gain through Packs and targeted promotions.

Fixed Internet revenue up 3.7%; Proximus and Scarlet adding +20,000 customers in the quarter
 CBU ended the **fourth quarter 2014 with a Fixed Internet revenue of EUR 93 million**, i.e. 3.7% higher compared to the same period of the year before. This was mainly driven by the growing customer base. Supported by the year-end campaign, the Fixed Internet customer base grew with 20,000 Proximus and Scarlet customers, the best quarterly customer gain since years. This brought the total to 1,295,000 Fixed Internet customers by end-2014, up by 4.8%. The fourth-quarter Broadband ARPU of EUR 26.3 remained stable to the prior quarter, though was slightly down from the same period in 2013 (EUR 26.4) due to increased convergent pack penetration, with more value for the customer.

Over the year 2014, CBU recorded EUR 363 million revenue from Fixed Internet, up 2.5% versus last year. This was mainly driven by the year-on-year growth of 59,000 new Internet customers, up from the 42,000 added in 2013.

Continued double digit revenue growth for Proximus TV through larger customer base and options

The **fourth-quarter 2014 TV revenue grew by 11.6% to EUR 77 million**, as a result of the continued subscriber growth, and TV-options such as football subscriptions and TV-replay. The popular Proximus year-end promotion with a TV-joint offer in Pack, and good Scarlet Trio net adds, led to a solid net growth of 35,000 TV subscriptions, of which 24,000 new households. CBU ended 2014 with a total TV customer base of 1,593,000, of which 304,000 were multiple set-top boxes. The TV ARPU showed a 5.6% growth year-on-year to EUR 20.0 driven by more TV options.

Revenue from Proximus TV over **the full-year 2014 totaled EUR 292 million**, i.e. 9.3% higher than that of the previous year.

Mobile service revenue trend showing further improvement; strong growth in Postpaid customer base

For the **fourth quarter of 2014, CBU reported EUR 186 million revenue from Mobile services**, down 1.9% year-on-year, showing some further improvement from the prior quarter (-2.9%). The revenue includes the impact from regulated roaming rate cuts. The further recovery of the Mobile services revenue was driven by a solid growth in Postpaid revenue on a growing customer base and a stabilizing Postpaid ARPU, while the impact from the Prepaid revenue loss became smaller.

The Proximus year-end campaign, including successful value-based Joint-Offers with Mobile devices, resulted in a strong Mobile customer gain in the fourth quarter. Within an overall more promotional-driven market, the Mobile churn for the fourth quarter was higher, though was more than offset by a record gross gain in Postpaid.

On the whole, this resulted in a net addition of 53,000 Postpaid cards, or +35,000 cards, the Internet-Everywhere data cards excluded. At the same time, the loss of Mobile Prepaid cards was limited to -38,000, showing some slight improvement from prior quarters.

Accordingly, Prepaid and Postpaid combined, CBU's Mobile customer base ended the year 2014 at a total of 3,574,000 cards, increasing by 15,000 Mobile cards in the fourth quarter.

CBU's Mobile Postpaid ARPU¹⁶ for the fourth quarter 2014 was EUR 26.5, i.e. fairly stable to the EUR 26.6 for the comparable period of 2013. The continuing trend improvement from the prior quarters resulted from the further fading of customer repricing and better tiering of customers through increased smartphone penetration and value-driving Joint-Offers.

CBU's Mobile Prepaid ARPU for the fourth quarter 2014 was EUR 11.7, 6.0% lower than for the comparable period of 2013, and stable to the prior quarter.

With the Postpaid/Prepaid customer mix improving, the blended Mobile ARPU increased by 1.3% to EUR 19.7 for the last quarter of 2014.

For the full-year 2014, CBU's Mobile service revenue totaled EUR 747 million, 4.8% below the revenue generated in 2013.

Subsidiaries

In the fourth quarter of 2014, Scarlet's underlying revenue of EUR 12 million remained fairly stable to the prior year. Scarlet's positive turnaround continued, backed by Belgacom's multi-brand strategy. This was driven by a good performance of Scarlet's new product portfolio containing a no-frills Fixed triple-play offer and Mobile postpaid and marketing efforts driving increased brand awareness.

¹⁶ As of 2014, Belgacom calculates the Mobile ARPU by excluding Free Mobile data cards. The figures for 2013 have been restated.

For the fourth quarter of 2014, Tango posted a revenue of EUR 31 million, i.e. - 6.4% year over year, mainly caused by the regulated MTR decrease. This decline was partly offset by the underlying revenue growth coming from the growing postpaid, triple and quadruple-play customer base. This customer base increase compensated the prepaid base decline, which was due to a lifetime shortening of these offers.

Tango	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
Revenue (in EUR mio) (1)	33	31	-6.4%	127	117	-7.5%
Total active mobile customers (in '000)	280	283	1.3%	280	283	1.3%
Blended mobile net ARPU (EUR/month)	32.4	29.2	-9.8%	31.1	28.0	-10.1%

(1) Total Tango revenues, i.e. Fixed and Mobile revenues

CBU operating expenses

Year-end campaign including joint-offers for Mobile and Fixed driving higher Underlying Cost of Sales

Fourth-quarter 2014 Cost of Sales were 17.4% higher versus the same period of 2013, mainly due to the year-end commercial push with increased device costs for joint-offers with Mobile devices and the TV joint-offer for new triple-play customers.

Over the full-year 2014, Cost of Sales totaled EUR 595 million, 4.3% above the previous year.

HR expenses lower in fourth quarter, including favourable compensation on pensions¹⁷

HR expenses for the fourth quarter of EUR 80 million, were 4.4% lower versus the prior year. The decline was mainly the result of a favorable compensation for pension liabilities.

Over the year 2014, the HR expenses remained fairly stable at EUR 334 million.

Non-HR expenses down 0.8%

CBU's fourth-quarter non-HR expenses of EUR 79 million were down by 0.8% from the same period of 2013, in spite of higher commercial costs (timing of campaigns), as these were more than offset by the continued cost efficiencies in other domains.

Non-HR expenses over the full-year 2014 decreased by 1.8% to EUR 277 million.

CBU segment result

For the fourth quarter 2014, CBU posted an underlying segment result of EUR 243 million, i.e. a year-on-year increase of 2.0%. This includes an estimated negative impact from regulatory measures of EUR -4 million (1.7%)¹⁸.

The solid underlying revenue growth in the fourth quarter 2014, supported by attractive year-end promotions, resulted in a stable Direct Margin versus last year, i.e. improving from a slight decline in the prior quarters. Furthermore, the CBU segment result benefitted from lower operating expenses, including a favourable pension compensation.

The segment contribution margin was 42.1%, -1.2p.p. versus the previous year.

Over the **full-year 2014**, the underlying segment result was EUR 1,009 million or 0.8% lower versus 2013.

¹⁷ See page 30 for more information

¹⁸ The regulated price cut of 1 January 2014 on Mobile Termination Rates for Tango Luxembourg, as well as lower Voice, SMS and Data Roaming rates following the reduced regulated tariffs since 1 July 2013.

CBU operationals

	Q413	Q414	Change (in abs. Amount)
FROM FIXED			
Number of access channels (thousands)	2,870	2,882	13
Voice	1,634	1,588	-47
Broadband	1,235	1,295	59
Traffic (millions of minutes)	971	882	-88
National	689	623	-66
Fixed to Mobile	174	157	-17
International	108	103	-5
TV (thousands)	1,465	1,593	128
Unique customers	1,204	1,288	84
Of which second stream users	260	304	44
ARPU (EUR)			
ARPU Voice	20.3	20.6	0.3
ARPU Broadband	26.4	26.3	-0.1
ARPU Belgacom TV	19.0	20.0	1.1
FROM MOBILE			
Number of active customers (thousands)	3,573	3,574	1
Prepaid	1,648	1,457	-190
Postpaid	1,926	2,117	191
Among Which Paying Cards	1,641	1,737	96
Among Which Free Data Cards	285	380	95
Annualized churn rate (blended - variance in p.p.)			
Prepaid	35.4%	34.2%	
Postpaid	14.1%	16.2%	
Blended	26.5%	26.6%	
Net ARPU (EUR)			
Prepaid	12.5	11.7	-0.7
Postpaid	26.6	26.5	-0.1
Blended	19.4	19.7	0.2
MoU (min)	110.4	123.9	13.5
SMS (units)	272.3	253.9	-18.5

As of 2014, pending orders are excluded from the total TV customer base. There is no impact on the 2013 quarterly net adds. Hence year-on-year TV net adds were 124,000 vs. 111,000 in the table.

CBU X-play household reporting

This chapter explains CBU's operational and financial results through metrics that are better aligned with Proximus' long-term convergence and value strategy. In this strategy the focus is not on individual products but on the number of Plays¹⁹ and RGUs²⁰ per household, with the aim to gradually move households up the value chain. Over time, Proximus intends to replace its usual product-based reporting by the below X-play approach on a household level.

Operational X-play performance

By end 2014, Proximus serviced 2,309,000 households, slightly down from the prior quarter, mainly due to the loss of single-play Fixed Voice line households.

Of all households that Proximus was serving, 56% was a multi-play²¹ household, or +2.4pp from one year ago.

In the fourth quarter 2014, Proximus' household mix further improved, growing its 3-play customer base by 4,000 households and 4-play customer base by 13,000. As such, Proximus ended the year with 522,000 households having 3-play (+1.4 %) and 392,000 4-play households (+ 14.3%). As a consequence, Proximus strengthened its customer base with households having typically a lower churn rate, i.e. a full churn rate of 9.3% for a 3-Play, and 2.9% for a 4-Play.

The average RGU continued to show some progress in the fourth quarter 2014, with the average over all X-play households going up to 2.35, with the increase coming from 3-Play (to 3.17 RGUs) and 4-Play (to 4.64 RGUs), mainly driven by Mobile postpaid family offers.

Furthermore, the number of multi-play households having both Belgacom Fixed and Mobile services, i.e. convergent households, grew to 51.8%, 3.4p.p. up versus a year ago.

An important enabler for CBU to increase the number of multi-play households and the number of plays per household is selling Plays in a Pack. The success of bundling plays in a Pack, giving customers attractive pricing and value for money, was also evident in the fourth quarter of 2014. CBU added 22,000 households with Packs; as such, the number of households with at least one Pack totaled 1, 079,000 end- 2014.

19 A Play is defined as a subscription to either Fixed Voice, Fixed Internet, Fixed TV or Mobile postpaid (paying Mobile cards)

20 Revenue-Generating Unit. For example, a household with Fixed Internet and 2 Mobile postpaid cards is considered as a 2-Play household with 3 RGUs.

21 A multi-play household has two or more Plays, but not necessarily in a Pack.

CBU Households per Play & Net adds of the Quarter											Variance YoY		
HH in ('000)	Q4 2013					Q4 2014					Q4 2014		
	Fixed Voice	Fixed Internet	TV	Mobile Postpaid	Sum #HH	Fixed Voice	Fixed Internet	TV	Mobile Postpaid	Sum #HH	Average #RGUs/HH	Annualized full churn rate of HH (**)	% Fixed + Mobile Postpaid (***)
1-Play	479 -19	63 1	N/A(*)	556 -7	1,099 -25	413 -15	69 2	N/A(*)	538 2	1,020 -11	1.16 0.01	23.0% 2.7p.p.	
2-Play	○	○	○	○	401 -4	○	○	○	○	374 -9	2.04 0.00	12.4% 0.6p.p.	22.9% -0.2p.p.
3-Play	○	○	○	○	515 -1	○	○	○	○	522 4	3.17 0.02	9.3% 0.6p.p.	36.2% 2.6p.p.
4-Play	○	○	○	○	343 11	○	○	○	○	392 13	4.64 0.05	2.9% 1.3p.p.	100.0% 3.4p.p.
Total					2,359 -19					2,309 -2	2.35 0.11	14.8% 1.1p.p.	51.8% 3.4p.p.

(*) TV is not sold standalone, only in combination with Fixed Internet and/or Fixed Voice
 (**) Cancellation is only taken into account when the household cancels all its plays
 (***) % multi-play HH that have at least one Mobile component; i.e. a convergent household

Financial X-play performance

In the fourth quarter 2014, CBU generated EUR 577 million revenue, of which EUR 386 million²² came from X-play households.

Multi-play households contributed for 75% to this revenue, a favorable evolution of 2 p.p. from last year. The revenue from 3-Play and 4-play households showed good growth. Especially 4-Play revenue was strong, ending the fourth quarter with EUR 122 million, up by 16.9% from the prior year. This results from the combined favorable evolution of the number of 4-play households together with an average revenue per 4-play household (ARPH) increasing to EUR 105.3 (+2.6%).

The revenue growth from 3-Play and 4-Play was however partly offset by lower revenue from 1-Play and 2-Play households.

Revenues (*) per x-play in EUR million

	4th quarter		YoY change	
	2013	2014	€ million	%
Total	369	386	17	4.5%
1-Play	100	97	-3	-3.2%
2-Play	57	55	-2	-3.6%
3-Play	108	113	4	4.1%
4-Play	104	122	18	16.9%

(*) unaudited revenue, might be subject to small changes

Average revenue in EUR per x-play household (ARPH)

	4th quarter		YoY change	
	2013	2014	€	%
Total	51.8	55.7	3.8	7.4%
1-Play	29.8	31.3	1.5	5.2%
2-Play	47.2	48.5	1.4	2.9%
3-Play	69.9	72.1	2.2	3.1%
4-Play	102.6	105.3	2.6	2.6%

22 The following are excluded from the X-Play revenue reporting: revenue from Mobile prepaid, sales of terminals, TV revenue from small enterprise customers and revenue from Scarlet, Tango and other affiliates.

Enterprise Business Unit - EBU

- Underlying revenue up 3.6% on strong quarter for ICT and Mobile revenue growth
- Another solid commercial quarter for Mobile, adding 39,000 cards
- Cost of Sales up because of ICT and year-end promotion on Mobile devices
- Segment result of EUR 251 million, stable year-on-year

P&L Enterprise Business Unit (Underlying)

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
TOTAL SEGMENT INCOME	476	493	3.6%	1,894	1,898	0.2%
Costs of materials and services related to revenue	-111	-128	15.8%	-420	-447	6.6%
Personnel expenses and pensions	-82	-77	-6.5%	-338	-319	-5.5%
Other operating expenses	-32	-37	14.3%	-120	-128	6.5%
TOTAL OPERATING EXPENSES before depreciation & amortization	-225	-242	7.4%	-878	-894	1.9%
TOTAL SEGMENT RESULT	251	251	0.1%	1,017	1,004	-1.3%
<i>Segment contribution margin</i>	<i>52.7%</i>	<i>51.0%</i>	<i>-1.8pp</i>	<i>53.7%</i>	<i>52.9%</i>	<i>-0.8%</i>

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Revenue

The Belgacom Enterprise segment's (EBU) showed a solid underlying²³ revenue growth in the fourth quarter 2014, generating EUR 493 million revenue, or up by 3.6% compared to the same period of 2013.

Regulatory measures²⁴ impacted the fourth-quarter revenue by an estimated amount of EUR -6 million (-1.3%).

The favorable revenue variance was mainly driven by an exceptionally strong quarter for EBU's ICT business, up by 15% on underlying basis. Mobile services revenue too remained a positive contributor, be it somewhat lower than a seasonally strong roaming- third quarter. Furthermore, the revenue erosion from Fixed Voice and Fixed Data showed some improvement from the prior quarters.

EBU closed the year 2014 with a total of EUR 1,898 million underlying revenue. This was slightly up (+0.2%) from the year 2013, owing to higher organic revenue from EBU's ICT business, and the stabilization in EBU's Mobile service revenue, offsetting the revenue pressure on Fixed Voice and Fixed Data. The full-year revenue impact from regulatory measures was estimated at EUR 26 million.

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
Revenues	476	493	3.6%	1,894	1,898	0.2%
From Fixed	330	343	4.0%	1,311	1,315	0.3%
Voice	113	110	-2.9%	460	446	-3.1%
Data (Internet & Data Connectivity)	95	94	-0.9%	380	374	-1.6%
Terminals (excl. TV)	6	6	-2.4%	23	22	-4.1%
ICT	117	134	15.0%	448	473	5.6%
From Mobile	141	145	2.9%	565	568	0.5%
Mobile Services	137	139	1.5%	555	555	0.0%
Terminals	4	6	52.1%	10	13	29.1%
Other	5	5	-7.6%	19	16	-15.3%

Continued stable Fixed Voice revenue decline

For the **fourth quarter 2014**, EBU reported EUR 110 million revenue in Fixed Voice, showing a slightly better year-on-year decline of 2.9% compared to prior quarters. The main driver of the revenue decline was a continued Fixed Voice line erosion triggered by companies rationalizing on Fixed line connections and the move to VoIP. This effect was only partly compensated for by price indexations²⁵.

²³ 2013 and 2014 figures are adjusted for impact from the divestiture of Telindus France (May 2014) and Telindus UK activities (December 2014). See page 23 for detailed information on all adjustments.

²⁴ The regulated price cut of 1 January 2014 on Mobile Termination Rates for Tango Luxembourg, as well as lower Voice, SMS and Data Roaming rates following the reduced regulated tariffs since 1 July 2013.

²⁵ February 2014

The fourth quarter 2014 Fixed Line erosion of -16,000 lines, brought the EBU total Fixed Voice Line customer base to 1,234,000 by end-2014, a 4.5% line loss on a yearly basis. This was partly compensated for by a somewhat higher fourth-quarter Fixed Voice ARPU of EUR 29.0, up 1.9% year-on-year, a result of the price indexations.

For the full-year 2014, EBU reported EUR 446 million Fixed Voice revenues, 3.1% below that of the preceding year, with a higher ARPU of EUR 28.9 (versus EUR 28.5 for 2013) only partially compensating for a lower Fixed line park. In the course of 2014, EBU's Fixed park decreased by 58,000 lines, whereas this was -64,000 for 2013.

Fixed Data revenue impacted by migration to Explore platform, Fixed Internet revenue fairly stable

The **fourth-quarter 2014** revenue from Fixed Data, consisting of Fixed Internet and data connectivity revenue, for a total of EUR 94 million, was 0.9% below that of the same period of 2013. This was due to a continued migration from older technologies such as leased lines to the Belgacom Explore platform, for which pricing is more favorable for customers. Fixed Internet revenue remained fairly stable year-on-year, with ARPU at EUR 39.1. EBU ended 2014 with 445,000 Fixed Internet customers, increasing its Broadband customer base by +0.8% versus 1 year ago, in a saturated and highly competitive market.

For the **full-year 2014**, EBU recorded EUR 374 million revenue in Fixed Data, 1.6% lower than for 2013.

Underlying ICT revenue growth of 15%

The **fourth-quarter 2014** EBU posted EUR 134²⁶ million underlying ICT revenue. This resulted mainly from a solid revenue from the Telindus activities for which the fourth quarter benefitted from a number of large product deals and some backlog catch-up.

Over the **full-year 2014**, the organic ICT underlying revenue totaled EUR 473 million, which was 5.6% higher than for 2013, including the benefit from a large outsourcing contract signed end 2013.

Mobile Service revenue showing growth on larger Mobile customer base and better price-tiering

For the second consecutive quarter, EBU's Mobile Service revenue showed year-on-year growth. For the last quarter of 2014, EBU reported EUR 139 million revenue from Mobile services, up year-on-year by 1.5%. This was a more moderate progress than that of the previous quarter, which benefitted from steep Mobile roaming growth during the summer holiday period.

One of the main drivers of the good Mobile service revenue was the continuously growing Mobile customer base, and especially the continued improved price tiering within the Business customer segment, growing its mid- and high end customer base firmly. This was achieved through an improved retention of high-value customers and successful joint-offer²⁷ actions. The latter will further support Mobile Service revenue by a greater smartphone penetration, a growing number of 4G-users and, as result, a further uptake in Mobile data usage.

In a commercially intensive quarter for Proximus, EBU added 39,000 new Mobile cards, of which 24,000 were Mobile Voice and paying data cards. From a seasonally low third quarter number, the Mobile churn level went up to 12.3% for the last quarter of 2014, and was distorted by the discontinuation of an international M2M contract. In aggregate, EBU ended 2014 with a total of 1,798,000 Mobile cards, 11% more than end 2013.

The continued fading effect from Mobile customer re-pricing, and improved price tiering was also reflected in EBU's blended net Mobile ARPU²⁸ which was for the fourth quarter 2014 at EUR 32.1, or -6% year-on-year. This was an improvement from the first half of 2014, though falling back from the third quarter which benefitted from seasonally high roaming volumes.

Over the full-year 2014, EBU generated EUR 555 million revenue from Mobile services, i.e. stable versus 2013.

EBU operating expenses

ICT costs driving higher underlying Cost of Sales

For the fourth quarter 2014, EBU posted underlying Cost of Sales of EUR 128 million, i.e. 15.8% more than for the same period of 2013, mainly related to ICT.

Over the full-year 2014, EBU's underlying Cost of Sales were EUR 447 million, up by 6.6% compared to 2013.

Lower underlying HR expenses on pension compensation and lower headcount

EBU's fourth-quarter 2014 HR expenses on underlying basis decreased year-on-year by 6.5% to EUR 77 million. The HR expenses were in general positively impacted by lower headcount, showing benefits from initiatives launched to improve efficiency. Furthermore, the fourth quarter 2014 benefitted from a favorable compensation related to the retired statutory employees' pension liability.

Over the full-year 2014, the underlying HR expenses of EBU totaled EUR 319 million, -5.5% year-on-year.

²⁶ As of 1 January 2014 ICT, revenue includes revenue from PABX, previously reported as part of Fixed Terminals. The 2013 figures have been restated accordingly. Underlying figures exclude the impact from the deconsolidation of Telindus France.

²⁷ Mobile device with specific monthly subscription

²⁸ As of 2014, Belgacom calculates the Mobile ARPU without including Free Mobile data cards and M2M. The 2013 figures have been restated.

Underlying non-HR expenses up on more intense year-end campaign and bad-debt

For the **fourth quarter 2014**, EBU posted EUR 37 million non-HR expenses, EUR 5 million more versus the comparable period of 2013. This was mainly due to a more intensive year-end marketing campaign and a negative year-on-year impact from a bad-debt. **Over the year 2014**, EBU's underlying non HR-expenses totaled EUR 128 million, up year-on-year by 6.5%.

EBU segment result

EBU's **fourth-quarter 2014** underlying segment result totaled EUR 251 million, stable (+0.1%) versus the same period of 2013. This resulted from a fairly stable Direct Margin (good Mobile margins and a positive contribution from ICT offsetting the loss of Fixed Voice margins), while the lower HR-expenses offset the higher non-HR costs in the quarter.

In the fourth quarter 2014 underlying contribution margin was 51.0%.

Over the **full-year 2014**, EBU's underlying segment result totaled EUR 1004 million, 1.3% lower compared to the previous year.

EBU operationals

	Q413	Q414	Change (in abs. Amount)
FROM FIXED			
Number of access channels (thousands)	1,732	1,678	-54
Voice	1,292	1,234	-58
Broadband	441	445	4
Traffic (millions of minutes)	630	595	-35
National	410	385	-26
Fixed to Mobile	151	147	-3
International	70	64	-6
ARPU (EUR)			
ARPU Voice	28.5	29.0	0.5
ARPU Broadband	39.2	39.1	-0.1
FROM MOBILE			
Number of active customers (thousands)	1,615	1,798	183
Among which other than M2M and Free data	1,328	1,430	102
Among which M2M	211	270	59
Among Which Free Data Cards	76	98	22
Annualized churn rate (blended - variance in p.p.)	10.4%	12.3%	
Net ARPU (EUR)			
Postpaid	34.2	32.1	-2.1
MoU (min)	311.1	315.4	4.3
SMS (units)	125.3	134.6	9.3

Service Delivery Engine & Wholesale – SDE&W

P&L Service Delivery Engine & Wholesale (Underlying)

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
TOTAL SEGMENT INCOME	65	58	-10.3%	265	241	-8.8%
Costs of materials and services related to revenue	-10	-9	-9.8%	-38	-35	-6.9%
Personnel expenses and pensions	-42	-40	-5.0%	-174	-168	-3.3%
Other operating expenses	-49	-66	35.5%	-200	-204	1.8%
TOTAL OPERATING EXPENSES before depreciation & amortization	-100	-115	14.3%	-412	-407	-1.2%
TOTAL SEGMENT RESULT	-36	-57	-59.1%	-147	-166	-12.5%
<i>Segment contribution margin</i>	<i>-54.9%</i>	<i>-97.3%</i>	<i>-42.4pp</i>	<i>-55.7%</i>	<i>-68.6%</i>	<i>-12.9pp</i>

SDE&W quarterly financial and operational results: page 28

Revenue

SDE&W reported EUR 58 million revenue for the fourth quarter of 2014, or -10.3% year-on-year. The pressure came from eroding Carrier Wholesale Services revenue, which saw a continued decline in wholesale broadband lines, leased lines and traffic volumes. Furthermore, the fourth-quarter 2014 revenue was negatively impacted by lowered Wholesale roaming tariffs, only partly compensated for by the roaming volume growth.

Operating expenses

SDE&W posted EUR 40 million in HR expenses for the fourth quarter 2014, down 5% from the previous year, benefiting from a favorable compensation related to the retired statutory employees' pension liability.

For full-year 2014 the SDE&W HR-costs totaled EUR 168 million, 3.3% lower than for 2013.

Non-HR expenses increased to EUR 66 million for the fourth quarter 2014, mainly because of a provision for the Walloon region tax on pylons. For full-year 2014, the non-HR expenses were at EUR 204 million, up 1.8% from the previous year, with the fourth quarter tax provision being in part offset by favorable costs initiatives to lower maintenance and external workforce costs.

Segment result

The continued revenue erosion in the fourth quarter 2014 and the higher non-HR related operating expenses due to a provision for the Walloon region pylon tax, resulted in an underlying segment result of EUR -57 million. For full-year 2014, the segment result totaled EUR -166 million, or -12.5% compared to 2013.

Staff & Support – S&S

P&L Staff and Support (Underlying)

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
TOTAL SEGMENT INCOME	5	8	70.1%	26	30	13.5%
Costs of materials and services related to revenue	0	0	-51.8%	0	1	>100%
Personnel expenses and pensions	-40	-34	-13.8%	-157	-145	-7.6%
Other operating expenses	-50	-63	24.9%	-201	-214	6.4%
TOTAL OPERATING EXPENSES before depreciation & amortization	-90	-97	7.6%	-358	-358	0.0%
TOTAL SEGMENT RESULT	-85	-89	-4.1%	-332	-328	1.1%

S&S quarterly financial results: page 28

For the fourth quarter 2014, Staff and Support recorded underlying revenue of EUR 8 million, up from a low comparable base.

The year-to-date December 2014 revenue of S&S totaled EUR 30 million, on an underlying basis.

The underlying **HR expenses** recorded for the **fourth quarter 2014** were 13.8% below those for the comparable period of 2013 mainly as result of a favorable pension liability compensation and a lower personnel base. For the same reasons, the **year-to-date December** HR expenses of EUR 145 million were 7.6% below those of the previous year.

The underlying **non-HR expenses** for the **fourth quarter 2014** totaled EUR 63 million, or EUR 13 million more than for the same quarter of 2013. Increased expenses having a recurring nature, however, were limited to EUR 2 million. These entail mainly some higher renting costs related to the sale and rent back of some technical buildings for the period it takes to fully empty them and higher spending on cyber security.

The remaining EUR 11 million increase in non-HR expenses resulted from a number of non-structural expenses, including a EUR 4 million negative impact from the re-measurement to fair value of financial instruments related to commodities.

Year to date December 2014 the non-HR expenses totaled EUR 214 million, or EUR 13 million higher compared to the year before.

International Carrier Services – BICS

- Fourth-quarter year-on-year underlying revenue decline limited to -1.3%, incl. positive currency effect
- Continued strong performance for Mobile Data offset by lower Voice revenue
- Mobile data growth drives Gross margin 2.5% higher
- Fourth-quarter segment result up by 3.2%; underlying EBITDA margin at 8.0%

P&L International Carrier Services (Underlying)

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
TOTAL SEGMENT INCOME	401	395	-1.3%	1,666	1,577	-5.4%
Costs of materials and services related to revenue	-340	-333	-1.9%	-1,412	-1,330	-5.9%
Gross margin	61	62	2.5%	254	247	-2.6%
Personnel expenses and pensions	-12	-12	1.6%	-45	-47	2.6%
Other operating expenses	-18	-18	1.9%	-69	-66	-3.6%
TOTAL SEGMENT RESULT	31	32	3.2%	140	135	-3.9%
<i>EBITDA margin</i>	<i>7.7%</i>	<i>8.0%</i>	<i>+0.3pp</i>	<i>8.4%</i>	<i>8.5%</i>	<i>+0.1pp</i>

ICS quarterly financial and operational results: page 29

Revenue

The **fourth quarter 2014** underlying revenue from BICS totaled EUR 395 million, limiting the year-on-year decline to -1.3% or EUR -5 million. This included a positive impact from the strengthening of the USD, though in part offset by a negative MTR impact.

As for the prior quarters, BICS' revenue erosion was caused by lower Voice traffic and hence lower Voice revenue, down by 3.1% from the previous year. The effect from a lower Voice traffic since end-2013 to the Asian region, however, is gradually fading in the year-on-year comparison. In the fourth quarter 2014, BICS handled 6,675 million minutes, 2.9% below the level of the previous year. The continued growth in non-voice revenue, up by 10.3% in the fourth quarter 2014, could not fully offset the pressure on Voice revenue.

Over the **full-year 2014**, BICS generated EUR 1,577 million underlying revenue, or -5.4% compared to 2013.

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
Voice	347	336	-3.1%	1,455	1,344	-7.6%
Non Voice	54	59	10.3%	212	233	10.2%
Total revenues	401	395	-1.3%	1,666	1,577	-5.4%

Gross margin

The non-Voice gross margin was up by 11.8% in the fourth quarter 2014, more than offsetting the limited pressure on the Voice gross margin (-5.6%). Overall, BICS' gross margin was up by 2.5% in the fourth quarter.

(EUR million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
Voice	32	31	-5.6%	141	118	-17.0%
Non Voice	28	32	11.8%	113	130	11.1%
Total Gross Margin	61	62	2.5%	254	247	-2.6%

Segment result

The **fourth quarter 2014** higher Gross margin combined with fairly stable costs, resulted in a favorable underlying EBITDA evolution by 3.2% compared to the same period of 2013. The underlying EBITDA margin rose to 8.0%, from 7.7% for the year before.

For **full-year 2014**, the underlying EBITDA of BICS totaled EUR 135 million, 3.9% lower than for 2013

BICS operational

Volumes (in million)	4th Quarter			Year-to-date		
	2013	2014	% Change	2013	2014	% Change
Voice	6,872	6,675	-2.9%	28,127	27,158	-3.4%
Non-Voice (SMS/MMS)	512	654	27.7%	1,964	2,365	20.4%

From reported to underlying revenue and EBITDA (rounded numbers)

Group - Revenue incidentals					Group - EBITDA incidentals				
(EUR million)	Q4'13	Q4'14	FY'13	FY'14	(EUR million)	Q4'13	Q4'14	FY'13	FY'14
Reported	1,582	1,515	6,318	6,112	Reported	398	354	1,699	1,755
Underlying	1,474	1,506	5,960	5,864	Underlying	398	380	1,695	1,653
Incidentals - Total	-108	-9	-359	-248	Incidentals - Total	0	25	-4	-102
Non Recurring Items	0	0	0	-62	Non Recurring Items	15	33	14	-34
Other incidentals	-108	-9	-359	-187	Other incidentals	-15	-8	-18	-67

	Incidental Elements Split				Revenue		EBITDA		Revenue		EBITDA	
	Q4'13	Q4'14	FY'13	FY'14	Q4'13	Q4'14	Q4'13	Q4'14	FY'13	FY'14	FY'13	FY'14
Total of Incidental Elements	-108	-9	0	25	-359	-248	-4	-102				
<i>Non-recurring items:</i>	0	0	15	33	0	-62	14	-34				
Gain/losses from disposals	0	0	16	34	0	-62	16	-25				
<i>e.g. Telindus France (EUR 43m), BICS (EUR 20 million)</i>												
Other	0	0	-1	-1	0	0	-2	-10				
<i>mainly resulting from a partial settlement of a post-employment benefit plan.</i>												
Other incidentals:	-108	-9	-15	-8	-359	-187	-18	-67				
Impact from disposed companies	-87	-9	0	-1	-325	-141	-2	-3				
<i>- CBU: Scarlet Netherlands (March 2014) and Sahara Net (May 2014)</i>	-6	0	4	0	-21	-7	5	0				
<i>- EBU: Divestiture of Telindus France and the activities of Telindus UK</i>	-82	-9	-5	-1	-304	-134	-8	-3				
Capitalization customer installations	0	0	6	0	0	0	23	0				
<i>- Capitalization of network installation activities for customer connections as from of 1 January 2014.</i>												
Transformation & Rebranding	0	0	0	8	0	0	0	11				
Capital gains on building sales	-20	0	-20	0	-31	-46	-31	-45				
HR-items of transient nature	0	0	0	0	0	0	0	-8				
Litigation provisions & reversals	0	0	0	-15	-3	0	-8	-22				

Quarterly results

Group – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
REPORTED										
Revenues	1,586	1,583	1,568	1,582	6,318	1,480	1,631	1,486	1,515	6,112
EBITDA	441	430	430	398	1,699	411	556	433	354	1,755
UNDERLYING										
Revenues	1,497	1,499	1,490	1,474	5,960	1,403	1,483	1,472	1,506	5,864
Consumer Business Unit	548	562	544	550	2,204	532	551	557	577	2,216
Enterprise Business Unit	480	476	462	476	1,894	466	474	465	493	1,898
Service Delivery Engine & Wholesale	68	66	66	65	265	64	60	60	58	241
Staff & Support	7	7	7	5	26	7	8	7	8	30
International Carrier Services	417	413	437	401	1,666	357	415	410	395	1,577
Inter-segment eliminations	-23	-24	-27	-22	-96	-23	-25	-26	-25	-98
Costs of materials and charges to revenues (*)	-590	-594	-589	-591	-2,364	-529	-593	-581	-627	-2,330
Personnel expenses and pensions (**)	-266	-258	-265	-259	-1,048	-255	-258	-258	-243	-1,014
Other operating expenses (***)	-205	-213	-209	-226	-852	-205	-203	-202	-257	-867
EBITDA	435	434	427	398	1,695	414	429	431	380	1,653
Segment EBITDA margin	29.1%	29.0%	28.6%	27.0%	28.4%	29.5%	28.9%	29.2%	25.2%	28.2%

(*) Cost of materials and services related to revenue are referred to as "Cost of sales" in the document

(**) Personnel expenses and pensions are referred to as "HR costs" in the document

(***) Other operating expenses are referred to as "Non-HR costs" in the document

CBU – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
REPORTED										
Revenues	553	567	549	556	2,226	536	553	557	577	2,223
Segment Result	254	248	263	210	975	251	257	261	242	1,011
UNDERLYING										
Revenues	548	562	544	550	2,204	532	551	557	577	2,216
From Fixed	262	264	265	265	1,055	263	264	269	274	1,070
Voice	104	103	102	101	411	99	98	99	99	395
Internet	87	89	90	89	354	89	91	91	93	363
TV	64	66	67	69	267	70	71	74	77	292
Terminals (excl. TV)	7	6	6	5	23	5	5	5	5	20
From Mobile	226	230	218	219	893	209	227	225	235	896
Mobile Services	197	205	193	190	784	183	190	187	186	747
Terminals	29	25	25	29	109	26	36	38	49	149
Subsidiaries	41	44	44	45	175	41	40	42	43	167
Scarlet	12	12	12	12	48	13	12	13	12	50
Tango	29	32	32	33	127	28	28	30	31	117
Other	19	23	17	22	81	18	20	21	24	83
Costs of materials and charges to revenues	-139	-155	-128	-149	-570	-131	-145	-143	-175	-595
Personnel expenses and pensions	-84	-82	-84	-83	-334	-85	-85	-85	-80	-334
Other operating expenses	-65	-70	-67	-80	-282	-64	-67	-67	-79	-277
Segment result	260	255	265	238	1,018	251	254	262	243	1,009
Segment contribution margin	47.4%	45.5%	48.7%	43.2%	46.2%	47.3%	46.1%	47.1%	42.1%	45.6%

CBU – Operationals

	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
FROM FIXED										
Number of access channels (thousands)	2,895	2,883	2,872	2,870	2,870	2,866	2,863	2,866	2,882	2,882
Voice	1,693	1,673	1,653	1,634	1,634	1,615	1,602	1,592	1,588	1,588
Broadband	1,203	1,210	1,219	1,235	1,235	1,250	1,261	1,274	1,295	1,295
Traffic (millions of minutes)	1,086	988	901	971	3,945	940	875	827	882	3,525
National	787	696	639	689	2,810	666	611	585	623	2,486
Fixed to Mobile	190	184	164	174	712	166	162	149	157	633
International	110	108	98	108	423	107	102	93	103	406
TV (thousands)	1,412	1,428	1,447	1,465 **	1,465 **	1,495	1,525	1,558	1,593	1,593
Unique Customers	1,170	1,184	1,198	1,204	1,204	1,225	1,244	1,264	1,288	1,288
of which multiple settop boxes	242	245	249	260	260	269	281	294	304	304
ARPU (EUR)										
ARPU Voice	201	202	203	203	202	203	202	204	206	204
ARPU broadband	263	267	269	264	266	261	263	263	263	263
ARPU Belgacom TV	183	186	187	190	187	190	190	197	200	195
FROM MOBILE										
Number of active customers (thousands)***	3,566	3,588	3,568	3,573	3,573	3,564	3,566	3,559	3,574	3,574
Prepaid	1,824	1,753	1,695	1,648	1,648	1,580	1,535	1,495	1,457	1,457
Postpaid	1,742	1,835	1,872	1,926	1,926	1,984	2,032	2,064	2,117	2,117
Among Which Paying cards	1,531	1,590	1,608	1,641	1,641	1,665	1,691	1,702	1,737	1,737
Among Which Internet Everywhere cards	211	245	264	285	285	318	341	362	380	380
Annualized churn rate (variance in p.p.)										
Prepaid	41.5%	34.6%	35.4%	35.4%	36.4%	33.4%	34.3%	35.9%	34.2%	34.3%
Postpaid	20.6%	14.8%	13.1%	14.1%	15.7%	14.2%	14.0%	15.7%	16.2%	14.9%
Blended	33.3%	26.5%	26.1%	26.5%	28.0%	25.3%	25.7%	27.4%	26.6%	26.1%
Net ARPU (EUR) *										
Prepaid	133	140	126	125	131	118	126	117	117	120
Postpaid	272	280	273	266	273	259	267	269	265	265
Blended	195	206	197	194	198	190	199	197	197	196
MoU (min)	102.2	109.4	108.1	110.4	107.6	112.5	121.3	121.5	123.9	119.9
SMS (units)	279.8	283.0	249.2	272.3	271.4	262.1	259.4	231.2	253.9	252.0

*As of 2014, Belgacom calculates the Mobile ARPU excluding Free Mobile data cards and excluding M2M. 2013 figures have been restated.

**As of 2014, pending orders are excluded from the total TV customer base. Q4 2013 TV customer figures have been restated accordingly. There is no impact on the 2013 quarterly net adds and the 2013 ARPU's

***As of 2014, The calculation of active customers is based on the monthly activity rate instead of a rolling avg activity rate. The definition of an active customer remains unchanged.

CBU – X-play reporting

	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
Households per Play – Total (thousands)	2,409	2,403	2,378	2,359	2,359	2,352	2,332	2,312	2,309	2,309
1 - Play	1,163	1,153	1,124	1,099	1,099	1,087	1,060	1,031	1,020	1,020
Fixed Voice	534	515	498	479	479	460	445	428	413	413
Fixed Internet	62	61	62	63	63	66	66	67	69	69
TV	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mobile Postpaid	567	576	563	556	556	561	549	536	538	538
2 - Play	417	408	405	401	401	394	390	383	374	374
3 - Play	522	519	516	515	515	515	514	518	522	522
4 - Play	307	323	333	343	343	356	368	379	392	392
Revenues per x - play (EUR million)	366	374	375	369	1,484	366	374	381	386	1,507
1 - Play	108	108	105	100	421	96	96	97	97	385
2 - Play	60	59	59	57	235	56	56	56	55	223
3 - Play	108	109	110	108	434	108	109	111	113	441
4 - Play	91	98	102	104	394	106	113	117	122	458
Average revenue per x - play household (ARPH) (in EUR)	50.2 €	51.9 €	52.3 €	51.8 €	51.6 €	51.8 €	53.3 €	54.7 €	55.7 €	53.8 €
1 - Play	30.4 €	31.2 €	30.8 €	29.8 €	30.6 €	29.2 €	29.9 €	30.8 €	31.3 €	30.3 €
2 - Play	47.3 €	47.8 €	48.1 €	47.2 €	47.6 €	46.8 €	47.4 €	48.1 €	48.5 €	47.7 €
3 - Play	68.8 €	69.9 €	70.6 €	69.9 €	69.8 €	69.6 €	70.9 €	71.8 €	72.1 €	71.1 €
4 - Play	99.6 €	103.0 €	103.4 €	102.6 €	102.2 €	101.6 €	103.9 €	105.0 €	105.3 €	104.0 €
Average #RGUs per household – Total	2.15	2.18	2.21	2.24	2.24	2.26	2.29	2.32	2.35	2.35
1 - Play	1.14	1.15	1.15	1.16	1.16	1.15	1.16	1.16	1.16	1.16
2 - Play	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04
3 - Play	3.12	3.13	3.14	3.15	3.15	3.15	3.16	3.16	3.17	3.17
4 - Play	4.52	4.55	4.57	4.60	4.60	4.61	4.63	4.63	4.64	4.64
Annualized full churn rate (household level) - Total	16.4%	13.5%	13.7%	13.7%	14.3%	12.9%	12.2%	14.1%	14.8%	13.6%
1 - Play	26.0%	19.9%	19.4%	20.3%	21.5%	20.4%	19.4%	21.7%	23.0%	21.2%
2 - Play	11.3%	11.0%	12.3%	11.8%	11.6%	9.4%	9.7%	13.0%	12.4%	11.1%
3 - Play	7.6%	8.3%	9.6%	8.7%	8.6%	6.9%	6.4%	8.1%	9.3%	7.7%
4 - Play	1.2%	1.4%	1.7%	1.7%	1.5%	2.1%	1.9%	2.5%	2.9%	2.4%
% Convergent households – Total (i.e. % of HH having Mobile + Fixed component)	45.3%	46.7%	47.5%	48.4%	48.4%	49.2%	50.1%	51.0%	51.8%	51.8%
1 - Play										
2 - Play	23.9%	23.9%	23.6%	23.1%	23.1%	22.7%	22.4%	22.7%	22.9%	22.9%
3 - Play	30.3%	31.5%	32.5%	33.6%	33.6%	34.4%	35.5%	36.1%	36.2%	36.2%
4 - Play	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EBU – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
REPORTED										
Revenues	554	554	533	557	2,198	539	555	479	502	2,075
Segment Result	260	263	245	256	1,024	245	301	250	218	1,015
UNDERLYING										
Revenues	480	476	462	476	1,894	466	474	465	493	1,898
From Fixed	333	327	320	330	1,311	326	327	319	343	1,315
Voice	117	116	113	113	460	114	113	110	110	446
Data (Internet & Data Connectivity)	96	96	94	95	380	94	94	93	94	374
Terminals (excl. TV)	6	6	6	6	23	6	6	5	6	22
ICT	114	110	107	117	448	112	116	111	134	473
From Mobile	143	144	137	141	565	137	143	143	145	568
Mobile Services	141	142	135	137	555	135	140	141	139	555
Terminals	2	2	2	4	10	2	3	2	6	13
Other	4	5	5	5	19	3	4	4	5	16
Costs of materials and charges to revenues	-104	-101	-104	-111	-420	-107	-108	-104	-128	-447
Personnel expenses and pensions	-86	-85	-85	-82	-338	-80	-82	-80	-77	-319
Other operating expenses	-30	-29	-29	-32	-120	-31	-31	-30	-37	-128
Segment result	260	261	244	251	1,017	248	254	251	251	1,004
Segment contribution margin	54.2%	54.9%	52.9%	52.7%	53.7%	53.3%	53.5%	53.9%	51.0%	52.9%

EBU- Operational

	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2013
FROM FIXED										
Number of access channels (thousands)	1,781	1,760	1,746	1,732	1,732	1,719	1,707	1,692	1,678	1,678
Voice	1,338	1,318	1,305	1,292	1,292	1,277	1,264	1,249	1,234	1,234
Broadband	444	442	441	441	441	442	443	443	445	445
Traffic (millions of minutes)	695	654	592	630	2,571	641	602	564	595	2,402
National	457	422	382	410	1,672	416	386	363	385	1,549
Fixed to Mobile	161	156	140	151	607	153	149	138	147	587
International	77	76	69	70	292	72	67	63	64	266
ARPU (EUR)										
ARPU Voice	285	286	282	285	285	291	291	286	290	289
ARPU Broadband	39.0	39.3	39.5	39.2	39.3	39.3	39.7	39.4	39.1	39.4
FROM MOBILE										
Number of active customers (thousands)*	1,512	1,545	1,584	1,615	1,615	1,679	1,724	1,760	1,798	1,798
Among which other than M2M and Free data	1,272	1,292	1,318	1,328	1,328	1,359	1,391	1,407	1,430	1,430
Among which M2M	184	188	196	211	211	236	244	260	270	270
Among which Internet Everywhere Cards	56	64	70	76	76	83	89	93	98	98
Annualized churn rate (blended - variance in p.p.)	14.2%	13.6%	10.0%	10.4%	11.9%	11.4%	9.8%	8.8%	12.3%	10.7%
Net ARPU (EUR)**										
Postpaid	36.8	36.3	34.1	34.2	35.3	33.0	33.6	33.1	32.1	32.9
MoU (min)	310.2	315.8	290.9	311.1	306.8	313.0	316.0	296.5	315.4	310.2
SMS (units)	117.7	118.9	113.1	125.3	119.0	126.8	129.1	123.1	134.6	128.5

*As of 2014, The calculation of active customers is based on the monthly activity rate instead of a rolling avg activity rate. The definition of an active customer remains unchanged.

**As of 2014, Belgacom calculates the Mobile ARPU excluding Free Mobile data cards and excluding M2M. 2013 figures have been restated.

SDE&W – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
REPORTED										
Revenues	67	66	66	65	264	64	60	60	58	241
Segment Result	-36	-36	-37	-34	-143	-36	-27	-38	-42	-143
UNDERLYING										
Revenues	68	66	66	65	265	64	60	60	58	241
Costs of materials and charges to revenues	-10	-9	-9	-10	-38	-9	-9	-9	-9	-35
Personnel expenses and pensions	-45	-42	-45	-42	-174	-42	-42	-44	-40	-168
Other operating expenses	-50	-52	-50	-49	-200	-49	-44	-45	-66	-204
Segment result	-37	-37	-38	-36	-147	-36	-35	-38	-57	-166

SDE&W – Retail Operationals and MVNO customers

	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
FROM FIXED										
Number of access channels (thousands)										
Voice (1)	10	10	10	10	10	10	10	9	9	9
Broadband (1)	1	1	1	1	1	1	1	1	1	1
FROM MOBILE										
Number of active Mobile customers (thousands)										
Retail (1)	8	7	9	9	9	10	10	10	10	10
MVNO	5	7	7	6	6	6	7	10	11	11

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

S&S – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
REPORTED										
Revenues	18	7	10	25	60	7	64	7	8	86
Segment Result	-71	-82	-78	-64	-296	-78	-28	-79	-95	-280
UNDERLYING										
Revenues	7	7	7	5	26	7	8	7	8	30
Costs of materials and charges to revenues	0	0	0	0	0	0	1	0	0	1
Personnel expenses and pensions	-40	-38	-40	-40	-157	-37	-37	-37	-34	-145
Other operating expenses	-50	-50	-50	-50	-201	-49	-50	-52	-63	-214
Segment result	-82	-82	-82	-85	-332	-79	-78	-82	-89	-328

ICS – Financials

(EUR million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
REPORTED										
Revenues	417	413	437	401	1,666	357	434	410	395	1,597
Segment Result	35	37	38	31	140	30	53	38	32	153
UNDERLYING										
Revenues	417	413	437	401	1,666	357	415	410	395	1,577
Costs of materials and charges to revenues	-355	-347	-370	-340	-1,412	-298	-352	-346	-333	-1,330
Personnel expenses and pensions	-11	-11	-12	-12	-45	-11	-11	-12	-12	-47
Other operating expenses	-16	-18	-17	-18	-69	-17	-17	-14	-18	-66
Segment result	35	37	38	31	140	30	35	39	32	135
Segment contribution margin	8.3%	8.9%	8.6%	7.7%	8.4%	8.3%	8.3%	9.4%	8.0%	8.5%

ICS – Operationals

Volumes (in million)	Q113	Q213	Q313	Q413	2013	Q114	Q214	Q314	Q414	2014
Voice	7,267	6,701	7,287	6,872	28,127	6,243	7,259	6,981	6,675	27,158
Non-Voice (SMS/MMS)	451	461	540	512	1,964	499	583	629	654	2,365

Condensed consolidated Financial statements

These condensed consolidated financial statements are derived from the consolidated financial statements at 31 December 2014 that were authorized for issue by the Board of Directors on February 26, 2015.

The consolidated financial statements per 31 December 2014 have been subject to an audit by the independent auditor. Based on his audit the auditor has issued an unqualified opinion on these consolidated financial statements.

Basis of preparation

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

Accounting policies

The accounting policies and methods of the Group used as of 2014 are consistent with those applied in the 31 December 2013 consolidated financial statements, with the exception that the Group adopted the new standards, interpretations and revisions that became mandatory for the Belgacom Group on 1 January 2014. These are set out in note 39 of the 31 December 2013 consolidated financial statements and had only a very limited impact.

Judgments and estimates

The Group does not make any significant judgments and estimates other than those mentioned here under or in the 31 December 2013 consolidated financial statements.

Significant events or transactions

On November 30, 2014 the Group sold its activities of Telindus Limited, a UK subsidiary of Telindus to Telent Technology Services and recognized a loss on disposal of EUR 34 million under non-recurring expenses.

Over the fourth quarter 2014 the Group recognized a positive effect of EUR 15 million on the underlying personnel expenses and pensions as a result of a receivable on the Belgian State with respect to the compensation mechanism for 2014 statutory retirees.

With respect to the tax imposed on pylons by the Walloon government, further to the recent developments a.o. two new decrees for the year 2015, the implementation measures and the assessment notice for the year 2014 amounting to EUR 13.2 million, Belgacom reviewed its position and recorded a liability per 31 December 2014.

The Group recognized in the fourth quarter 2014 a positive impact in other operating expenses of EUR 17 million as a result of reversal of provisions, the major part of which relates to the reassessment of the outcome of several network related disputes.

In the fourth quarter 2014 the Group recognized in financial results an impairment loss on other participating interests for EUR 4 million and interest revenue related to the litigation settlement of EUR 14 million.

The revision of the assumptions used for post-employment, termination and other than employee benefit obligations resulted in an increase of the related liability and related deferred tax assets recorded mainly through the other comprehensive income.

Consolidated income statements

(EUR million)	4th Quarter			Full Year	
	2013	2014	% Change	2013	2014
Net revenue	1,549	1,503	-3%	6,239	5,961
Other operating income	33	13	-61%	79	89
Non-recurring income	0	0	-	0	62
TOTAL INCOME	1,582	1,515	-4%	6,318	6,112
Costs of materials and services related to revenue	-643	-633	-1%	-2,561	-2,420
Personnel expenses and pensions	-282	-245	-13%	-1,142	-1,041
Other operating expenses	-244	-251	3%	-903	-869
Non-recurring expenses	-15	-33	-	-14	-27
TOTAL OPERATING EXPENSES before depreciation & amortization	-1,184	-1,161	-2%	-4,619	-4,358
OPERATING INCOME before depreciation & amortization	398	354	-11%	1,699	1,755
Depreciation and amortization	-193	-212	10%	-782	-821
OPERATING INCOME	206	143	-31%	917	933
Finance income	4	17	295%	17	33
Finance costs	-28	-41	46%	-113	-129
Net finance costs	-24	-24	1%	-96	-96
Share of loss on associates	0	-1	-	0	-2
INCOME BEFORE TAXES	182	118	-35%	822	835
Tax expense	-29	-14	-50%	-170	-154
NET INCOME	153	103	-32%	652	682
Non-controlling interests	4	5	7%	22	27
Net income (Group share)	148	98	-34%	630	654
Basic earnings per share	0.46 EUR	0.31 EUR	-34%	1.98 EUR	2.04 EUR
Diluted earnings per share	0.46 EUR	0.31 EUR	-34%	1.98 EUR	2.04 EUR
Weighted average number of ordinary shares	319,092,227	321,053,402	1%	318,759,360	320,119,106
Weighted average number of ordinary shares for diluted earnings per share	319,504,273	321,785,325	1%	318,987,711	321,009,798

*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 with impacts for the beneficiaries.

Consolidated statements of other comprehensive income

(EUR million)	As of 31 December	
	2013	2014
Net income	652	682
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Cash flow hedges:		
Gain/(loss) taken to equity	-5	1
Transfer to profit or loss for the period	1	4
Exchange differences on translation of foreign operations	-1	-1
Other	0	1
Total before related tax effects	-5	6
Related tax effects		
Cash flow hedges:		
Gain/(loss) taken to equity	2	0
Transfer to profit or loss for the period	0	-1
Income tax relating to items that may be reclassified	1	-2
Items that may be reclassified to profit and loss, net of related tax effects	-3	4
Items that will not be reclassified to profit and loss		
Actuarial gain/(loss) on defined benefit plans	18	-102
Total before related tax effects	18	-102
Related tax effects		
Actuarial gain/(loss) on defined benefit plans	-6	20
Income tax relating to items that will not be reclassified	-6	20
Items that may be reclassified to profit and loss, net of related tax effects	12	-83
Total comprehensive income	661	603
Attributable to:		
Equity holders of the parent	639	576
Non-controlling interests	22	27

Consolidated balance sheets

(EUR million)	As of 31 December 2013	As of 31 December 2014
ASSETS		
NON-CURRENT ASSETS	6,254	6,339
Goodwill	2,320	2,272
Intangible assets with finite useful life (*)	1,185	1,180
Property, plant and equipment	2,558	2,680
Investments in associates	6	4
Other participating interests	6	8
Deferred income tax assets	105	102
Pension assets	0	0
Other non-current assets	74	94
CURRENT ASSETS	2,163	2,183
Inventories	163	117
Trade receivables	1,289	1,182
Current tax assets	137	63
Other current assets	148	111
Investments	60	8
Cash and cash equivalents	355	702
Assets classified as held for sale	11	0
TOTAL ASSETS	8,417	8,522
LIABILITIES AND EQUITY		
EQUITY	3,042	2,969
Shareholders' equity	2,846	2,779
Issued capital	1,000	1,000
Share premium	0	0
Treasury shares	-527	-470
Restricted reserve	100	100
Remeasurement reserve	-51	-128
Stock compensation	13	8
Retained earnings	2,310	2,270
Foreign currency translation	1	0
Non-controlling interests	196	189
NON-CURRENT LIABILITIES	2,865	3,332
Interest-bearing liabilities	1,950	2,386
Liability for pensions, other post-employment benefits and termination benefits	473	504
Provisions	204	154
Deferred income tax liabilities	128	110
Other non-current payables	111	178
CURRENT LIABILITIES	2,511	2,221
Interest-bearing liabilities	316	162
Trade payables	1,320	1,358
Tax payables	132	111
Other current payables	731	591
Liabilities associated with assets classified as held for sale	13	0
TOTAL LIABILITIES AND EQUITY	8,417	8,522

*This includes amongst others the capitalized amount reflecting the estimated cost of intangible assets acquired with a different pricing structure over time, including the fixed and estimated variable consideration at acquisition date. When the carrying amount of the financial liability was subsequently re-measured the cost of the asset is underlying. The cost of such intangible assets is amortized over the contract period.

Consolidated cash flow statements

(EUR million)	4th Quarter		Full Year	
	2013	2014	2013	2014
Cash flow from operating activities				
Net income	153	103	652	682
Adjustments for:				
Depreciation and amortization on intangible assets and property, plant and equipment	193	212	782	821
Increase of impairment on intangible assets and property, plant and equipment	22	1	23	1
Increase / (decrease) in provisions	2	-27	1	-50
Deferred tax expense	7	-3	23	5
Impairment on participating interests	0	4	1	4
Loss from investments accounted for using the equity method	0	1	0	2
Fair value adjustments on financial instruments	-3	0	-11	-5
Loans amortization	0	2	4	6
Gain on disposal of consolidated companies and remeasurement of previously held interest	0	34	0	-27
Gain on disposal of other participating interests and enterprises accounted for using the equity method	0	0	0	-1
Gain on disposal of property, plant and equipment	-21	0	-32	-46
Other non-cash movements	4	2	5	17
Operating cash flow before working capital changes	356	328	1,447	1,410
Decrease / (increase) in inventories	-2	20	-30	31
Decrease / (increase) in trade receivables	-36	53	44	43
Decrease in current income tax assets	1	0	2	0
Decrease / (increase) in other current assets	30	91	-9	48
Increase in trade payables	119	142	19	99
Decrease in income tax payables	-15	-47	-104	-21
Increase / (decrease) in other current payables	-58	-145	30	-59
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-18	-9	-79	-69
Increase in other non-current payables and provisions	0	0	0	1
Decrease / (increase) in working capital, net of acquisitions and disposals of subsidiaries	20	106	-128	72
Net cash flow provided by operating activities	376	434	1,319	1,482
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment (1)	-306	-374	-852	-951
Cash paid for acquisitions of other participating interests	-6	0	-6	0
Cash paid for acquisition of consolidated companies, net of cash acquired	0	0	0	-1
Cash received from sales of consolidated companies, net of cash disposed of	0	1	0	95
Cash received from sales of intangible assets and property, plant and equipment	26	18	38	83
Net cash received from other non-current assets	5	2	5	2
Net cash used in investing activities	-281	-353	-814	-771
Cash flow before financing activities (FCF)	95	81	505	711
Cash flow from financing activities				
Dividends paid to shareholders	-162	-165	-701	-718
Dividends / capital paid to non-controlling interests	0	0	-38	-33
Net sale of treasury shares	7	11	25	54
Net sale of investments	1	1	23	51
Decrease of shareholders' equity	-1	0	-6	-1
Repayment of vendor financing	0	0	-7	0
Issuance of long term debt	-1	0	248	597
Repayment of long term debt	-124	0	-127	0
Issuance / (repayment) of short term debt	314	0	230	-314
Net cash provided by / (used in) financing activities	27	-153	-353	-364
Net increase / (decrease) of cash and cash equivalents	122	-71	152	347
Cash and cash equivalents at 1 January			202	355
Cash and cash equivalents at 31 December			355	702

(1) Capital expenditure adjusted for licenses, broadcasting and content rights payable over more than one year and related payments

Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Remeasur-ment reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share's' Equity	Non-controlling interests	Total Equity
Balance at 31 December 2012	1,000	-551	100	0	-60	1	14	2,377	2,881	211	3,093
<i>Fair value changes in cash flow hedges - acquired during the year</i>	0	0	0	-3	0	0	0	0	-3	0	-3
<i>Currency translation differences</i>	0	0	0	0	0	-1	0	0	-1	0	-1
<i>Remeasurement defined benefit obligations</i>	0	0	0	0	12	0	0	0	12	0	12
Equity changes not recognised in the income statement	0	0	0	-3	0	-1	0	0	9	0	9
Net income	0	0	0	0	0	0	0	630	630	22	652
Total comprehensive income and expense	0	0	0	-3	12	-1	0	630	639	22	661
Dividends to shareholders (relating to 2012)	0	0	0	0	0	0	0	-535	-535	0	-535
Interim dividends to shareholders (relating to 2013)	0	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	0	-38	-38
Treasury shares											
Exercise of stock options	0	19	0	0	0	0	0	-3	15	0	15
Sale of treasury shares under a discounted share purchase	0	6	0	0	0	0	0	-2	4	0	4
Stock options											
Amortization deferred stock compensation	0	0	0	0	0	0	1	0	1	0	1
Exercise of stock options	0	0	0	0	0	0	-3	3	0	0	0
Total transactions with equity holders	0	25	0	0	0	0	-1	-698	-674	-38	-712
Balance at 31 December 2013	1,000	-527	100	-3	-48	1	13	2,310	2,846	196	3,042
<i>Fair value changes in cash flow hedges - acquired during the year</i>	0	0	0	1	0	0	0	0	1	0	1
<i>Fair value changes in cash flow hedges - used during the year</i>	0	0	0	3	0	0	0	0	3	0	3
<i>Changes in ownership interest in investees</i>	0	0	0	1	0	0	0	0	1	0	1
<i>Currency translation differences</i>	0	0	0	0	0	-1	0	0	-1	0	-1
<i>Remeasurement defined benefit obligations</i>	0	0	0	0	-82	0	0	0	-82	-1	-83
Equity changes not recognised in the income statement	0	0	0	5	0	-1	0	0	-78	-1	-79
Net income	0	0	0	0	0	0	0	654	654	27	682
Total comprehensive income and expense	0	0	0	5	-82	-1	0	654	576	27	603
Dividends to shareholders (relating to 2013)	0	0	0	0	0	0	0	-537	-537	0	-537
Interim dividends to shareholders (relating to 2014)	0	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	0	-33	-33
Treasury shares											
Exercise of stock options	0	57	0	0	0	0	0	-3	54	0	54
Stock options											
Amortization deferred stock compensation	0	0	0	0	0	0	1	0	1	0	1
Exercise of stock options	0	0	0	0	0	0	-6	6	0	0	0
Total transactions with equity holders	0	57	0	0	0	0	-5	-694	-643	-33	-676
Balance at 31 December 2014	1,000	-470	100	2	-130	0	8	2,270	2,779	189	2,969

Segment reporting

Belgacom wholesale revenues invoiced to Scarlet (Cost of Sales at Scarlet) is allocated to the CBU segment as from 1 January 2014. Until 2014 these Belgacom revenues were allocated in SDE&W while the equivalent Cost of Sales was allocated in the CBU segment (via Scarlet). By allocating Scarlet-related wholesale revenues and Cost of Sales in the same segment, the total Belgacom Group margin related to Scarlet activity is now allocated in the Consumer segment. In the 2014 reporting, the accounts of 2013 have been restated for comparable year-on-year variances, impacting only the segments SDE&W and the Consumer segment. Belgacom Group remains unchanged.

As from the third quarter underlying segment measures are reported to the chief operating decision maker for the purposes of making decisions about allocating resources and assessing the performance. Therefore the segment reporting below is adapted accordingly with a reconciliation between the underlying figures and those reported in the Group financial statements. The 2013 segment reporting is presented accordingly.

Reported and restated figures are set out in the tables below:

(EUR million)	Year ended 31 December 2013								
	Reported		Adjusted for incidentals						
	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	6,239	-323	5,916	2,180	1,883	223	7	1,623.31	0
Other operating income	79	-36	43	20	6	5	11	1.04	0
Intersegment income	0	0	0	3	6	36	9	42.11	-96
Non-recurring income	0	0	0	0	0	0	0	0.00	0
Total income	6,318	-359	5,960	2,204	1,894	265	26	1,666.47	-96
Costs of materials and services related to revenue	-2,561	196	-2,364	-570	-420	-38	0	-1,412.37	76
Personnel expenses and pensions	-1,142	94	-1,048	-334	-338	-174	-157	-45.36	0
Other operating expenses	-903	50	-852	-282	-120	-200	-201	-68.73	20
Non-recurring expenses	-14	14	0	0	0	0	0	0.00	0
Total operating expenses before depreciation & amortization	-4,619	354	-4,265	-1,186	-878	-412	-358	-1,526.46	96
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	1,699	-4	1,695	1,018	1,017	-147	-332	140	-1
Depreciation and amortization	-782		-782	-154.95	-14.48	-463.55	-69.32	-79.91	0.62
OPERATING INCOME / (LOSS)	917	-4	913	863	1,002	-611	-401	60	0
Finance expense (net)	-96								
INCOME BEFORE TAXES	822								
Tax expense	-170								
NET INCOME	652								
Non-controlling interests	22								
Net income (Group share)	630								

(EUR million)	Year ended 31 December 2014								
	Reported		Adjusted for incidentals						
	Group	Incidentals	Group	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine & Wholesale	Staff & Support	International Carrier Services	Inter-segment eliminations
Net revenue	5,961	-140	5,821	2,192	1,886	201	7	1,535.38	0
Other operating income	89	-47	43	20	7	4	11	1.55	0
Intersegment income	0	0	0	4	5	37	12	40.16	-98
Non-recurring income	62	-62	0	0	0	0	0	0.00	0
Total income	6,112	-248	5,864	2,216	1,898	241	30	1,577.09	-98
Costs of materials and services related to revenue	-2,420	90	-2,330	-595	-447	-35	1	-1,329.68	75
Personnel expenses and pensions	-1,041	28	-1,014	-334	-319	-168	-145	-46.56	0
Other operating expenses	-869	2	-867	-277	-128	-204	-214	-66.25	22
Non-recurring expenses	-27	27	0	0	0	0	0	0.00	0
Total operating expenses before depreciation & amortization	-4,358	147	-4,211	-1,206	-894	-407	-358	-1,442.49	98
OPERATING INCOME / (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	1,755	-102	1,653	1,009	1,004	-166	-328	135	-1
Depreciation and amortization	-821		-821	-149	-26	-497	-70	-80	1
OPERATING INCOME / (LOSS)	933	-102	832	860	978	-663	-398	55	0
Finance expense (net)	-96								
Share of gain/ (loss) on associates	-2								
INCOME BEFORE TAXES	835								
Tax expense	-154								
NET INCOME	682								
Non-controlling interests	27								
Net income (Group share)	654								

Financial instruments

IAS 34 16 A (j) requires the interim reporting to provide specific fair value disclosures and in particular the following information:

- The carrying amounts and fair values of the financial instruments at 31 December 2014;
- 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 2014 and the fair value hierarchy:

The financial instruments were categorized according to principles that are consistent with those applied for the preparation of Note 33.4 of the 2013 Financial Statements.

No transfer between Levels occurred during 2014.

As of 31 December 2014 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	7.5	7.5	
Other non-current assets				
Derivatives held-for-hedging	HeAc	0.1	0.1	Level 1
Derivatives held for trading	FVTPL	29.0	29.0	Level 2
Non-current investments	HTM	0.0	0.0	
Other financial assets	LaR	60.7	60.7	
Current assets				
Trade receivables	LaR	1,194.2	1,194.2	
Other current assets				
Derivatives held for trading - int. bearing	FVTPL	7.2	7.2	Level 2
Derivatives held for trading - non int. bearing	FVTPL	2.4	2.4	Level 1
Derivatives held-for-hedging	HeAc	1.4	1.4	Level 1
VAT and other receivables	N/A	34.4	34.4	
Investments	AFS	4.0	4.0	Level 1
Investments	HTM	4.3	4.3	
Cash and cash equivalents				
Short-term deposits	LaR	701.8	701.8	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	2,362.9	2,593.7	Level 2
Leasing and similar obligations	OFL	2.9	2.9	
Other derivatives	FVTPL	20.2	20.2	Level 2
Non-interest-bearing liabilities				
Derivatives held-for-hedging	HeAc	0.2	0.2	
Other non-current payables	OFL	178.2	178.2	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	OFL	150.7	157.8	Level 2
Leasing and similar obligations	OFL	2.1	2.1	
Other derivatives	FVTPL	9.2	9.2	Level 2
Interest-bearing liabilities				
Other loans	OFL	-0.1	-0.1	
Trade payables	OFL	1,357.4	1,357.4	
Other current payables				
Other derivatives	FVTPL	5.0	5.0	Level 1
V.A.T. and other amounts payable	OFL	318.1	318.1	

(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

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 2014 for similar debentures with the same remaining maturities.

Contingent liabilities

Compared to the Interim Condensed Consolidated Financial Statements of the third quarter 2014, no changes occurred during the fourth quarter 2014 in the contingent liabilities except:

- In respect of the tax on mobile sites. See in the regulatory section page 10 for more information.
- Since 2003, Belgacom considers some enrolments of real estate tax on telecom equipment as undue and therefore recognizes an asset against the tax authorities in the 'current tax assets' caption for an amount of EUR 82 million at 30 June 2014 (with a related liability of EUR 20 million). Due to positive case law, Belgacom reviewed its position
- 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. Pleadings shifted from October 2014 to June 2015.
- In the litigation related to the on-net tariffs, after a first document shared by the experts appointed by the Court of Appeal on 23 January 2014, Mobistar and KPN Group Belgium have strongly criticized the work performed by the experts. Consequently the work of the experts is on hold. In the appeal procedure (against the 2007 decision), the Court of Appeal held hearing sessions in October and November 2014.
- On 26 February 2015, the Court of Appeal of Brussels gave an interlocutory judgment in which it modified the decision of the first judge of 2007. The Court first confirmed that there was no reason for examining further the allegations related to the alleged absence of cost orientation of the termination rates that had already been rejected by the first judge. However, with respect to the alleged abuses of dominant position, the Court considered that there were sufficient indications to extend the court expert proceedings to all the alleged abuses, as well as with respect to the reference period for Mobistar, an extension to 2005.

Post balance sheet events

There are no events that occurred after 31 December 2014 that have not been reflected in the financial statements.

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

Definitions

Product 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 underlying revenue, excluding activation and payphone-related underlying 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 underlying 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 underlying 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 MVNO but excludes free data cards and M2M.

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 MVNO.

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 SMS included in Mobile pricing plans and including MVNO.

X-Play Household definitions:

A play is defined as a subscription to either Fixed Voice, Fixed Internet, Fixed dTV or Mobile Postpaid (paying Mobile cards).

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

A multi-play household has two or more Plays, but not necessarily in a Pack.

Underlying revenue-Generating Unit. For example, a household with Fixed Internet and 2 Mobile postpaid cards is considered as a 2-Play household with 3 RGUs.

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

ARPH: average underlying revenue per household.

Financial Calendar

13 April 2015	Start of quiet period ahead of Q1 2015 results
8 May 2015	Announcement of Q1 2015 results
6 July 2015	Start of quiet period ahead of Q2 2015 results
31 July 2015	Announcement of Q2 2015 results
5 October 2015	Start of quiet period ahead of Q3 2015 results
30 October 2015	Announcement of Q3 2015 results

For further information

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