

# 2015 Q4

## Results Presentation

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# Highlights

## Strong commercial and financial performance

**Q4 Group Revenue\***  
**€1.502m**  
-0.3% YoY

**Underlying Core revenue**  
**+0.5% to €1,117m.**

- Solid revenue Fixed and Mobile services.
- In part offset by revenue from low-margin Mobile terminals.

**BICS revenue -2.7%.**

- Negative volatility of voice business, partly compensated by currency effect.
- Non voice revenue continued to grow.

**Q4 Group EBITDA\***  
**€414m**  
+8.4% YoY

**Core EBITDA, up 8.7% YoY**

- Positive timing impact from provisioned pylon tax
- Core EBITDA growth further improving from prior quarters.

**BICS EBITDA +5.8% YoY**

**FY Capex**  
**€926m**

**Total Capex FY'15 of €926m, excluding € 75m spectrum investment.**

**FY FCF**  
**€408m**

**Q4'15 FCF impacted by:**

- litigation settlement payment of €120m
- higher income tax payments
- higher cash for acquisition of non controlling interests

**FY'15 FCF of €408m**

**Q4'15 NET ADDS**

- + 44,000 TV subscriptions
- + 28,000 Fixed Internet Lines
- + 50,000 Mobile Postpaid cards excl. M2M & Internet Everywhere cards
- 35,000 Mobile Prepaid cards
- 19,000 Fixed Voice lines
- + 20,000 3 & 4-Play Households/ Small offices, i.e. 43% of total base

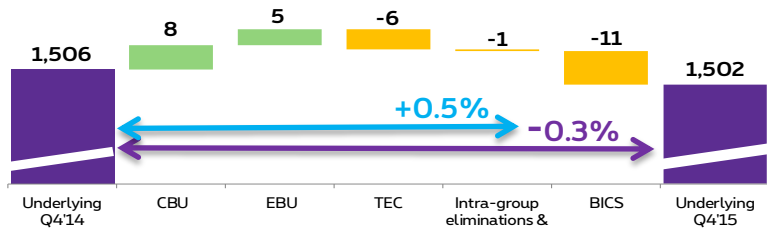
\*On underlying basis, i.e. excluding incidentals

# Group Key Figures

# Group underlying revenue per segment

Core revenue up 0.5% YoY, Fixed and Mobile growth mitigated by lower mobile devices and flat ICT both on high comparable base

Q4'15 in M€



Q4'15 Core revenue up +0.5%



**Consumer: + 1.1% YoY**

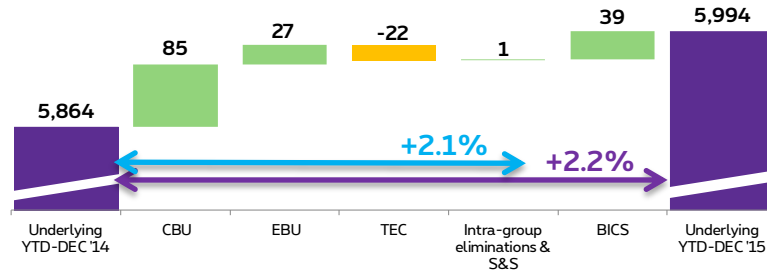
- Rising revenue from Fixed Services, mainly on growing customer base.
- Mobile service revenue -0.4% YoY impacted by lower Prepaid revenue.
- Lower revenue from Mobile terminals from high comparable base.
- Tango posted solid 13.8% YoY revenue growth, best quarter of 2015.



**Enterprise: +1.4% YoY**

- Mobile services +10.6% on the larger Mobile customer base and solid ARPU increase.
- Fixed data growth up by 2% YoY.

FY'15 in M€



**TEC: -11.0% YoY**

- Lower volume from traditional Wholesale business.
- Impact from outphased Snow customers largely compensated through Scarlet offer.

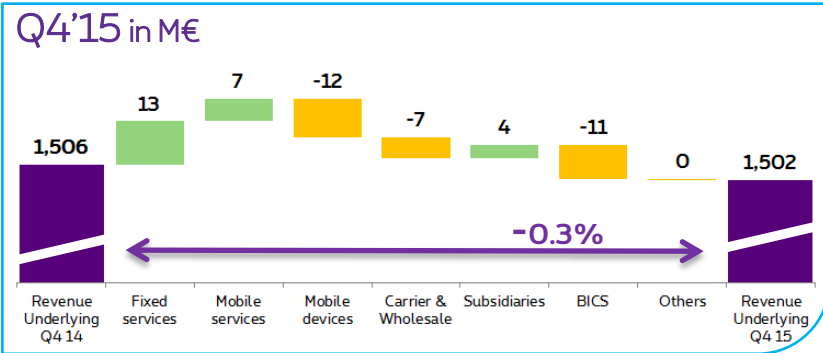


**bics: Q4'15 revenue -2.7% YoY**

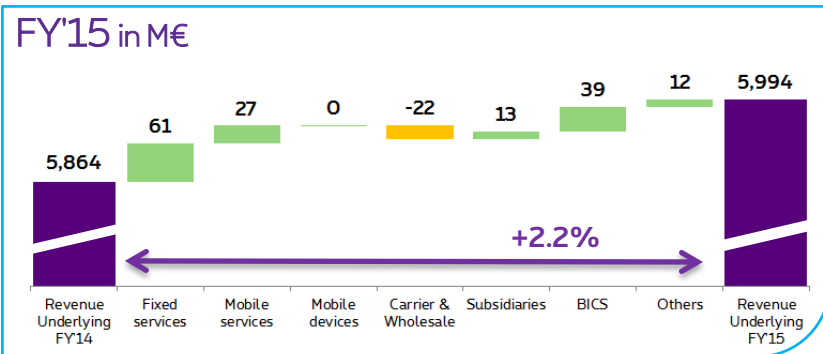
- Non Voice revenue, up 13.1% YoY, on Mobile data increase.
- Voice revenue -5.4% with less voice traffic partly compensated by a currency effect.

# Group underlying revenue evolution per product group

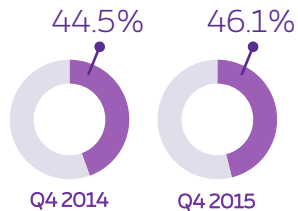
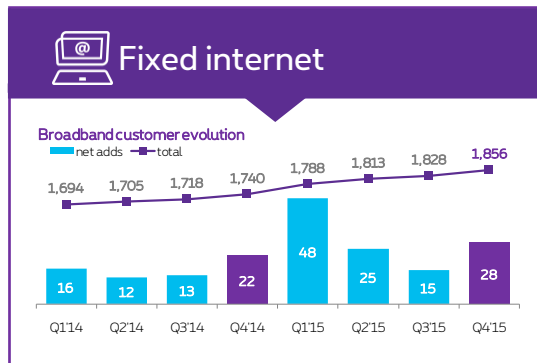
Good growth of Fixed internet, TV and Mobile services



- Solid Fixed services revenue growth from Fixed Internet and TV.
- Mobile services (CBU+EBU) progressed year-on-year by 2.1%.
- Lower revenues from low margin Mobile terminals in Q4'15.
- BICS revenue -2.7% driven by the volatility of the voice business.

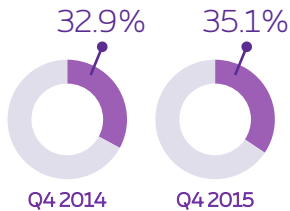
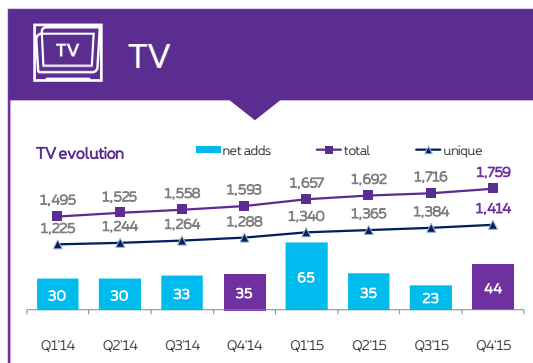


# Solid rise in Fixed Internet and TV customer



Market share

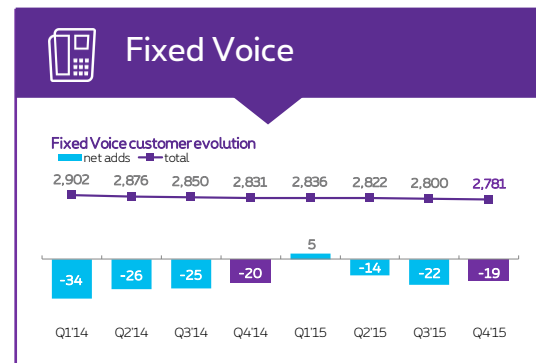
YoY growth of **+115,000** Fixed Internet customers; i.e. **+6.6%**



Market share

YoY growth of **+167,000** TV customers\*; i.e. **+10.5%**

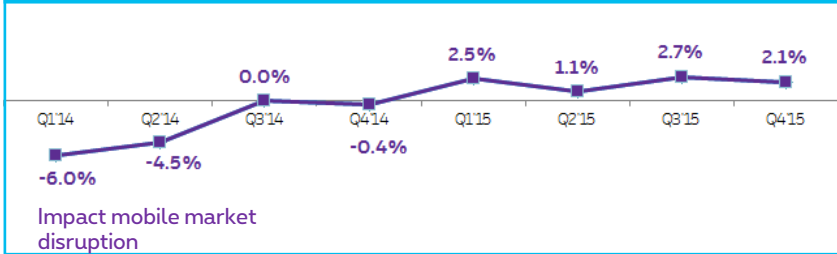
(\* total subscriptions, incl. multi-settop boxes)



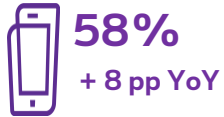
YoY erosion of **-50,000** Fixed Voice lines; i.e. **-1.8%**

# Group Mobile services revenue +2.1% YoY

## Mobile services revenue : +2.1pp YoY



## Smartphone penetration

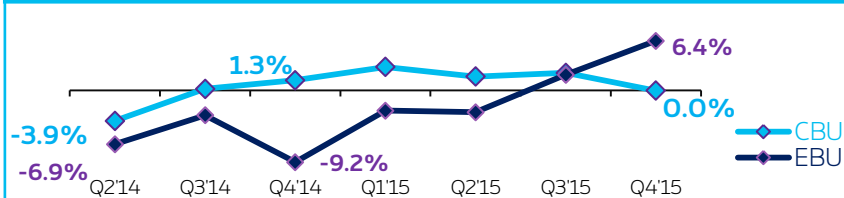


## Data usage per user/month (Mb)

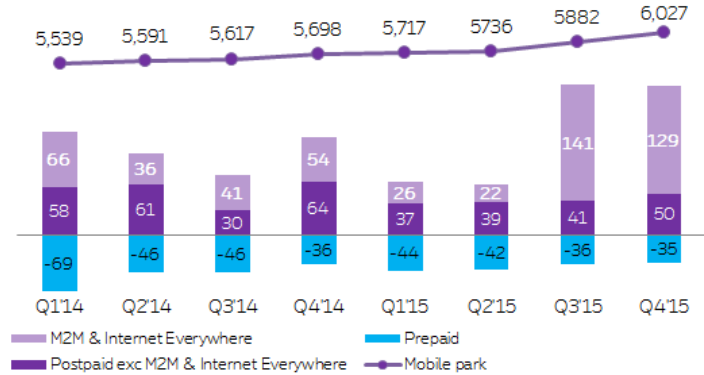
	Q4'14	Q4'15
4G	787	927
blended 3G 4G	400	630

4G users **3.5X** more data vs 3G users

## Q4 Mobile ARPU growing YoY for EBU & stable for CBU



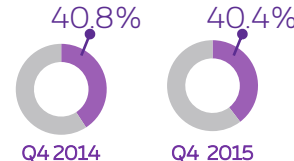
## Growing Group mobile customer base



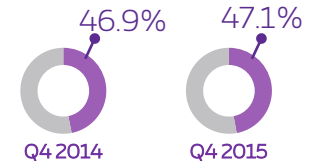
- FY'15**
- +167,000 Mobile Postpaid cards; +4.9%
  - +319,000 M2M and Internet Everywhere cards; +41%
  - 157,000 Prepaid cards; -10.1%

## Positive evolution for Postpaid Market Share offset by Prepaid

### Total mobile MS -0.4 pp. YoY



### Postpaid MS +0.2 pp. YoY

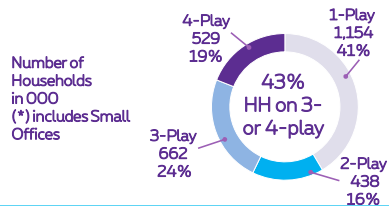




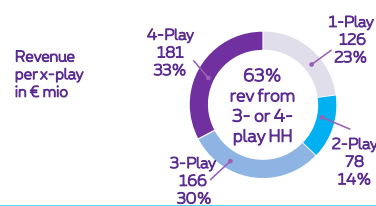
# Good progress on convergence strategy in Q4'15

- 43 % of the Households/Small offices are 3-or 4-play, and count for 63% of total HH/SO revenue
- Continued improvement of mix following growth for 3-Play and 4-Play
- Revenue from X-play HH/SO +2.3% YoY; 4-Play revenue +9.6%
- ARPH up by 3.1% YoY to EUR 66.0, 4-Play ARPH at € 115.3

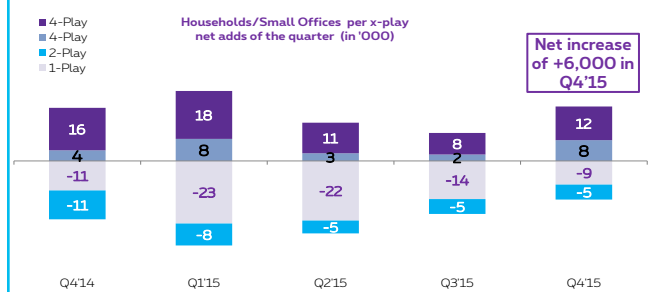
## CBU Households per x-play Q4'15 Total of 2,783,000 HH



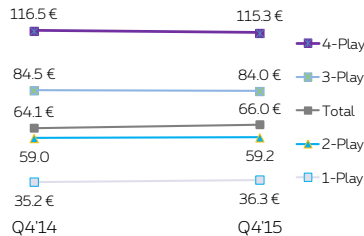
## CBU Revenues per x-play Q4'15: Total x-play Revenues of € 551m



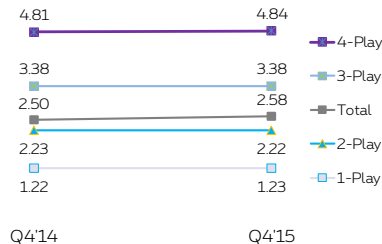
## Households/Small Offices per x-play net adds of the quarter (in '000)



## Average Revenue per HH



## Higher number of Average Revenue Generating Units per HH



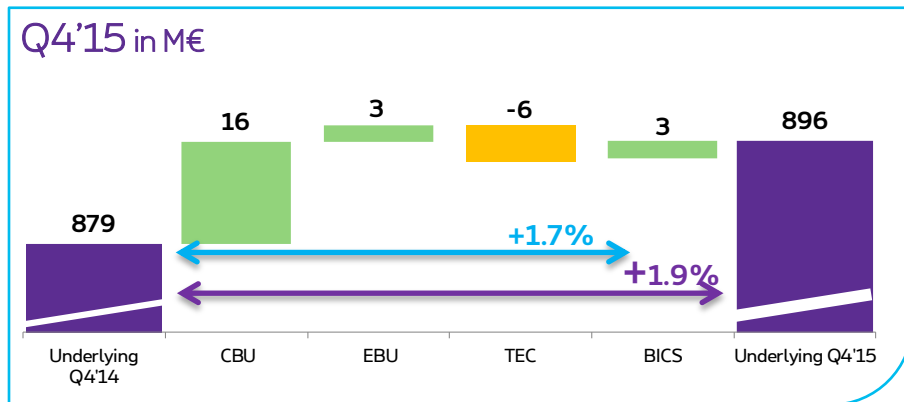
## HH/SO combining Fixed and Mobile

**55.9%** end Q4'15, + 2.6 pp YoY

## Q4 - Annualized Full- Churn rate by X-Play

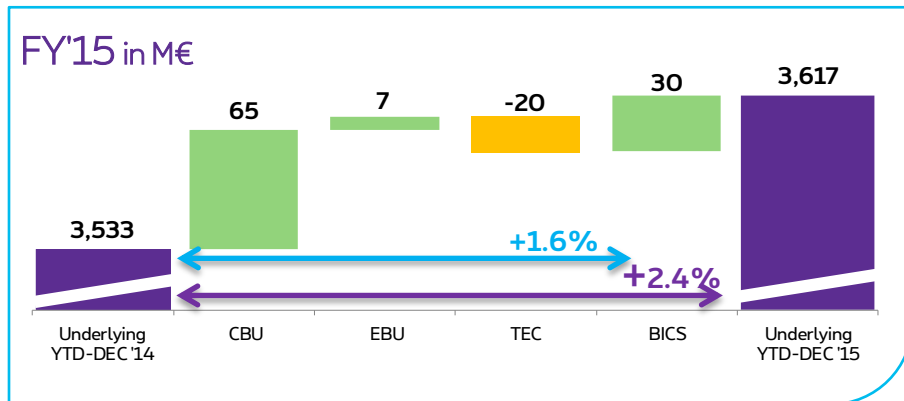
1-Play 20.0%    3-Play 9.0%  
2-Play 10.4%    4-Play 2.7%

# Group underlying Direct Margin for Q4'15, +1.9% YoY



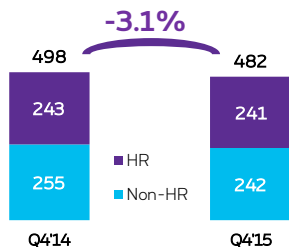
## 1.9% Direct Margin increase

- **Core business Direct Margin was up by 1.7%**, driven by the increase of higher-margin Fixed and Mobile services revenue. The Core Direct Margin as percent of revenue was 74.4%, i.e. slightly up from the prior year.
- In spite of a lower fourth quarter revenue, **BICS posted a 4.7% increase in Direct Margin** for the fourth quarter. BICS' Direct Margin as percent of revenue increased by 1.2 p.p. to 16.9%.

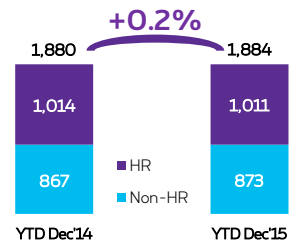


# Q4 Underlying expenses lower YoY

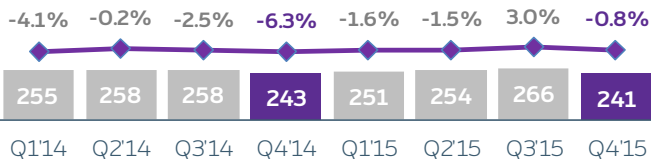
Q4'15  
in M€



FY'15  
in M€



## Group underlying HR costs (EUR mio) & YoY

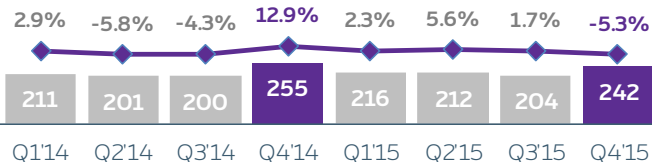


### Q4 HR expenses -0.8% YoY

- Reduced headcount, especially for Core business.
- Higher expenses for BICS to support investments in growing segments and performance-driven incentive provisions.
- YoY natural attrition by -97 FTE's, 14,090 FTEs by end- 2015.

FY'15 HR-expenses of 1,011 m, i.e. - 0.2% YoY. incl. an increase in BICS HR expenses to € 53 m, i.e. +14% or + €7 m vs '14.

## Group underlying non-HR (EUR mio) & YoY



### Non-HR expenses Q4'15 -5.3% YoY

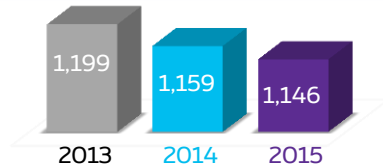
- Positive timing impact from provisioned Walloon Region Pylon tax: spread over the year 2015, vs full- year provisioning in Q4'14.
- Benefits from Proximus' cost efficiency initiatives.
- In part offset by higher non-HR expenses (bad debt correction and volume related decoder migrations).

FY'15 non-HR expenses of € 873 m, up 0.7% compared to 2014.

# We managed to reduce our workforce\* expenses

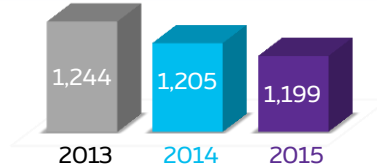
## Core Workforce

Expenses in M€ reduced by 4.4% in 2 years



## Group Workforce

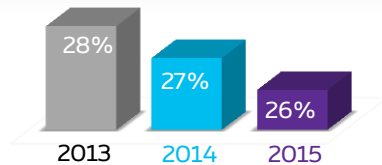
Expenses in M€ reduced by 3.6% in 2 years



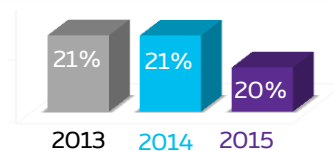
Proximus reducing internal and external workforce expenses.

Ratio reduced by 2 p.p. in 2 years

OPEX WF cost as % of Underlying revenue



Ratio reduced by 1 p.p. in 2 years



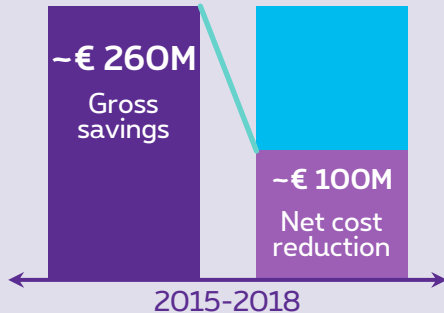
BICS workforce expenses went up on hirings to support their growing segments.

\* HR expenses related to internal and external workforce

# Significant costs savings to be realised over the next years

## Ambition to realize ~260M gross savings by 2018

Company-wide detailed cost programs to accelerate OPEX savings



## Initiatives for Gross Opex savings



### Agile organization

- Optimize Sales channels
- Reduce support functions
- Structurally reduce contractors



### Productivity & Efficiency

- Productivity gains
- Network simplification
- ICT industrialization
- Process optimization & automation



### Volume deflation

- Improve customer experience to reduce bad volumes



### Digitalization

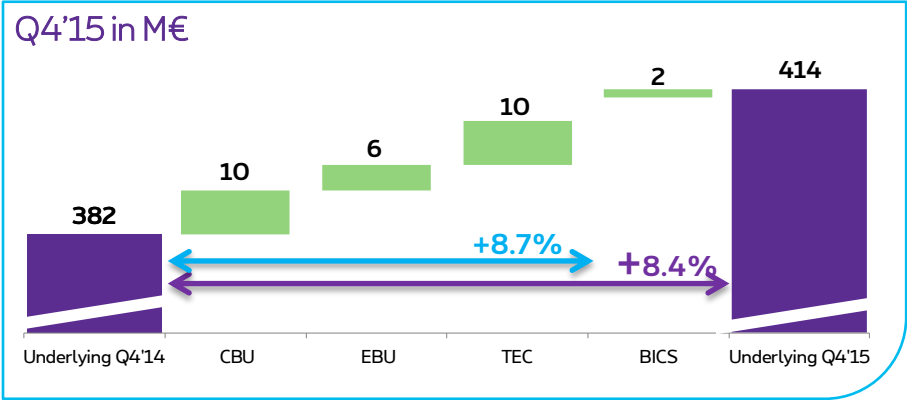
- E-billing
- E-ordering
- E-servicing

Supported by early leave plan

## Partly offset by...

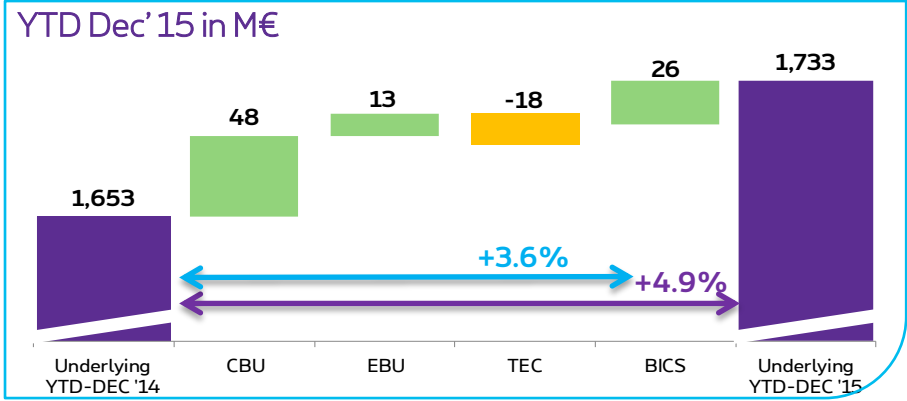
- Increasing customer installed base
- Capacity driven maintenance costs
- Opex linked to mobile spectrum licenses
  
- New taxes on e.g. electricity, real-estate
  
- New skills needed for innovative solutions
- Automatic wage indexations (3 expected to occur) & higher pension cost

# Group underlying EBITDA Q4'15, +8.4 YoY



Q4'15 underlying Group EBITDA totaled €414m

- Majority of YoY EBITDA growth came from a sequentially improvement for Proximus' Core business.
- Proximus core business posted € 380m EBITDA, up 8.7% from Q4'14. The favorable timing impact provisioned pylon tax excluded, the Core EBITDA showed further improvement from prior quarters driven by a solid Direct Margin growth, and lower HR and non-HR costs.
- BICS too posted a growing EBITDA Q4'15, up by 5.8% YoY.

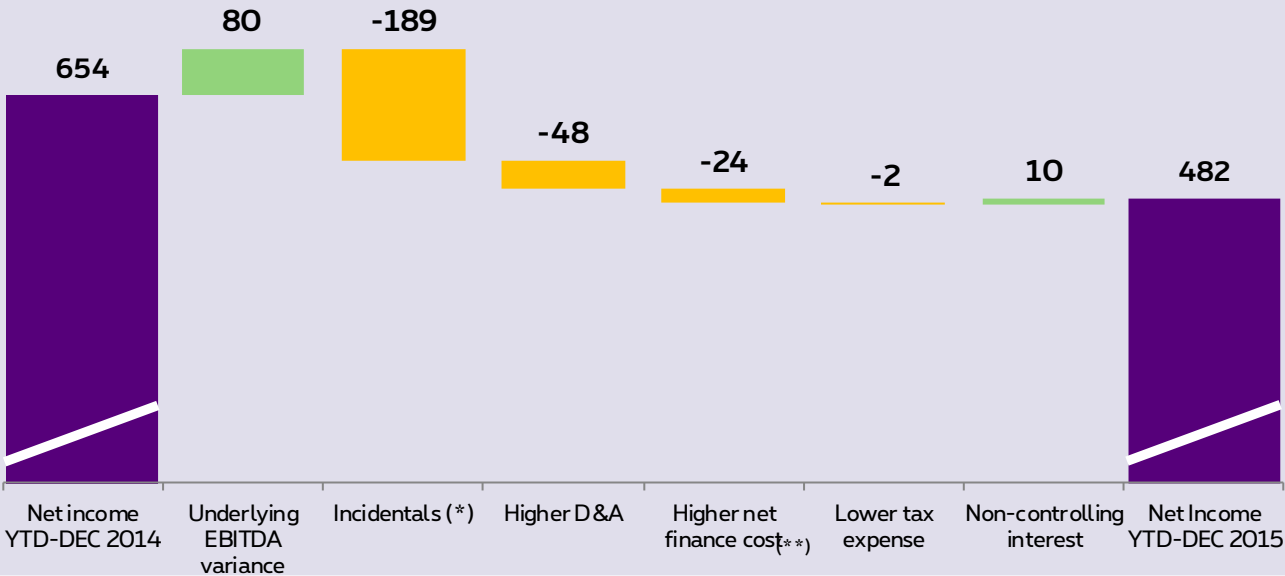


Full-year 2015 Group underlying EBITDA totaled € 1,733m, up YoY by 4.9%, driven by Proximus' Core business, up by 3.6%, and by BICS which posted a full-year EBITDA increase of 19.1%.

# Net income (Group share)

YTD December'15 Net income (Group share) totaled € 482m. The decrease versus the same period of 2014 is for a large part explained by recorded incidentals in 2014 and 2015\*, higher depreciation and amortization due to higher asset base and higher finance cost\*\* following a partial bond buyback. This was partially offset by the increase in underlying EBITDA.

YTD (in M€)



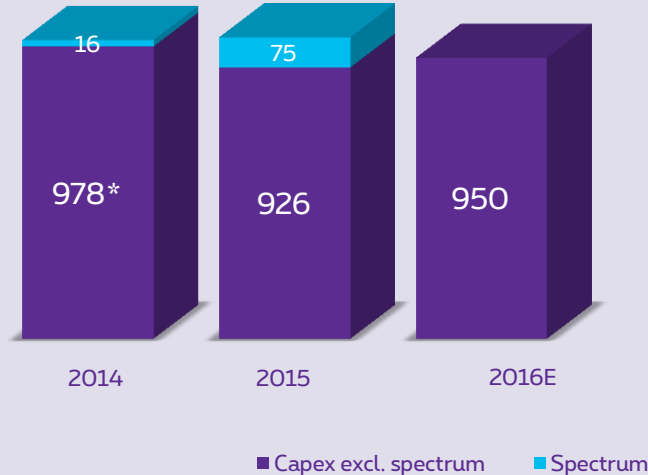
\* Positive incidentals for an amount of € 102m in 2014 and negative incidentals for € 87m in 2015 (including the costs linked to the litigation settlement agreement between Proximus, BASE company and Mobistar.)

\*\* Proximus performed a liability management exercise by successfully launching a cash tender on two of its outstanding bonds. A total of EUR 370 million was repurchased.

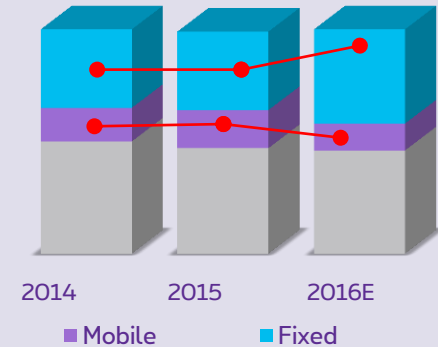
# Continuously investing in excelling customer experience

- Investing in capacity and speed, both in Fixed and Mobile
- Enriching content
- Rebalancing Capex portfolio
- Special focus on Fiber-to-the-Enterprise in 2016

(M€)



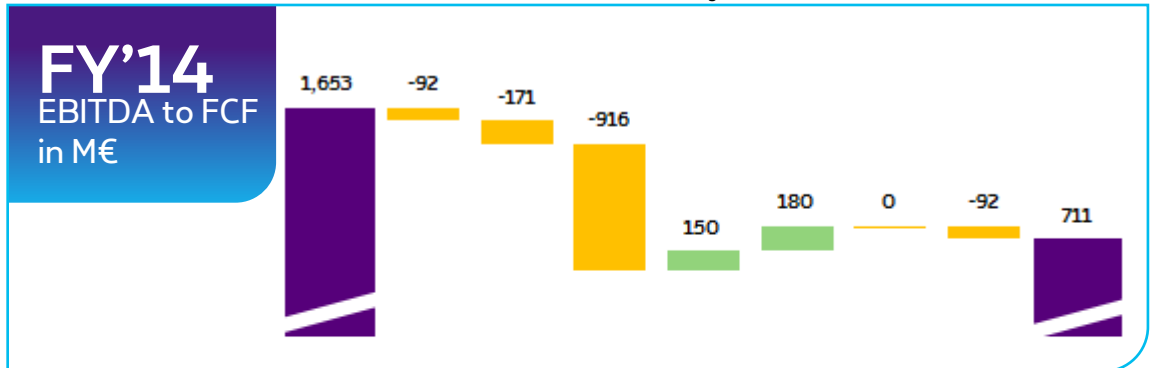
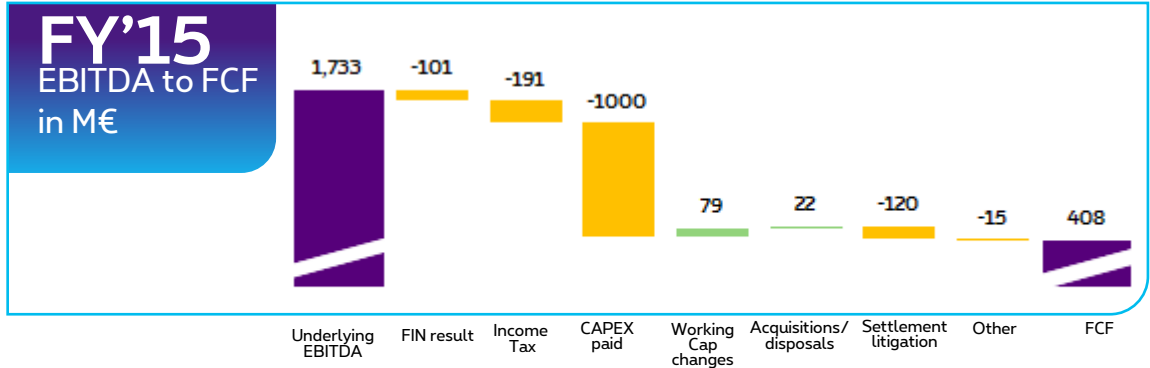
Rebalancing  
Capex to Fixed  
investments



\*Incl. Jupiler League



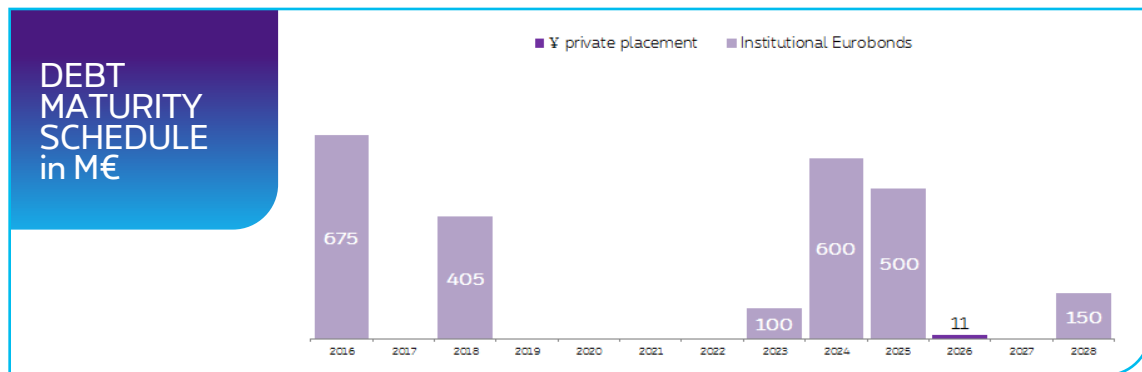
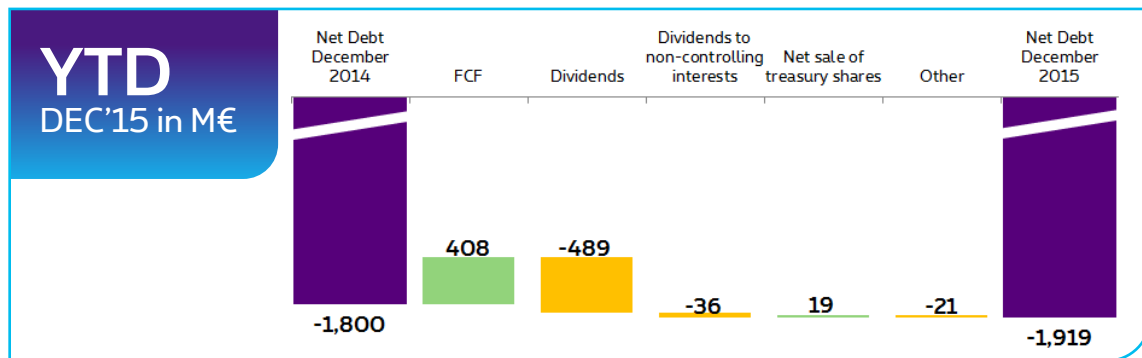
# 2015 FCF of €408m



## 2015 FCF initiatives offset by

- €120M settlement agreement on mobile tariff related litigation,
- higher cash paid for Capex
- less cash received from the sale of consolidated companies and buildings
- less favorable change in working capital

# We keep a sound financial position



## Net debt/EBITDA ratio @ 1.1


- Net financial debt at € 1,919M
- Credit ratings: Standard & Poor's A, Moody's A1, both stable outlook.

## Average debt maturity extended

- € 500M Senior Unsecured Notes issued (due Oct 2025)
- Cash tender on two outstanding 2016/2018 bonds, total of € 370M repurchased.

# FY 2015 Performance versus outlook

Growth ambition achieved one year earlier than initial plan.

Guidance metrics	Revised Outlook 2015 (Oct 2015)	2015 Achievement 
Core underlying revenue	Around 2% growth	+ 2.1%
BICS underlying revenue	Slightly positive	+ 2.5%
Group underlying EBITDA	4% - 5% growth	+ 4.9%
Capex (excl. spectrum license)	About 900 million	926 million

# FY 2016 outlook

2016 Outlook	
<u>Core</u> underlying <u>revenue</u>	Slight growth
<u>Group</u> underlying <u>EBITDA</u>	Slight growth
Capex	Around €950m

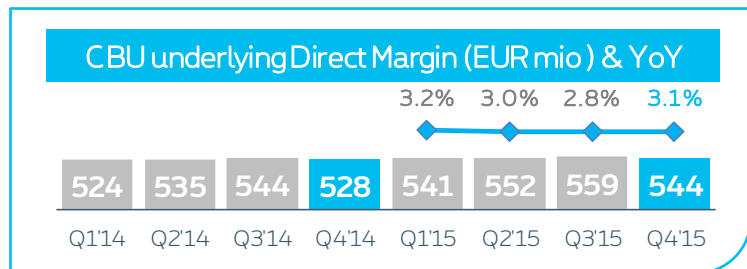
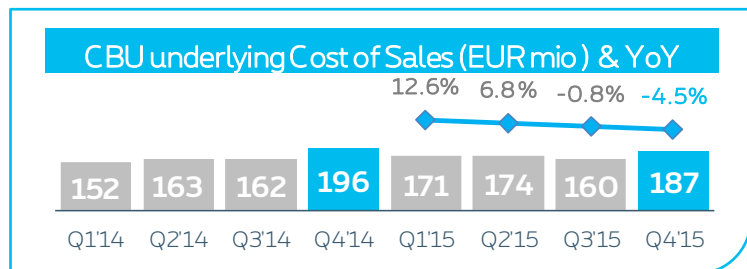
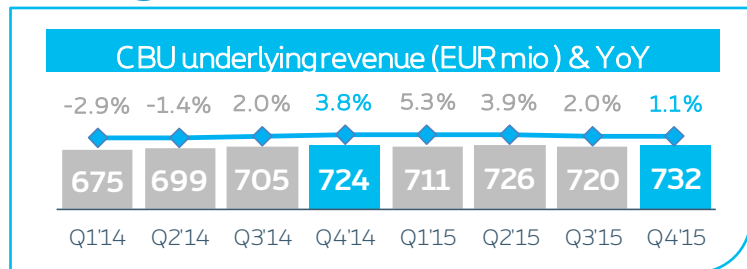
We expect to end 2016 with slightly growing Core revenue and Group EBITDA, in spite of the high comparable basis for BICS and the additional challenges that 2016 is expected to bring:

- Proximus will operate in a new competitive landscape in Belgium
- **Roam-Like-At-Home regulation**
  - Transitory period starting 30 April 2016.
  - Negative impact on Proximus' Revenue and EBITDA estimated at €-28M. Net impact expected to be lower due to positive elasticity on usage.

# Consumer results

Q4 2015

# CBU's underlying\* revenue growth leading to higher Direct margin



## Q4'15 - Good revenue progress from Fixed revenue and Tango

- Revenue from Fixed services up YoY by 4.1%.
- 21% less Mobile device sales vs. high comparable base.
- Mobile services revenue -0.4% YoY, driven by lower Prepaid revenue.
- Tango posted solid 13.8% YoY revenue growth, best quarter of 2015.

**FY'15 revenue totaled € 2,889 m, 3.0% higher YoY, driven by Fixed services, Mobile services and Tango.**

## Q4'15- Lower underlying CoS, -4.5% YoY

- CoS fluctuations for great part driven by level of Mobile device sales, which were limited in Q4'15 vs the high comparable base of Q4'14.

**FY'15 – CoS of € 692m, +3,0% YoY.**

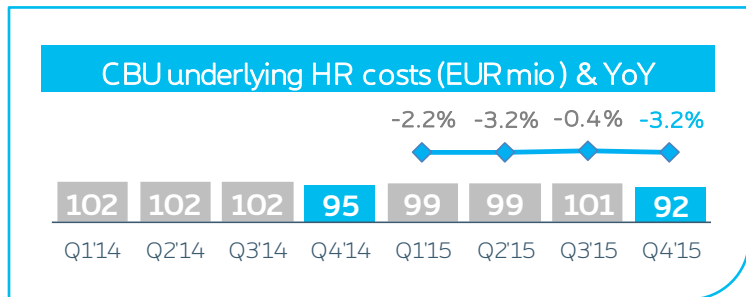
## Q4'15 underlying Direct Margin : + 3.1% YoY

- Revenue increase Fixed services.
- Direct Margin 74.4% of revenue, up +1.5p.p. YoY.

**FY'15 underlying segment direct margin totaled € 2,196m, +3.1% YoY.**

\* Adjusted for incidentals

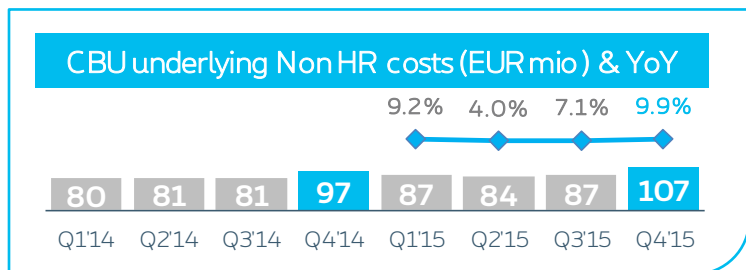
# CBU's Q4'15 segment result +2.9% YoY



## Lower Q4'15 underlying HR Costs

- Mainly the result of the lower personnel base.

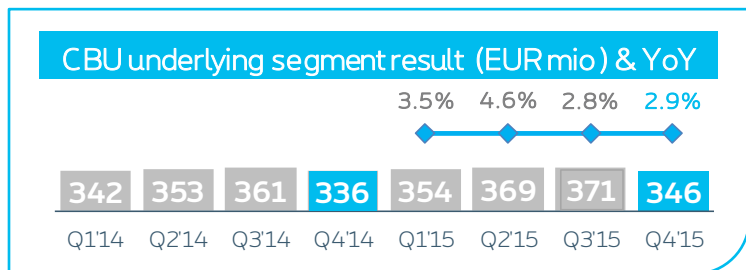
FY'15, HR expenses of € 391m, -2.2% YoY.



## Q4'15 underlying Non HR Costs : +9.9% YoY to € 107m

- Negative impact from a bad debt correction.
- Decoder migration.
- Other volume driven costs.

FY'15, non-HR expenses totaled € 365m, up 7.6%.



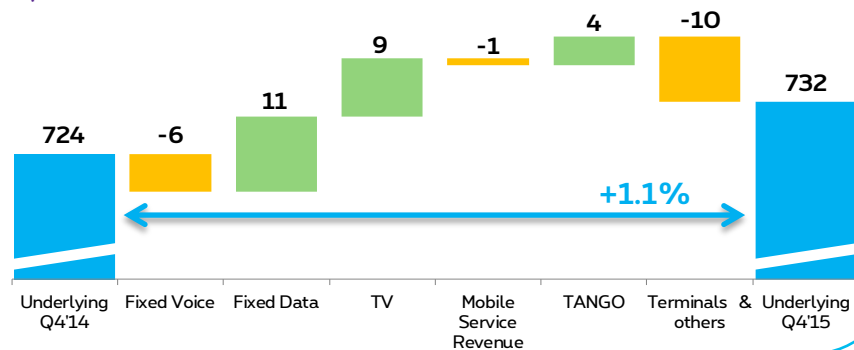
## Q4'15 underlying segment result: +2.9% YoY

- Segment contribution 47.2%, +0.9p.p. YoY.

FY'15, CBU's segment result was € 1,440m, +3.5% YoY.

# CBU's underlying\* revenue variance by product group

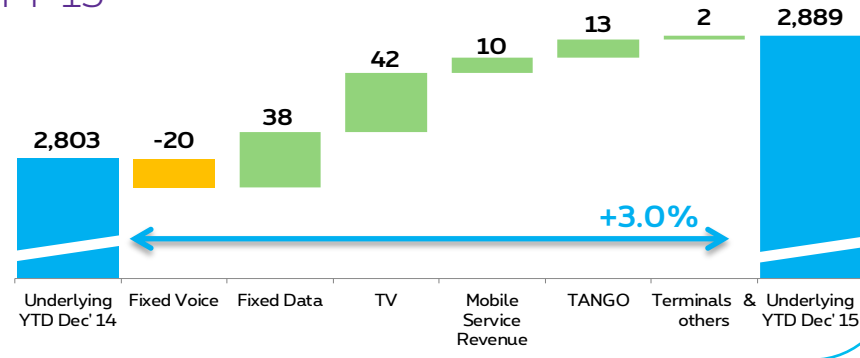
Q4'15



Q4'15 +1.1% YoY revenue increase

- Fixed services, up by 4.1% YoY.
- Less Mobile device sales, revenue -20.7% from high comparable base.
- Mobile services slightly lower (-0.4%) YoY, showing impact from lower Prepaid revenue. Postpaid growth mitigated by mobile Postpaid portfolio revamp mid-August.
- Tango +13.8% YoY, best quarter of 2015.

FY'15



FY'15 revenue €2,889 m, +3.0%.

- Fixed services, up by 4.2%
- Mobile services up by 1%.
- Tango's FY revenue increase by 11.1%.

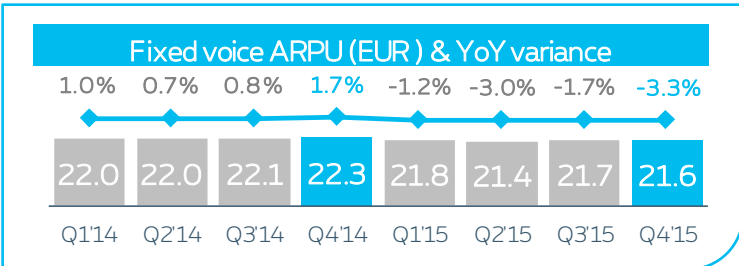
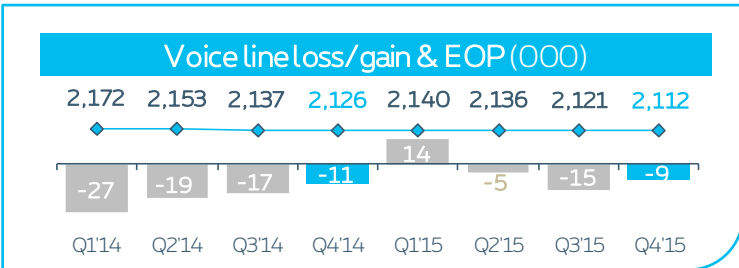
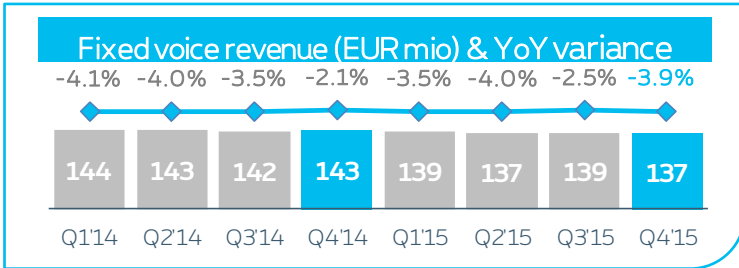
## Note

In line with Proximus' strategy, most products are sold through multi-play Packs. Therefore, the revenue and ARPU of standalone products are largely the result of the allocation of revenue and discounts to the respective products included in the Packs, as required by IFRS rules.



# Consumer – Fixed voice

Packs leading to contained line erosion, though lowering ARPU.



**Q4'15 revenue from Fixed voice totaled € 137m, - 3.9% YoY**

- Eroding Fixed Voice customer base
- Lower ARPU including Packs discount

**FY'15 Fixed voice revenue was € 552m , -3.5% YoY**

**Q4'15 Fixed line -9,000 lines; total of 2,112,000 lines**

- Contrary H1'15, no more migrations of former Snow customers to the Scarlet Trio offer.
- Line loss Q4'15 somewhat better than Q4'14 (-11,000) owing to both brands, Proximus and Scarlet, positively impacted by attractive year-end promotions and multi-play Packs.

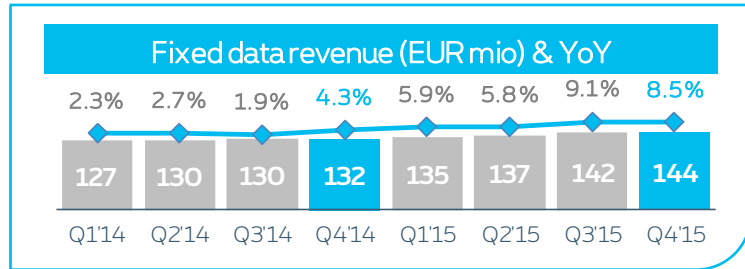
**Q4'15 ARPU-3.3% YoY to € 21.6, fairly stable to prior quarters**

- Increasing number of voice customers in multi-play Pack with customers benefitting from a discount.
- ARPU includes the 1 July 2015 price adjustments.

# Consumer – Fixed Internet

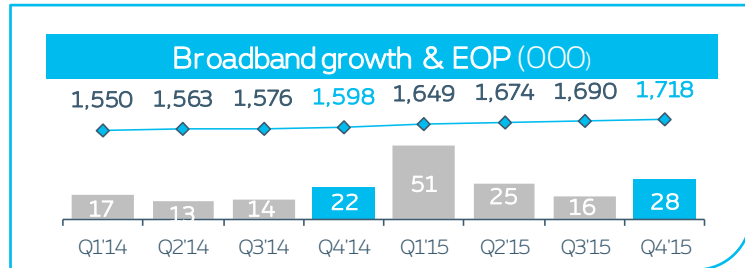


Fixed Internet revenue growth of +8.5%



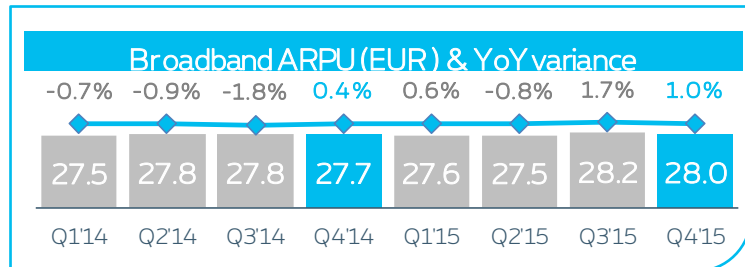
## Solid revenue growth, up 8.5% for Q4'15

- Driven by the growing customer base, up by 120,000 or +7.5% in one year
- Q4 ARPU up by 1.0% YoY



## Q4'15 Fixed Internet customer base grew with +28,000

- Proximus & Scarlet brands maintaining good growth
- Attractive year-end promotions and multi-play Packs



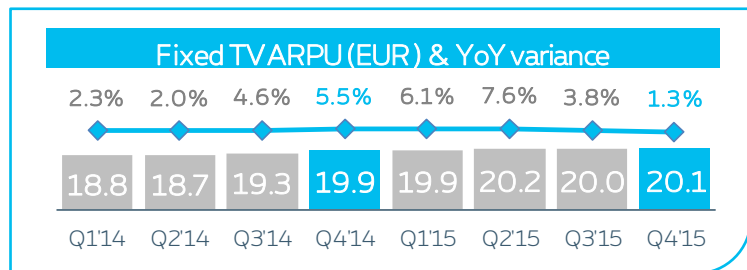
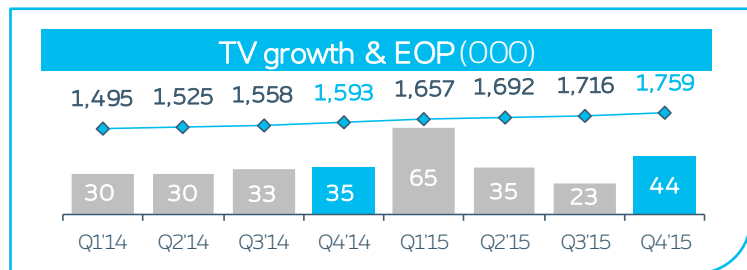
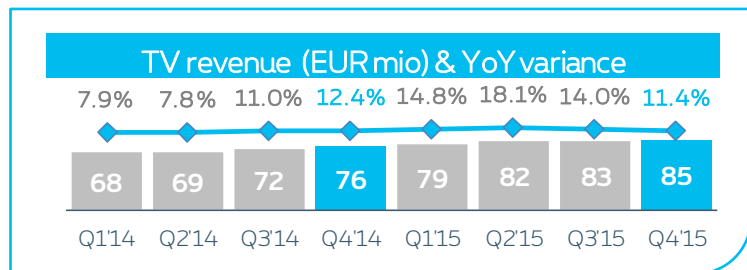
## Q4'15 ARPU of €28.0 +1.0% YoY

- Migration of Internet customers to multi-play Packs, at discounted pricing, was more than offset by higher prices for standalone Internet and “old “ Packs.

# Consumer - TV



Proximus and Scarlet brand growing TV base by 44,000 in the quarter



## Q4'15 revenue from TV totaled € 85m, +11.4% YoY

- Continued subscriber growth, with both the Proximus and Scarlet brand increasing their customer base
- Over 12 months, the total TV customer base grew by 167,000 or 10.5%

## +44,000 TV subscriptions in Q4'15

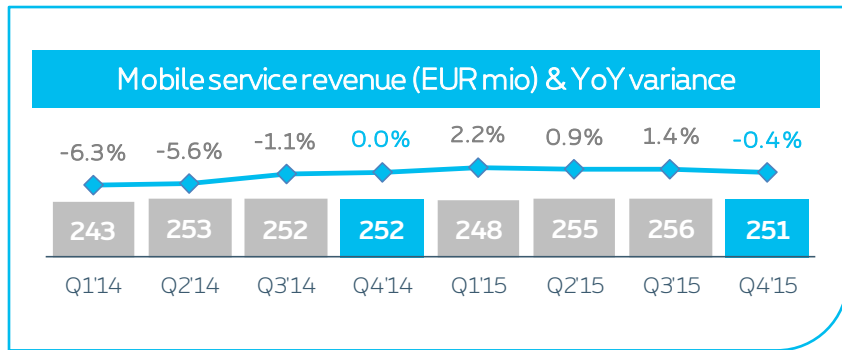
- End 15 total of 1,759,000 TV subscriptions
  - 1,414,000 single customers, +126,000 YoY or +9.8%
  - 345,000 multi-settop boxes
- Q4'15 Net Adds
  - +30,000 single TV customers, up from Q4'14 (+24,000)
  - +14,000 multi-settop boxes.

## Q4'15 TV ARPU up 1.8% YoY to € 20.1

- Increased uptake of TV options (Football,...), slightly offset by the TV Replay option which is offered for free in Packs as of July 2015
- Product ARPU results from allocation of Pack revenue (Proximus TV not sold in standalone)

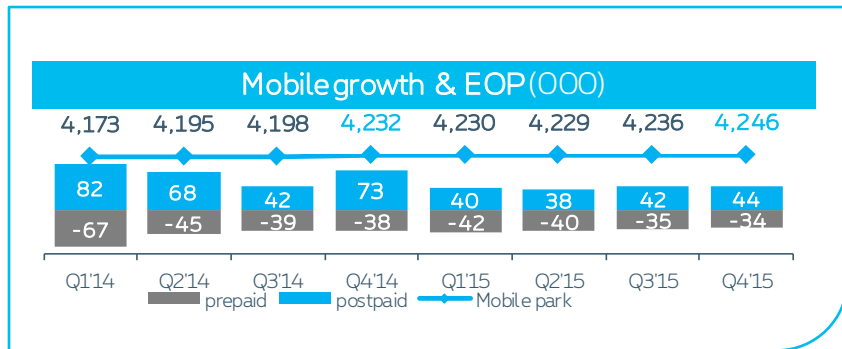
# Consumer – Mobile part 1

Solid 44,000 Postpaid net adds. Service revenue 0.4% lower driven by Prepaid



## Q4'15 revenue from Mobile services -0.4% YoY

- Solid growth in Postpaid revenue following greater customer base.
- Lower Prepaid revenue, due to lower base and a YoY decrease in sms usage

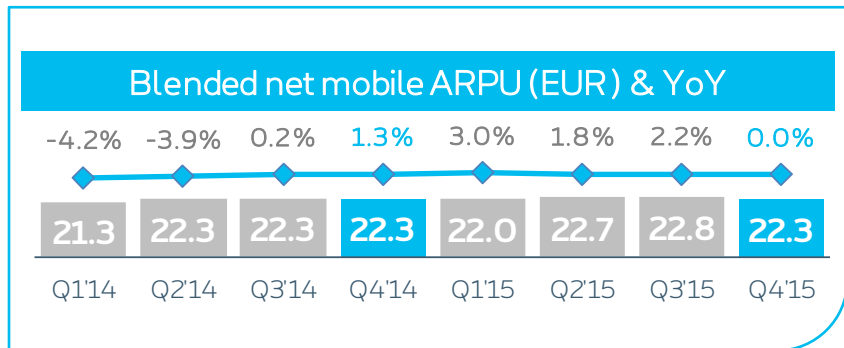


## Best mobile net adds in 2015, +10,000 in Q4'15

- Proximus' Postpaid Q4'15 churn level at 15.6%; -2.7pp YoY
- Q4'15 Postpaid customer base +44,000 cards, or +37,000 when excluding the Internet-Everywhere data cards
- Q4'15 Mobile Prepaid -34,000 cards

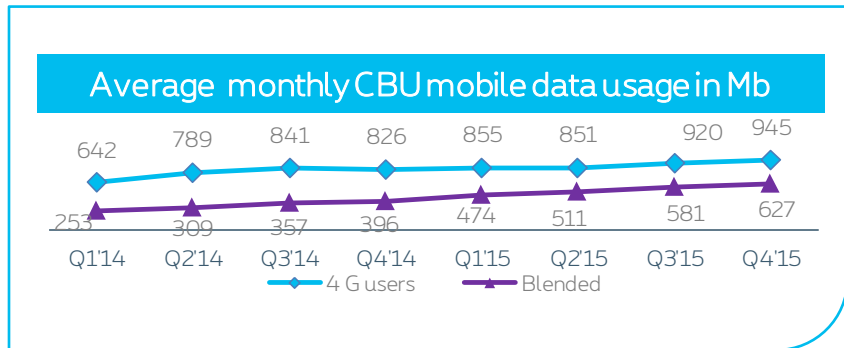
# Consumer – Mobile part 2

Blended ARPU stable YoY. Average Mobile data usage up by 58% YoY to 627Mb.



## Blended Mobile ARPU stable YoY at € 22.3

- Revamped mobile pricing mid-August '15 supports customer growth, but slightly lowered the Postpaid ARPU, down YoY by 0.6% to € 29.1.
- Prepaid ARPU - 14.9% YoY to € 10.0, mainly resulting from lower year-on-year SMS usage.



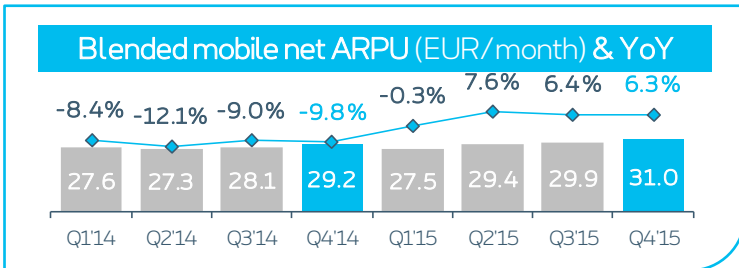
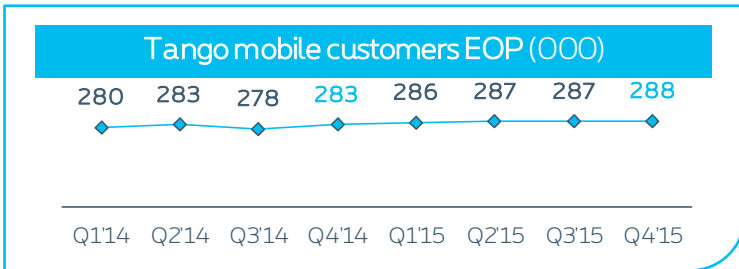
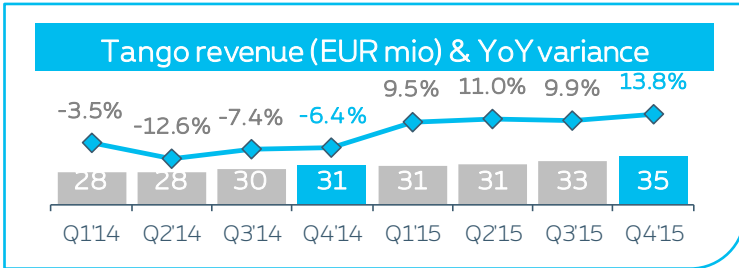
## CBU's Average Monthly data consumption per user :

- **Overall average** usage (3G & 4G devices) of **627Mb/month**, +58% YoY
- Average usage for **4G-devices** of **945Mb**, +14% YoY
- 4G devices >3.7 times more data consumption than non 4G.

# Tango Luxembourg



Double digit revenue growth continued on higher YoY customer base and ARPU



## Tango Q4'15 revenue of € 35m, +13.8% YoY

- Revenue increase resulting mainly from Mobile postpaid revenue, including offers dedicated to the needs of cross-border workers, and the growing smartphone subscriptions.

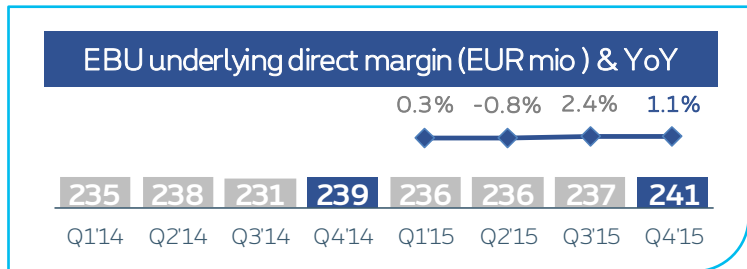
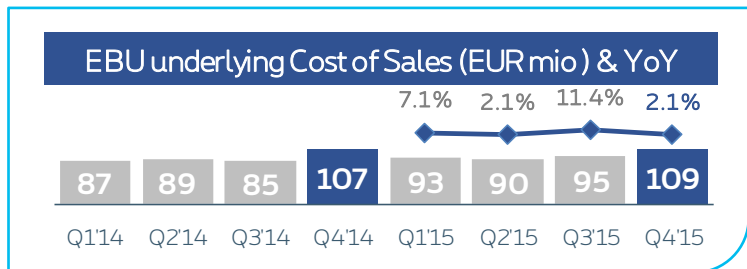
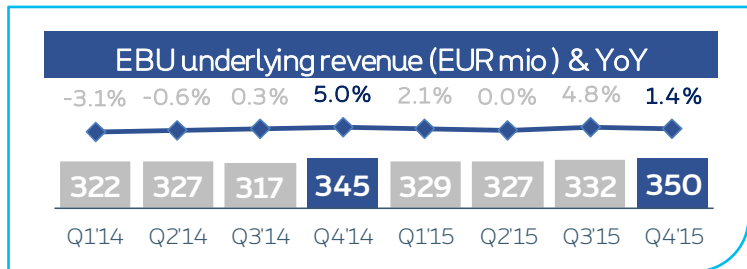
## Mix Mobile customer base improving

- Mobile customer base end Dec'15 of 288,000, a 1.7% increase YoY.
- In Q4'15 Tango had a Mobile postpaid growth of 3,000 cards, partially offset by 2,000 less prepaid cards.
- Tango sees its mobile customer mix improving to 74% Postpaid (+3.3 pp YoY).

# Enterprise results

Q4 2015

# EBU Direct Margin up by 1.1% on solid revenue from Mobile Services



## Q4'15 underlying revenue increasing 1,4% YoY

- Mobile services revenue +10.6% on low comparable basis
- Fixed Data +2.0% YoY.
- Partly offset by erosion of Fixed Line revenue (-3.8%).
- Fairly stable ICT revenue (-0.3% YoY).

**FY'15 underlying revenue totaled € 1,338m, +2.1% YoY.**

## Q4'15 underlying COS +2.1% YoY

- Increase YoY mainly due to higher ICT product sales.

**FY'15 CoS totaled € 388m, +5.4% YoY.**

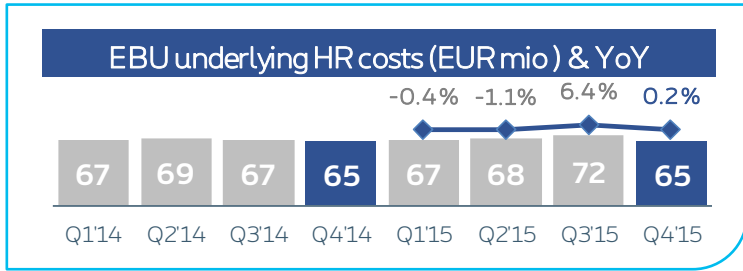
## Q4'15 Direct Margin : +1.1% YoY

- Improvement mainly attributable to the higher revenue from Mobile services.

**FY'15 underlying direct margin totaled € 950m, +0.7% YoY.**

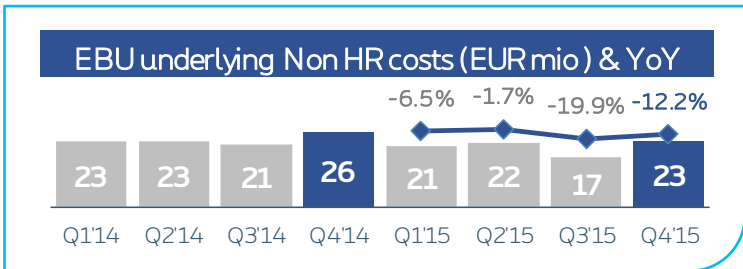


# EBU Q4'15 Segment result of € 153m, +3.9% YoY



## Stable underlying HR Costs for Q4'15

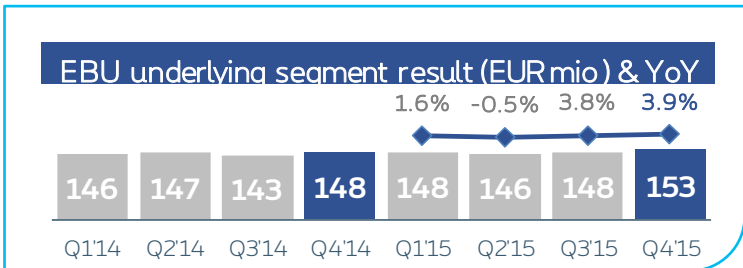
FY'15 HR expenses +1.3% YoY to € 272m due to higher personnel base for ICT International offset by lower FTE's for national.



## Lower Q4'15 underlying Non-HR Costs

- Efficiency gains.
- Positive bad debt variance.

FY'15 non-HR expenses totaled €83m, 10% lower YoY.

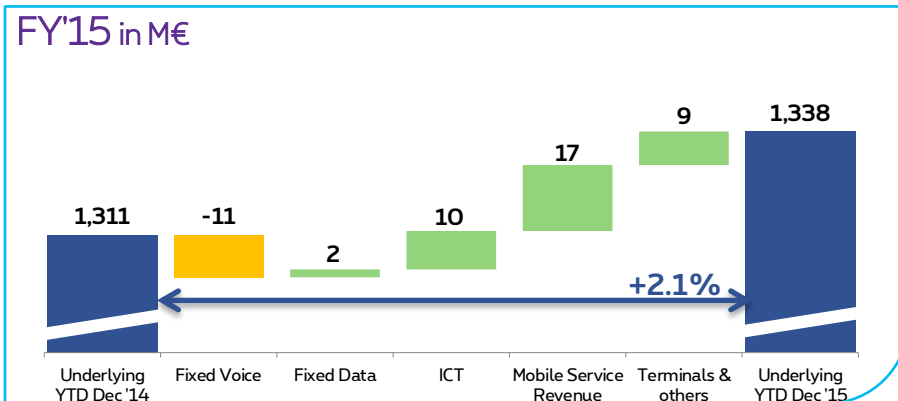
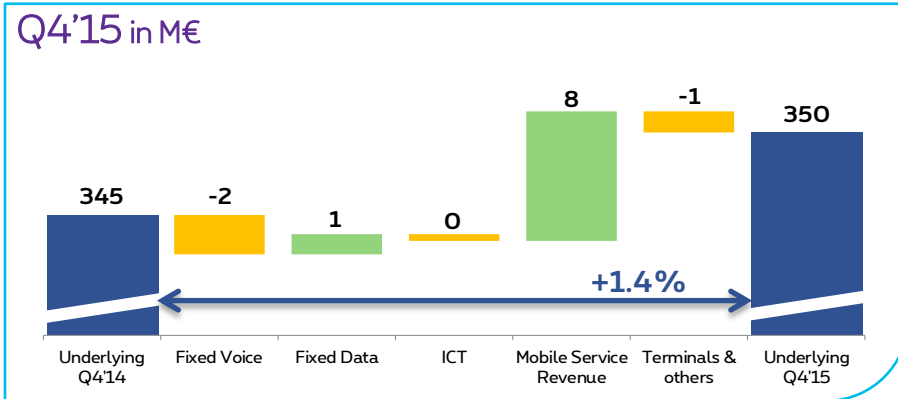


## Q4'15 underlying segment result of € 153m, +3.9% YoY

- Solid Q4 increase mainly resulted from higher Direct Margin, mainly driven by Mobile services.
- Lower operating costs.
- Underlying contribution margin was 43.8%, +1pp YoY.

FY'15 underlying segment result totaled € 596m, +2.2% YoY.

# EBU's underlying\* revenue variance per product group



## Q4'15 underlying revenue of EBU improved by 1.4% YoY to € 350m

- Strong quarter for Mobile Services, +10.6% from low comparable base, driven by a larger customer base and higher revenue from national and roaming data usage , while the yearly variance was no longer impacted by the EU Roaming regulation
- Revenue from Fixed Data too contributed to the growth, up by 2% YoY
- These favorable variances were in part offset by continued erosion in Fixed Voice revenue, and lower Mobile device sales
- ICT revenue for Q4'15 was € 127m, fairly stable vs. the high comparable base of Q4'14.

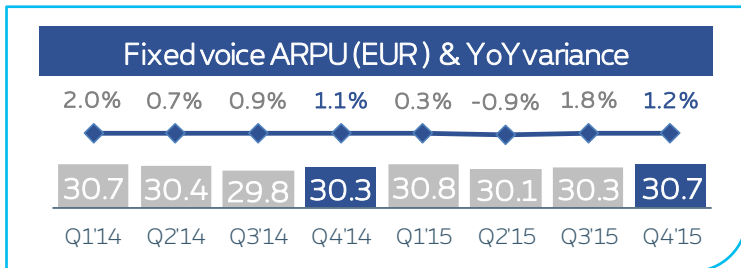
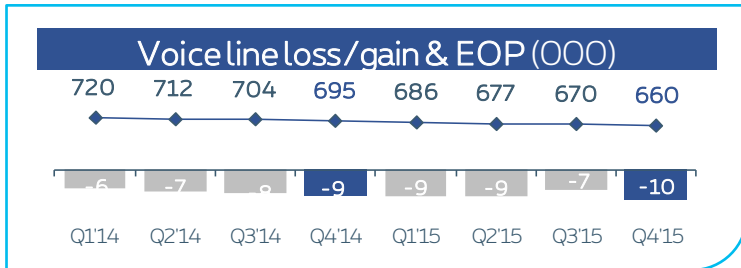
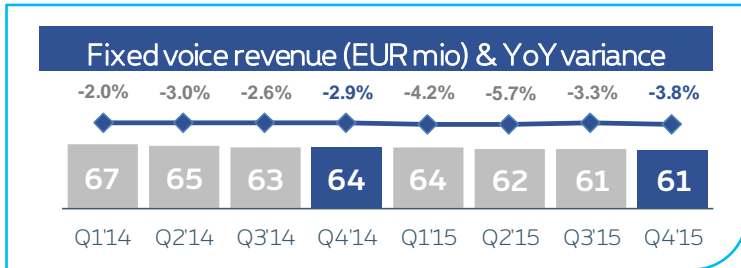
## FY'15 the underlying revenue from EBU totaled EUR 1,338 million, a 2.1% increase from 2014

This was largely driven by higher revenue from Mobile services, ICT and from Road User Charging (included in Other revenue).

\* Adjusted for incidentals, i.e. impact from divested companies. Total 2015 EBU reported revenue of € 1,338 million was 10.1% down versus € 1,487 million reported revenue of 2014.

# Enterprise – Fixed voice

## Fixed Voice revenue decline on erosion of Fixed Voice customer base



**Q4'15 revenue from Fixed voice totaled € 61m, - 3.8% YoY**

- Continued Fixed Voice line erosion.
- Technology migration to VoIP.
- Competitive pressure.

**FY'15 Fixed voice revenue totaled € 248m, -4.2% YoY**

### Continued Fixed line erosion

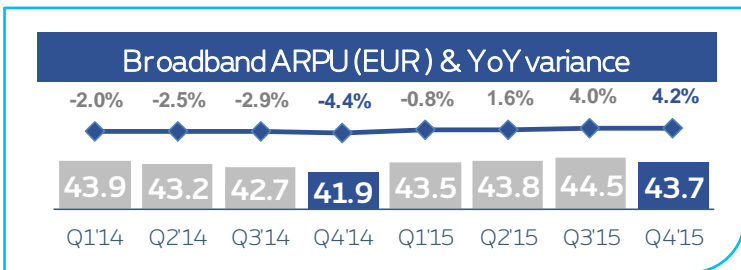
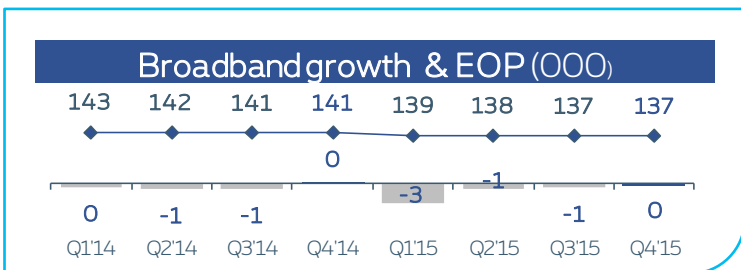
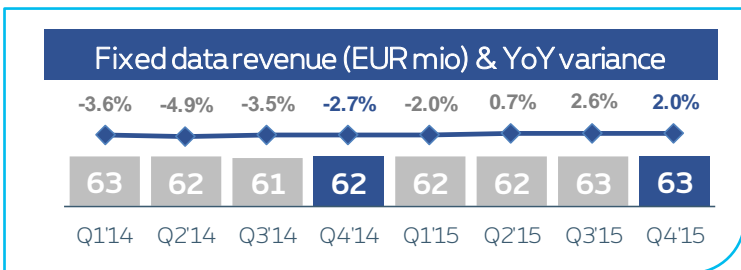
- Q4 Fixed Line erosion of 10,000 lines, resulting from continued rationalization, move to VoIP and competitive pressure.
- Total Fixed Voice Line customer base of 660,000 by end '15, i.e. a YoY decline of 5.0 %.

**Q4'15 ARPU up 1.2% YoY to €30.7**

- ARPU benefitting from price changes since 1 July 2015.

# Enterprise– Fixed Data

Q4 revenue up 2.0% YoY, driven by continued growth from data connectivity services



## Q4'15 Fixed data revenue of € 63m, +2.0 % YoY

- Favorable revenue trend from Data Connectivity services following roll-out of large customer projects on the Proximus Explore platform.
- Newly acquired large customers in the last quarter of 2015.
- Q4'15 Fixed Internet was slightly up on higher ARPU.

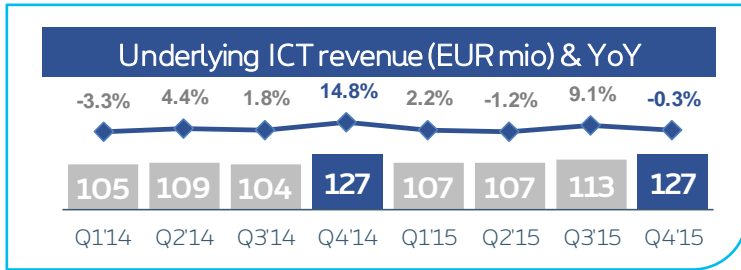
## FY'15 Fixed Data revenue of € 250m, +0.8% YoY

## Stable Fixed Internet base in Q4'15 Fixed Internet Total of 137,000 internet lines end'15

## Q4'15 ARPU of €43.7, +4.2% YoY

- ARPU increase reflecting the 1 July 2015 price adjustments.

# Enterprise Underlying\* ICT revenue



**EBU generated in Q4'15 € 127 m revenue from ICT, stable to the high comparable base of 2014.**

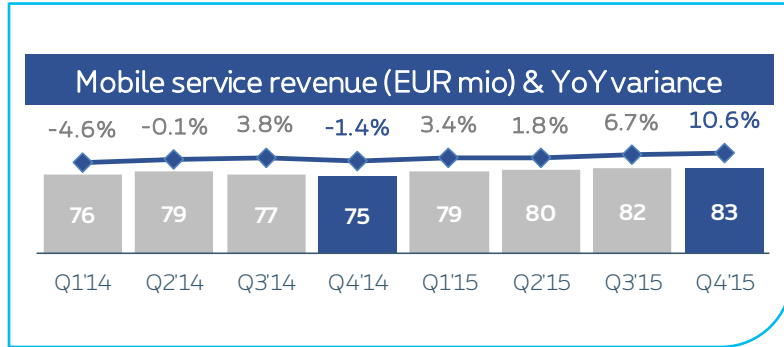
- Revenue remained fairly steady, though new orders in Q4'15 shifted the revenue mix to more revenue from Products while revenue from Services was reduced by some major terminated ICT contracts earlier this year.

**FY'15, EBU's ICT revenue totaled € 455m, +2.3% above 2014.**

\* Excluding impact from divestures : Telindus France in May 2014 and Telindus UK in December 2014

# Enterprise– Mobile part 1

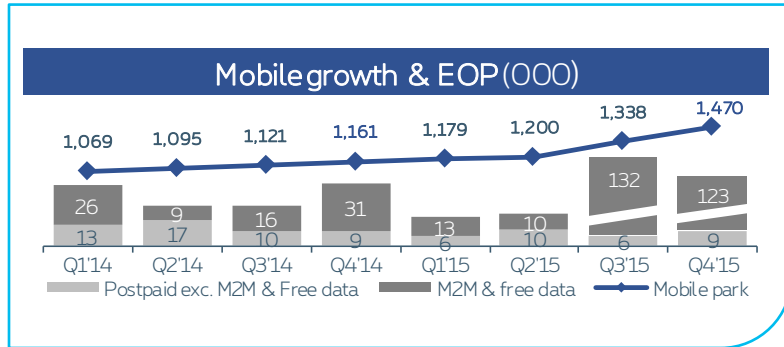
Service revenue growth on larger customer base ...



**Q4'15 revenue from Mobile services totaled € 83m, +10.6% YoY**

- Growing mobile customer base and solid ARPU increase.
- Regulated roaming rate cuts annualized on 1 July 2015.

**FY'15 underlying Mobile service revenue totaled € 324m, +5.6% YoY**



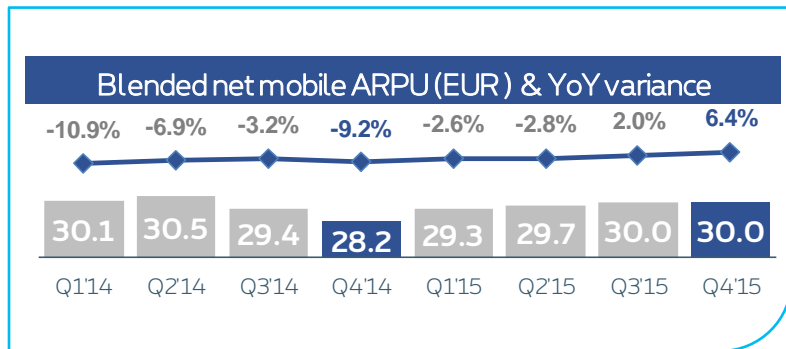
**Q4'15 Mobile base boosted by M2M**

- 9,000 Mobile Voice and paying data cards added in Q4'15.
- M2M park growth of 123,000 in Q4'15 (Road User charging)
- Park end 2015: 1,470,000 cards
  - Up 3.6%, M2M and Free data cards excluded
  - Up 26.7% in total.
- Postpaid churn remaining well under control at 10.3%

# Enterprise– Mobile part 2

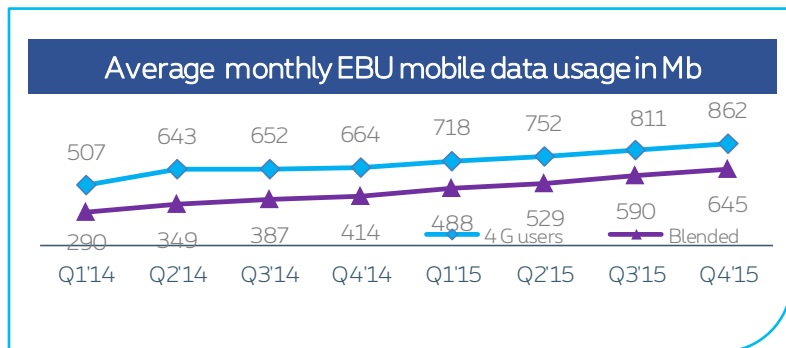


...and strong ARPU growth on higher data & roaming usage and improved tiering



## Blended Mobile ARPU up 6.4% YoY

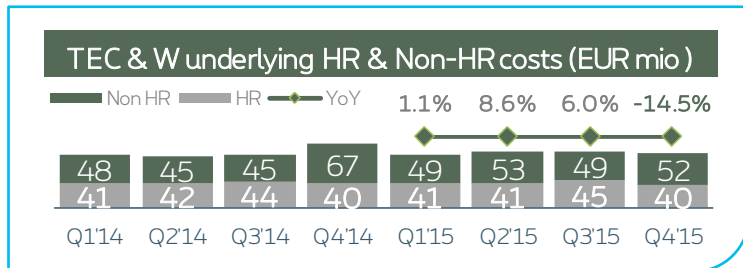
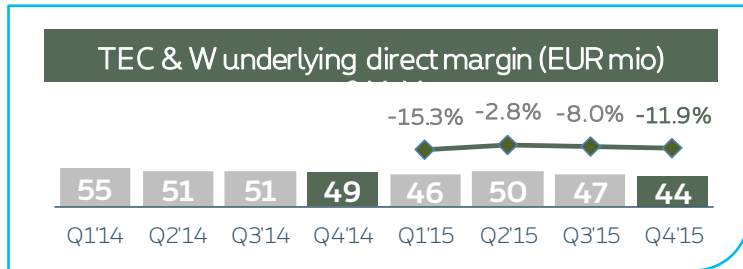
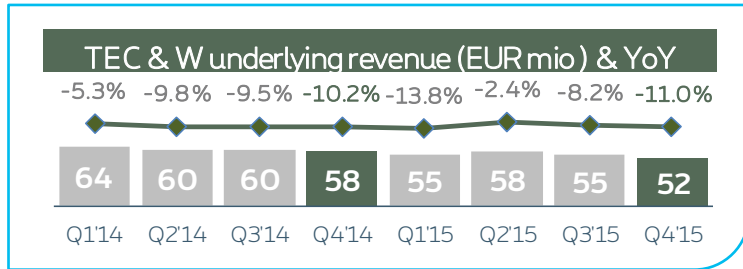
- Improved tiering and data consumption.
- Uptake of Roaming options.
- While no additional roaming regulation impact.



## EBU's Average Monthly data consumption per user of data:

- Overall average usage (3G and 4G devices) 645Mb/month, +56% YoY.
- Average usage for 4G-devices of 862Mb/month, up 30% YoY1;
- Customers with 4G devices have nearly 3 times higher data consumption than non 4G.

# Technology & Wholesale



## Q4'15 revenue totaled € 52m, -11.0% YoY

- Lower volumes from traditional wholesale business.
- Impact from the outphasing of SNOW customers following the decision of BASE to stop their Fixed triple-play offer, however largely compensated for through Scarlet.

## FY'15 revenue totaled € 220m, -8.9% YoY

## Q4'15 direct margin €44m, -11.9% YoY

- In line with the revenue evolution the direct margin decreased YoY by € 5m or -11.9%.

## FY'15 direct margin of € 186m, -9.6%

## Q4'15 HR stable YoY; Non-HR exp. -22.8% or €-15m

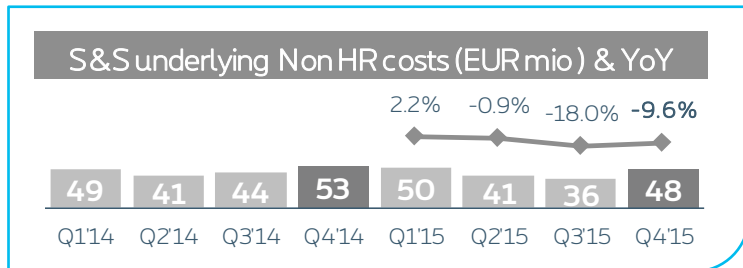
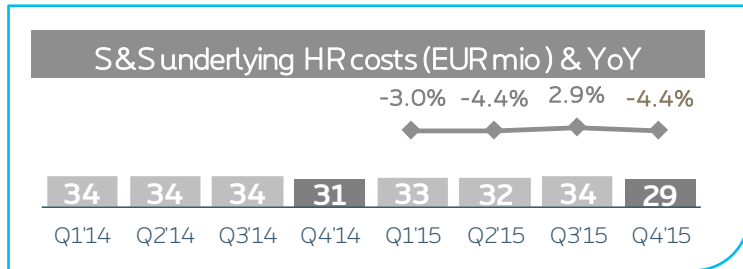
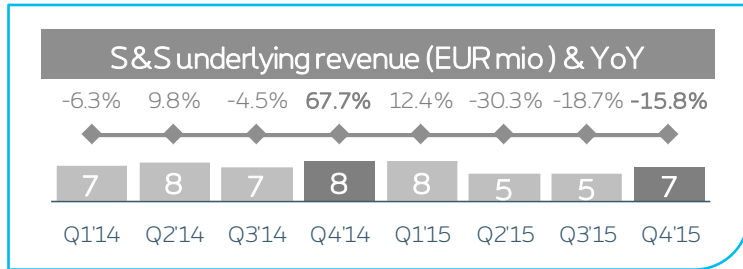
- Favorable timing impact from provisioned Walloon Region Pylon tax, booked in its entirety in Q4'14, whereas it was spread over 2015.
- Benefit from going cost optimization projects.

## FY'15 total Expenses were 0.4% down YoY to € 370m.

Cost optimization benefit partly offset by higher tax provisions.



# Staff & Support P&L



**Q4'15 revenue totaled € 7m.**

**Q4'15 HR expenses € 29m, -4.4% YoY** as a result of lower YoY headcount and provision updates.

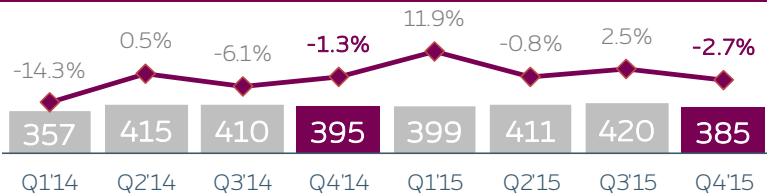
**Q4'15 Non-HR expenses € 48m, -9.6% YoY** with a high comparable base linked to Q4'14 negative impact of €4 m from the re-measurement to fair value of financial instruments related to commodities.

# BICS – Underlying quarterly P&L – Part 1



Firm Direct Margin of € 65m +4.7% YoY on volume effect for Mobile data

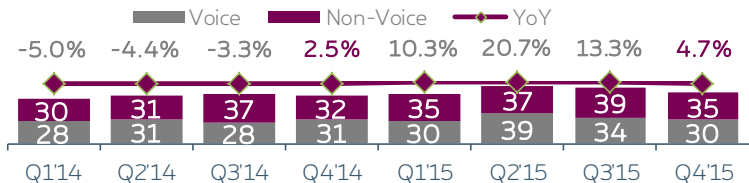
## BICS underlying revenue (EUR mio) & YoY variance



## Q4'15 revenue totaled € 385, -2.7% YoY

- Decrease driven by less voice volumes, with Voice revenue decreasing by 5.4% YoY, including a positive currency impact.
- This was partly offset by growth in non-Voice revenue, up +13.1% YoY.

## BICS Direct Margin (in EUR mio)



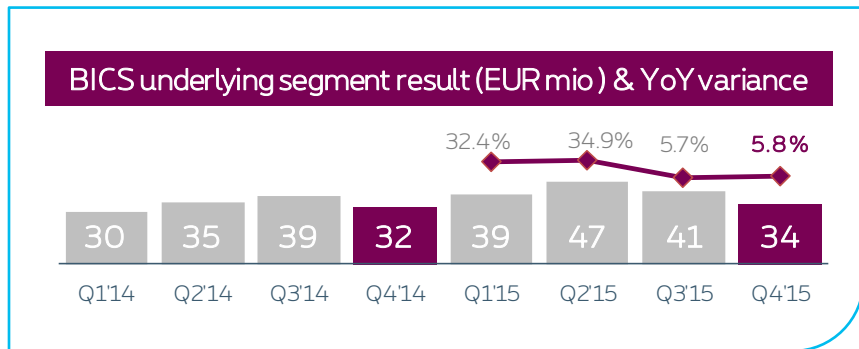
## Q4'15 Direct margin € 65m, +4.7% YoY

- Direct Margin from Non-Voice grew 9.5%, benefitting from Mobile Data volume and USD impact while Voice margin remained flat.

# BICS – Underlying quarterly P&L – Part 2

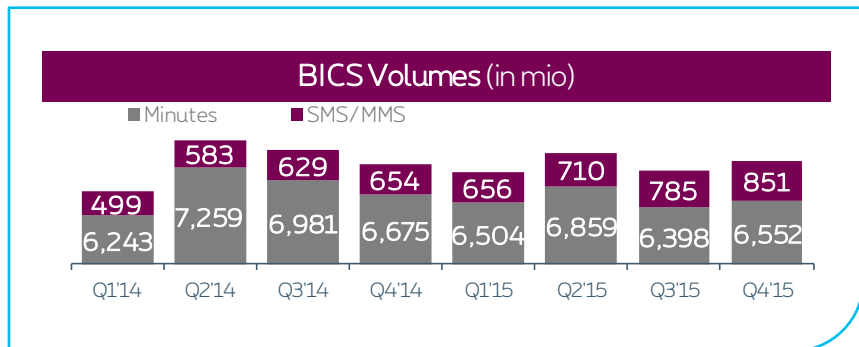


Segment result up by 5.8% with margin rising 0.7pp to 8.7%



## Q4'15 segment result of €34m, up 5.8%

- Increase in Direct Margin in part offset by higher expenses.
- Q4'15 expenses up mainly on HR expenses (FTE and results driven), offset by a decrease in Non-HR on positive Forex and decreased bad debt provision.
- EBITDA margin of 8.7% vs. 8.0% for Q4'14.











## In Q4'15 BICS handled

- **6,552m** minutes, **-1.9%** YoY.
- Non-Voice volumes, **+ 30.1%** YoY.

# Additional information







- Pricing
  - Packs
  - Mobile
  - Fixed
- Regulation
- Network & IT
- Spectrum: ownership & usage
- Shareholder structure & remuneration
- Headcount evolution

# PACK Internet +TV + Mobile (@ €15 and €45 price point)

		Scarlet				Proximus				
	Internet	<b>Trio</b>	Pack Start	Pack Comfort	Pack Maxi		Internet	Internet Start	Internet Comfort	Internet Maxi
	30 Mbps/4 Mbps unlimited volume		60 Mbps/4 Mbps 150 GB 10 GB PXS Cloud 100 MB MI	100 Mbps/6 Mbps unlimited volume 10 GB PXS Cloud 500 MB MI	100 Mbps/8 Mbps unlimited volume 10 GB PXS Cloud 2 GB MI		30 Mbps/4 Mbps unlimited volume	60 Mbps/4 Mbps 150 GB 10 GB PXS Cloud 100 MB MI	100 Mbps/6 Mbps unlimited volume 10 GB PXS Cloud 500 MB MI	100 Mbps/8 Mbps unlimited volume 10 GB PXS Cloud 2 GB MI
	decoder cable fee incl VoD		decoder no cable fee VoD TV Replay	decoder no cable fee VoD TV Replay On all your screens	decoder no cable fee VoD TV Replay On all your screens Bouquet Multi		decoder cable fee incl VoD	decoder no cable fee VoD TV Replay	decoder no cable fee VoD TV Replay On all your screens	decoder no cable fee VoD TV Replay On all your screens Bouquet Multi
	Red + MI boost at 5€		Smart+ 15	Smart+ 15	Smart+ 15		Chili + MI boost at € 5	Smart+ 45	Smart+ 45	Smart+ 45
	150 min		120 min	120 min	120 min		1.000 min	unlimited min	unlimited min	unlimited min
	1.000 sms		unlimited sms	unlimited sms	unlimited sms		5.000 sms	unlimited sms	unlimited sms	unlimited sms
	1,05 GB		1 GB	1 GB	1 GB		2 GB	4 GB	4 GB	4 GB
	-		-	-	-		-	-	-	-
	-		-	-	-		-	-	-	-
<b>Monthly fee</b>	<b>52.00 EUR</b>		61.95 EUR	67.95 EUR	78.95 EUR	<b>72.00 EUR</b>	86.95 EUR	94.95 EUR	105.95 EUR	
Activation	<b>50.00 EUR</b>					<b>50.00 EUR</b>				
Installation	<b>99.00 EUR</b>		59.00 EUR	59.00 EUR	59.00 EUR	<b>99.00 EUR</b>	59.00 EUR	59.00 EUR	59.00 EUR	
	free calls FtF off-peak						free calls FtF off-peak			

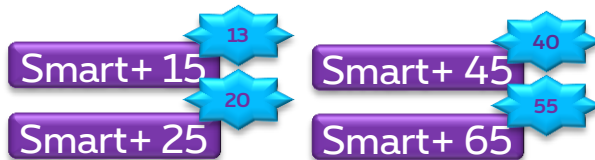
# PACK Internet + TV + Fixed Voice + Mobile

3-Play

Pack Comfort	Pack Maxi
<p> <b>Internet Comfort</b></p> <ul style="list-style-type: none"><li>• Internet indoors and on the <a href="#">Wi-Fi Hotspots<sup>4</sup></a>: <b>unlimited<sup>1</sup></b></li><li>• Download speed: <b>100 Mbps<sup>3</sup></b></li><li>• Upload speed: <b>6 Mbps<sup>3</sup></b></li></ul> <p>› Check the Internet surfing speed at your home</p> <ul style="list-style-type: none"><li>• <b>500 MB<sup>2</sup> mobile internet on your tablet</b> via 3G/4G</li><li>• <a href="#">Cloud</a> storage volume : 10 GB</li></ul>	<p> <b>Internet Maxi</b></p> <ul style="list-style-type: none"><li>• Internet indoors and on the <a href="#">Wi-Fi Hotspots<sup>4</sup></a>: <b>unlimited<sup>1</sup></b></li><li>• Download speed: <b>100 Mbps<sup>3</sup></b></li><li>• Upload speed: <b>8 Mbps<sup>3</sup></b></li></ul> <p>› Check the Internet surfing speed at your home</p> <ul style="list-style-type: none"><li>• <b>2 GB<sup>2</sup> mobile internet on your tablet</b> via 3G/4G</li><li>• <a href="#">Cloud</a> storage volume : 10 GB</li></ul>
<p> <b>Proximus TV<sup>5</sup></b></p> <ul style="list-style-type: none"><li>• Watch TV whenever you want thanks to <a href="#">TV Replay</a></li><li>• On all your screens</li></ul>	<p> <b>Proximus TV<sup>5</sup></b></p> <ul style="list-style-type: none"><li>• Watch TV whenever you want thanks to <a href="#">TV Replay</a></li><li>• On all your screens</li><li>• <a href="#">Multi package</a>: more than 40 extra channels for the whole family</li></ul>
<p> <b>Fixed Telephony</b></p> <p><b>Free calls<sup>6</sup></b> on evenings and weekends from your fixed line to :</p> <ul style="list-style-type: none"><li>• <b>Fixed and mobile numbers in Belgium</b></li><li>• Fixed lines <b>in 39 countries</b></li></ul>	<p> <b>Fixed Telephony</b></p> <p><b>Free calls<sup>6</sup></b> on evenings and weekends from your fixed line to :</p> <ul style="list-style-type: none"><li>• <b>Fixed and mobile numbers in Belgium</b></li><li>• Fixed lines <b>in 39 countries</b></li></ul>
<p><b>€63.95</b> /month (incl. VAT)</p>	<p><b>€74.95</b> /month (incl. VAT)</p>

+

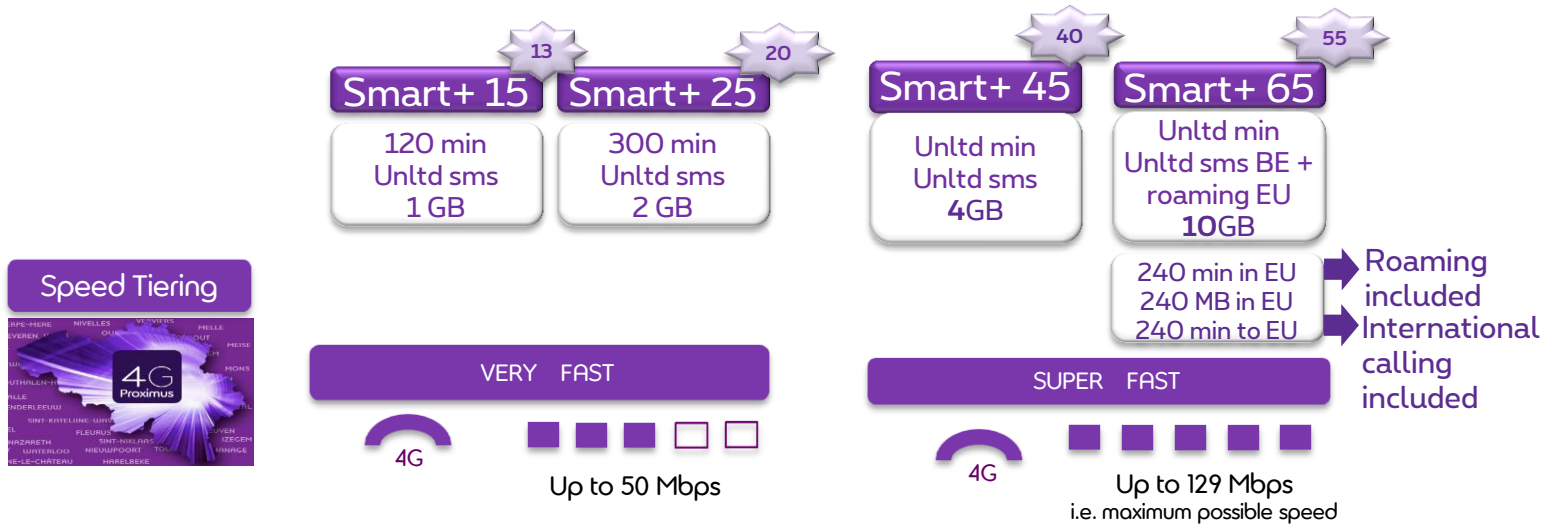
Mobile subscription @ discount



**4-Play** Comfort Pack + Smart 15 at **€ 76.95** /month

# POSTPAID portfolio - RESIDENTIAL

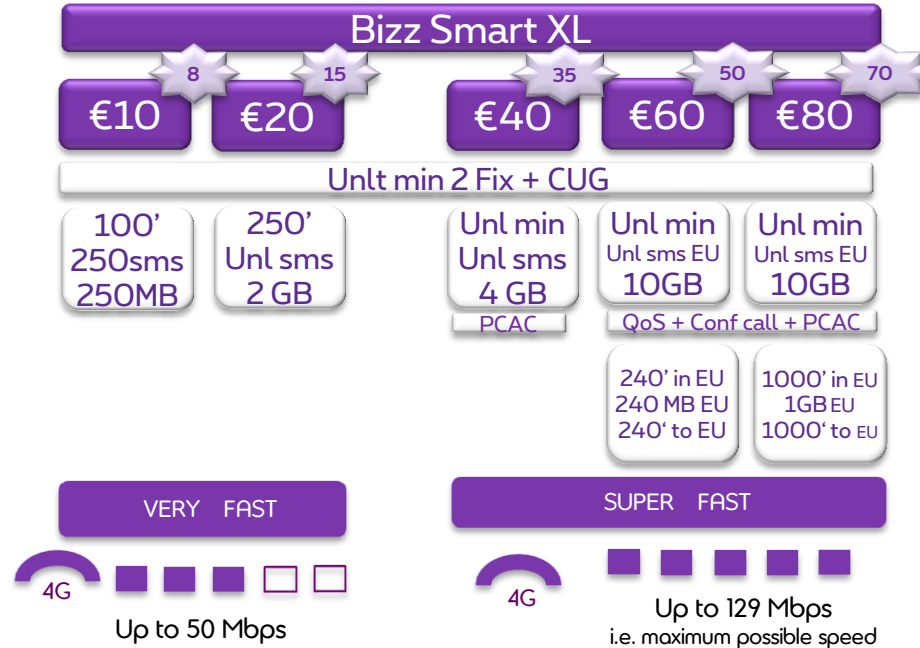
Prices are incl. VAT



 = reduced price in Pack

# POSTPAID portfolio - SE

Prices are excl. VAT



 = reduced price in Pack

PCAC = Proximus Calls to all countries = advantageous rates for international calling  
CUG = Closed User Group



# PREPAID offer

## Pay & Go Max

€ 0.30 / min  
 € 0.12 / SMS  
 € 0.25 / MMS  
 € 0.5/MB

- ✓ For each reload, you get a bundle
- ✓ The bundle is valid for 31 days

### PG Max -reload

15

90 min  
Unltd sms  
500MB

25

150 min  
Unltd sms  
1,5 GB

50

360 min  
Unltd sms  
2GB

Double data

15

90 min  
Unltd sms  
1 GB

25

150 min  
Unltd sms  
3GB

50

360 min  
Unltd sms  
4GB

## Pay & Go Smart

€ 0.50 / min Peak  
 € 0.25 / min OffPeak  
 € 0.12 / SMS Peak  
 € 0.08 / SMS OffPeak  
 € 0.25 / MMS  
 € 0.5/MB

For each reload you get: your reload amount in credit and a bonus

### PG Smart -reload

10

Unltd sms  
(off peak)  
100MB

15

Unltd sms  
250MB

25-50

Unltd sms  
500MB

10

Unltd sms  
(off peak)  
200MB

15

Unltd sms  
500MB

25-50

Unltd sms  
1 GB

## Pay & Go Easy

€ 0.27 / min  
 € 0.12 / SMS  
 € 0.25 / MMS  
 € 0.5/MB

For each reload you get: your reload amount in credit and a bonus

### PG Easy -reload

10

30 min ATAN  
OR 150 min  
P2F

15

60 min ATAN  
OR 600 min  
P2F













25/50

90/200 Min  
ATAN  
OR unltd P2F



reload

# INTERNET standalone

Start	Comfort	Maxi
<p><b>€27.50 /month</b></p> <p> <b>Fixed Internet</b></p> <ul style="list-style-type: none"><li>• 100GB/month<sup>1</sup> (to be used at home or on the <a href="#">Wi-Fi Hotspots</a>)</li><li>• Maximum download speed: 50 Mbps<sup>2</sup></li><li>• Maximum upload speed: 4 Mbps</li></ul> <p>» Check your Internet surfing speed at home</p> <p> <b>Mobile Internet</b></p> <p><b>3G or 4G volume in Belgium<sup>4</sup>:</b></p> <ul style="list-style-type: none"><li>• 50 MB/month</li><li>• €0,10/extra MB</li><li>• Download speed<sup>2</sup>: 21 Mbps</li><li>• Upload speed: 2 Mbps</li></ul> <p><b>Wi-Fi Hotspots, in partnership with Fon:</b></p> <ul style="list-style-type: none"><li>• Deducted from the fixed Internet volume</li><li>• More than 1 million hotspots in Belgium</li><li>• 17 million hotspots abroad</li></ul> <p> <b>Cloud</b></p> <ul style="list-style-type: none"><li>• 10 GB storage volume</li></ul> <p> <b>eMail</b></p> <ul style="list-style-type: none"><li>• 1 mailbox x 5 aliases</li></ul>	<p><b>€38.95 /month</b></p> <p> <b>Fixed Internet</b></p> <ul style="list-style-type: none"><li>• 150GB/month<sup>1</sup> (to be used at home or on the <a href="#">Wi-Fi Hotspots</a>)</li><li>• Maximum download speed: 70 Mbps<sup>2</sup></li><li>• Maximum upload speed: 5 Mbps</li></ul> <p>» Check your Internet surfing speed at home</p> <p> <b>Mobile Internet</b></p> <p><b>3G or 4G volume in Belgium<sup>4</sup>:</b></p> <ul style="list-style-type: none"><li>• 100 MB/month<sup>3</sup> (3G/4G)</li><li>• €0,10/extra MB</li><li>• Download speed<sup>2</sup>: 21 Mbps</li><li>• Upload speed: 2 Mbps</li></ul> <p><b>Wi-Fi Hotspots, in partnership with Fon:</b></p> <ul style="list-style-type: none"><li>• Deducted from the fixed Internet volume</li><li>• More than 1 million hotspots in Belgium</li><li>• 17 million hotspots abroad</li></ul> <p> <b>Cloud</b></p> <ul style="list-style-type: none"><li>• 10 GB storage volume</li></ul> <p> <b>eMail</b></p> <ul style="list-style-type: none"><li>• 4 mailboxes x 5 aliases</li></ul>	<p><b>€48.20 /month</b></p> <p> <b>Fixed Internet</b></p> <ul style="list-style-type: none"><li>• <b>Unlimited volume<sup>1</sup></b> (to be used at home or on the <a href="#">Wi-Fi Hotspots</a>)</li><li>• Maximum download speed: 70 Mbps<sup>2</sup></li><li>• Maximum upload speed: 6 Mbps</li></ul> <p>» Check your Internet surfing speed at home</p> <p> <b>Mobile Internet</b></p> <p><b>3G or 4G volume in Belgium<sup>4</sup>:</b></p> <ul style="list-style-type: none"><li>• 250 MB/month<sup>3</sup> (3G/4G)</li><li>• €0,10/extra MB</li><li>• Download speed<sup>2</sup>: 21 Mbps</li><li>• Upload speed: 2 Mbps</li></ul> <p><b>Wi-Fi Hotspots, in partnership with Fon:</b></p> <ul style="list-style-type: none"><li>• Deducted from the fixed Internet volume</li><li>• More than 1 million hotspots in Belgium</li><li>• 17 million hotspots abroad</li></ul> <p> <b>Cloud</b></p> <ul style="list-style-type: none"><li>• 10 GB storage volume</li></ul> <p> <b>eMail</b></p> <ul style="list-style-type: none"><li>• 6 mailboxes x 5 aliases</li></ul>

Higher speed when included in Pack

Value increases when included in Pack

# TV – provide customers easy access to a wide range of content

➤ Easy access to **NETFLIX** via the Proximus TV decoder

➤ TV Replay **free** in packs



➤ Attractive sports offering with national and foreign football competitions and international sports.

➤ Agreement with ELEVEN SPORTS NETWORK, adding 2 new sports channels Eleven and Eleven Sports including



## Personalize your Proximus TV for all family needs

TV Replay +

€5 /month



Thanks to TV Replay, you'll never be too late for your favorite TV program! You can go back up to 36 hours in the program grid, with TV Replay+ you can also fast forward in delayed program viewing.

Movies & Series Pass

€9.95 /month



You are a fan of movies and series? For a fixed amount per month you have anytime access to an extensive range of movies (more than 400 per year) in a specific on-demand catalog and to the "M&S" channel which offers a large variety of programs.

Multi package

€14.95 /month



With the Multi package, you'll make them all happy. A selection of the best of our channel packages for the whole family: children's programs, top movies and TV series, nature documentaries, music and cultural programs, etc.

### All Foot

€14,95 /month

First month free of charge

The best of Belgian and International football and International sports:

Proximus 11  
+  
Proximus 11+

### Proximus 11

€9,95 /month

Belgian football:

All the matches of the Jupiler Pro League

### Proximus 11+

€9,95 /month

International football:

- UEFA Champions League
- Portuguese Liga
- Spanish Liga
- Serie A
- Ligue 1
- FA Cup & Scottish Premier League
- & even more football

International sports:

- Tennis
- International volleyball and basketball
- Cycling
- Formula E

### Free football

Free of charge

The best matches of the Proximus League

+ Belgian club channels:  
Anderlecht, Bruges and Charleroi

# No frills brand



## Positioning Scarlet as no frills brand, with very attractive pricing for 'price seekers'

### Postpaid

#### Red

€ 8

150 min  
1000 SMS  
50 MB

€ 0.16 / minute  
€ 0.07 / SMS  
€ 0.20 / MMS  
€ 0.03 / MB

#### Hot

€ 18

500 min  
2000 SMS  
500 MB

€ 0.16 / minute  
€ 0.07 / SMS  
€ 0.20 / MMS  
€ 0.03 / MB

#### Chili

€ 28

1000 min  
5000 SMS  
1 GB

€ 0.16 / minute  
€ 0.07 / SMS  
€ 0.20 / MMS  
€ 0.03 / MB

### Prepaid

#### Reload 8

€ 8

Bonus :  
100 min to  
Scarlet mobile  
100 SMS


€ 0.10 / minute  
€ 0.04 / SMS  
€ 0.10 / MB

#### Reload 15

€ 15

Bonus :  
Unlimited to Scarlet  
Mobile  
1000 SMS

€ 0.10 / minute  
€ 0.04 / SMS  
€ 0.10 / MB

**NEW**  
**Boost internet!**  on   
Ajoutez 1 GB\* pour 5 € par mois

## scarlet Trio

### TV + Fix + Internet

€ 39 / month

TV: ~30 channels  
+  
Fixed Voice line: Free calls to fix Off Peak  
+  
Internet: Unlimited volume  
Down 30 Mbps  
Up 4 Mbps

# Regulation - 1

## Estimated negative impact on YoY variance

		2015 (First 6 months)	2016 (as of May'16)
Roaming	Revenue	€ -13m	€ -28m
	EBITDA	€ -13m	€ -28m
MTR	Revenue	€ -1m	
	EBITDA	€ -1m	
<b>Total</b>	<b>Revenue</b>	<b>€ -14m</b>	<b>€ -28m</b>
	<b>EBITDA</b>	<b>€ -14m</b>	<b>€ -28m</b>

**Definition:** Volumes of year-1 multiplied by the price decrease as set by the regulator. 2015 estimated impact re-calculated accordingly.

As for **national regulation**, the draft decisions on FTR and MTR are not yet final. It is however expected that there will be an additional though limited negative impact on Proximus' Margin when the new rates are adopted.

## 2015

Regulated Roaming rates negatively impacted Proximus' 2015 revenue and EBITDA year-on-year variance in the first semester of 2015. As these measures annualized, there was no additional impact as from July 2015 onwards.

## 2016

Transitory period towards **Roam-like-at Home:**

- From 30 April 2016 until 14 June 2017.
- Operators will be able to apply a surcharge up to the current regulated wholesale rates.
- For calls received, the (retail) price was set by the Commission at 1.14 eurocent/min. (calculated based the weighted average of maximum mobile termination rates across the EU).

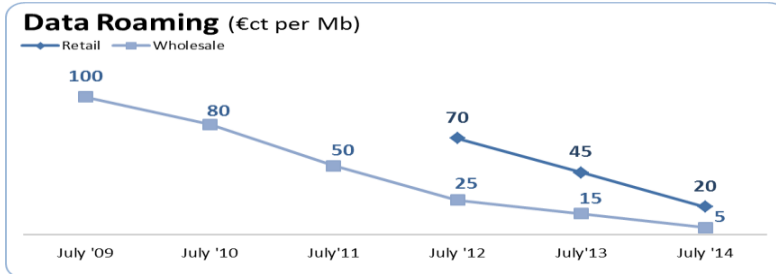
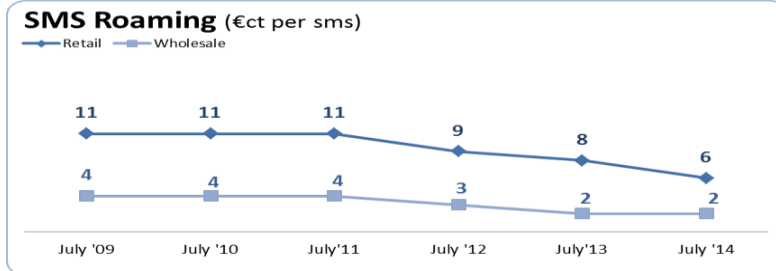
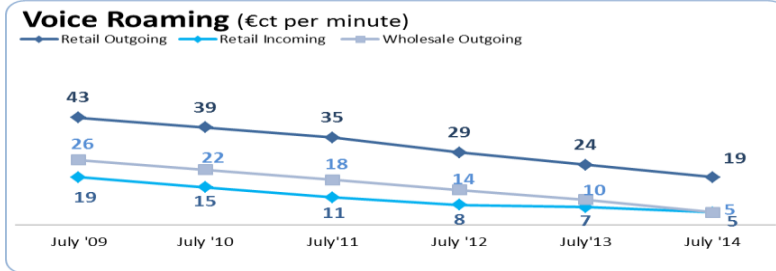
**Estimated negative impact on Proximus' Revenue and EBITDA = EUR -28 million**, excluding an expected positive elasticity effect on usage.

## 2017

**As from June 2017**, 'Roam-Like-At-Home': obligation to charge retail roaming within the EU at domestic retail price, except for the consumption beyond the Fair Use Policy to be defined by December 2016 by the European Commission.

# Regulation - 2

## Regulated Roaming price decreases which annualised in July 2015



The last decrease of the roaming rates under the Roaming III Regulation of 2012 entered into force on 1 July 2014. Hence, these regulated roaming price cuts stopped impacting the year-over-year variance since July 2015.

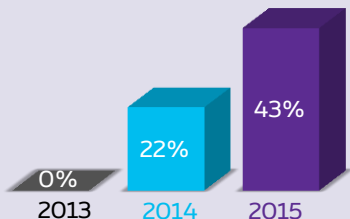
# Network & IT- FIXED Residential

The right digital experience for our customers

TODAY

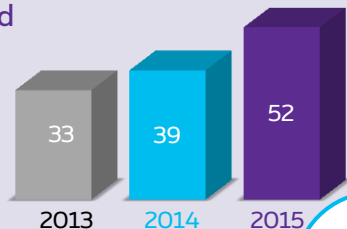
## Successful Vectoring roll-out

Vectoring national coverage evolution (%)



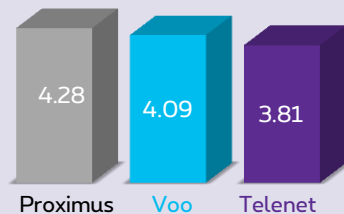
## Strong average speed evolution

Average VDSL speed (Mbps)



## High quality of streaming

Netflix speed index in December (Mbps)

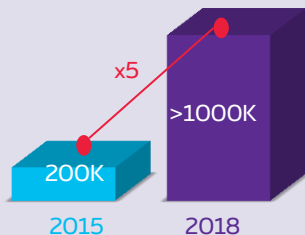


100 Mbps for 30% of population

SHORT-TERM

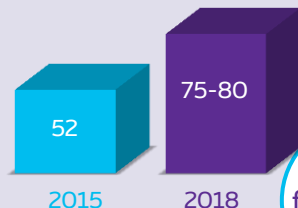
## Customers on latest technology

Estimated evolution of customers on WiFi ac



## Enable a Full Digital experience

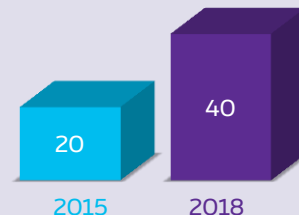
Evolution of average Downstream (in Mbps)



100 Mbps for 60% of population

## Boost the Cloud experience

Evolution of Upstream capability (up to Mbps)





# Network & IT- FIXED Residential

Prepare for future by bringing fiber closer to the customer

MID-TERM

## Densify our FTTC network

Further extend our existing FTTC network by gradually shortening loops

Build flexibility points to either

- Shorten local loops to further enhance copper capability
- Proceed FTTH in Greenfields and selective FTTH Brownfield projects

## Enhance VDSL performance

Enhance performance with new technologies and leverage mobile assets

- Upgrade existing VDSL network through ultra-vectoring for up-to-250 Mbps speeds (from 17 to 35 MHz)
- Uplift performance by combining VDSL and 4G bandwidth

## Use alternatives for distant areas

Make use of alternative networks for distant customers

- Use alternative networks like Coax for customers too distant from fiber point and in economically non-viable nets
- Coax for Proximus is still subject to Regulatory approval



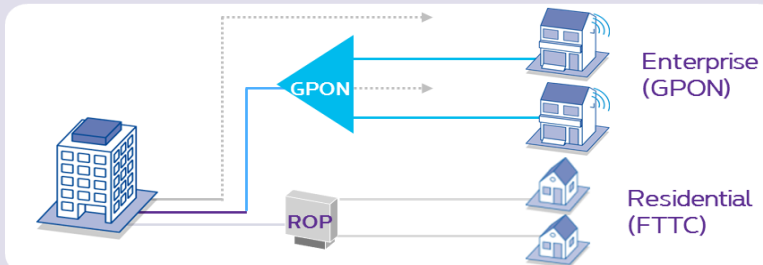
## Enterprise fiber roll-out architecture

- Increasing need of Businesses for higher downstream capacity, more symmetrical bandwidth and low-latency
- Deploy a Point-to-Multipoint fiber architecture (GPON<sup>1</sup>)

## Prepare for the future

- Maximally reuse existing FTTC assets to scale fast & efficient
- Capture any opportunity to prepare next generation evolutions to assure future-proofness of investment

### Fiber-To-The-Enterprise architecture (GPON)



- Existing fiber
- New fiber
- New fiber in existing ducts
- ..... New ducts ready for future expansion

### Pre-investment in future at attractive incremental effort

- **New empty ducts** for future purposes where it makes sense
- **New Optical Platforms** along the road where it makes sense
- **Flexibility points** in light of future mobile densification and 5G

<sup>1</sup> Gigabit Passive Optical Network

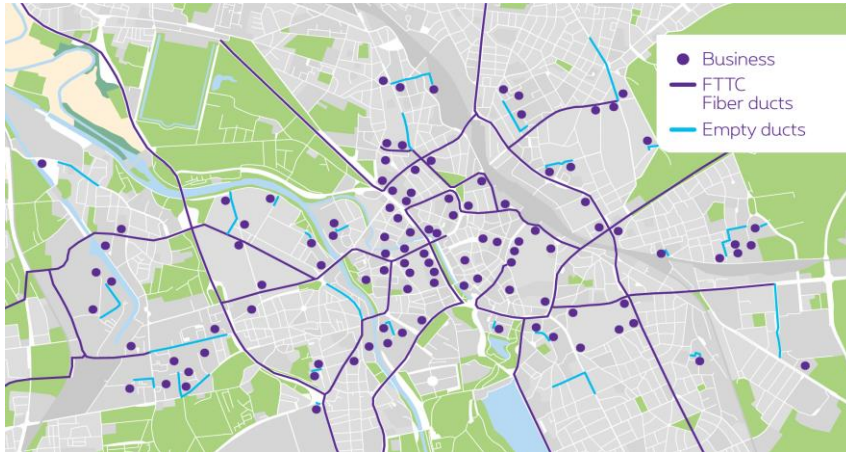
# Network & IT- FIXED Enterprise

Maximally reuse existing assets to deploy Enterprise Fiber

SHORT-TERM

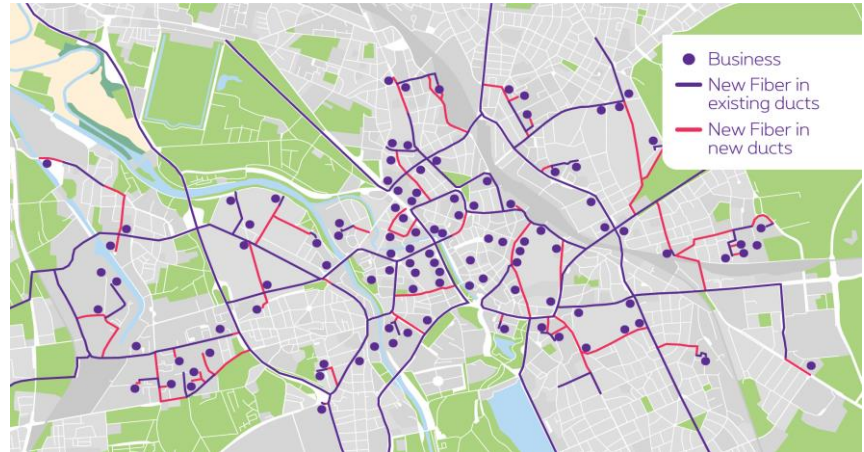
Proximus already has important fiber assets

One of the most dense FTTC networks in Europe, consisting of 21.000 km of fiber across the country



Maximum reuse of existing fiber assets

Existing FTTC assets (91% coverage), i.e. empty fiber ducts; will be maximally reused to optimize costs and fasten deployment time





# Network & IT – Mobile

## Proximus bringing best overall mobile experience

TODAY

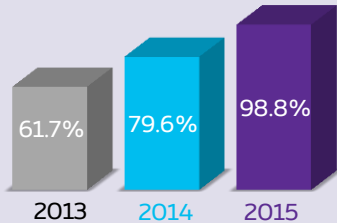
### Coverage as key driver for experience

- Ubiquitous 4G outdoor coverage and rapidly increasing 4G indoor coverage (+35% in one year)
- Mobile Coverage Extender for suboptimal local indoor coverage

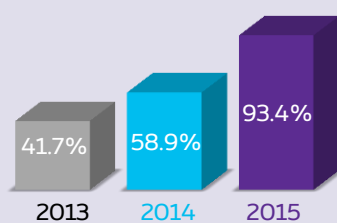
### Voice & Data Experience

- Best voice experience with dropped calls below 0.5%
- Best data experience with fastest 4G down- and upload speeds and 4G+ in largest Belgian cities (30% population coverage)

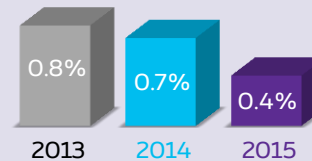
4G outdoor coverage<sup>1</sup>



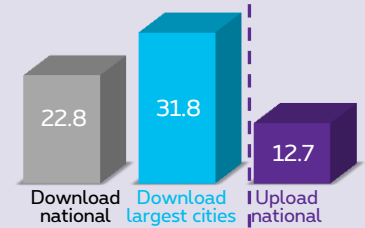
4G indoor coverage<sup>1</sup>



3G Voice dropped call evolution<sup>1</sup> (% dropped calls)



Average speed 4G(+) device<sup>1</sup> (Mbps)



<sup>1</sup> Result based on Q4 2015 national drive test conducted by independent agency CommSquare



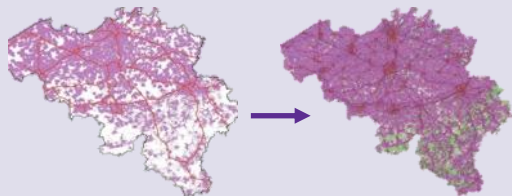
# Network & IT – Mobile

SHORT-TERM

Further maximizing experience by thinking customer

## Experience availability

Completion of nationwide ubiquitous 4G indoor coverage similar to 2G



Indoor 2015

4G Similar to 2G

## Experience tuning

Further enhance experience through network tuning from customer perspective

- Optimization of popular services, e.g. calling, video streaming, browsing, uploading
- Micro-analysis to optimize experience on 2G-3G-4G combined network, e.g. gaps, service continuity, ...

## Experience enrichment

Further enrich existing calling and mobile broadband experience

- Higher speed where it matters through dual band Carrier Aggregation (4G+)
- High quality voice through VoLTE
- Further densification of public FON WIFI hotspots



# Network & IT – Mobile

## Strong mobile data evolution by solid 4G take-up

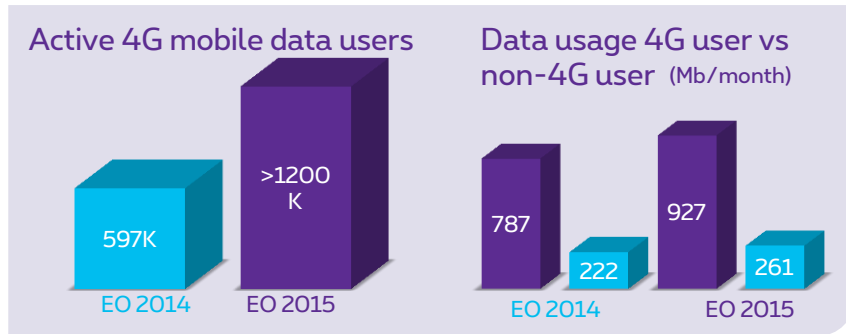
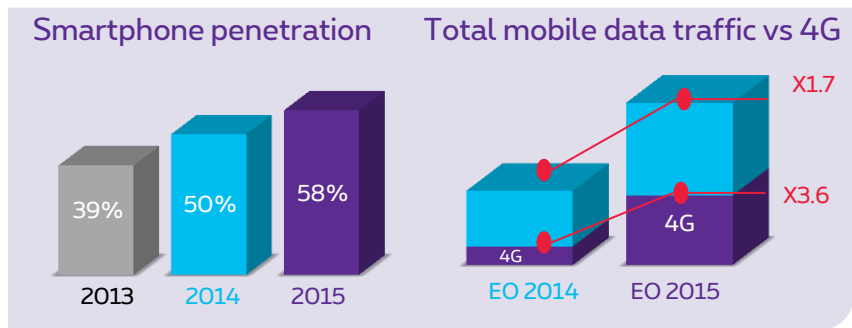
TODAY

### Proximus mobile data growth nearly doubled

- Higher customer appetite for smartphones (+8pp) resulting in strong 4G mobile data growth (x3.6)
- In Q4 2015, 4G data traffic surpassed 3G data traffic

### 4G users & usage drive strong mobile data growth

- More than 1,200,000 active 4G mobile data users end of 2015
- Mobile data consumption of a 4G active customer is on average 3.5 x higher (927 Mb) than a non-4G customer (261 Mb)





# Network & IT – Mobile

MID-TERM

Support exponential capacity growth while paving the way to 5G

Technology

and ... Spectrum

and ... Densification

Fit more bandwidth and devices within the available existing spectrum

Refarm existing spectrum to more recent technologies and add new spectrum

Gradually densify the network by bringing smaller antennas closer to the customer

- Higher order MIMO
  - IoT on LTE
  - 5G evolutions
- } (2018-2020)

- Renew existing 2G and 3G spectrum but refarm to 4G (> 2020)
- Add both licensed (e.g. 2600MHz) and unlicensed spectrum

- Small Cells to improve local customer experience (Pilot 2016)
- Small cells in high capacity zones to handle data growth

# Spectrum: ownership & usage



## 800 MHz

- Used for 4G
- Licenses granted in November '13
- 20 year-license **valid until 29/11/2033**
- Proximus pays € 120 Mio in total (annual instalments)
- Coverage obligations

## 900MHz & 1800 MHz

- Used for 2G, 3G and 4G
- Licenses granted in '95
- **1st tacit extension ('10-'15):** Proximus paid €74m (annual payments).
- **2nd tacit extension (8/4/2015-15/03/2021) for ~ €75m**
- Regulator re-assigned the spectrum reserved for Telenet/Voo (in 900 MHz applicable as of 27/11/2015) for which Proximus paid €16m
- Allowed to deploy UMTS in 900 MHz spectrum & 4G in 1800 MHz

## 2100 MHz

- Used for 3G
- UMTS licenses granted in 2001
- 20 year-licenses **valid until 15/3/2021**
- Proximus paid € 150m (one-off payment)
- 2 Aug '11, BIPT awarded 4th license to Telenet/Voo for € 71.5m (2X 14.8 MHz)
- In May '14 Telenet/Voo handed back their license

## 2600 MHz

- Will be used for 4G
- Licenses granted in July '12
- 15 year-license **valid until 30/6/2027**
- Out of 5 candidates, 4 have obtained spectrum in 2.6 GHz band
- Proximus paid € 20.22m (one-off payment)
- No coverage obligations

800 MHz

Base 2 x 10  
Proximus 2 x 10  
Mobistar 2 x 10

900 MHz

Proximus 2 x 12  
Mobistar 2 x 12  
Base 2 x 10

As of 27/11/2015

Proximus 2 x 12.4  
Mobistar 2 x 11.6  
Base 2 x 10.2

Proximus has become largest spectrum holder in the 900 Mhz band, allowing for further increase the Proximus customer experience

1800 MHz

Proximus 2 x 24.8  
Mobistar 2 x 24.8  
Base 2 x 24.8

Extension to 2x 24,8 MHz for each of the 3 operators - as of 15/6/2015.

2100 MHz

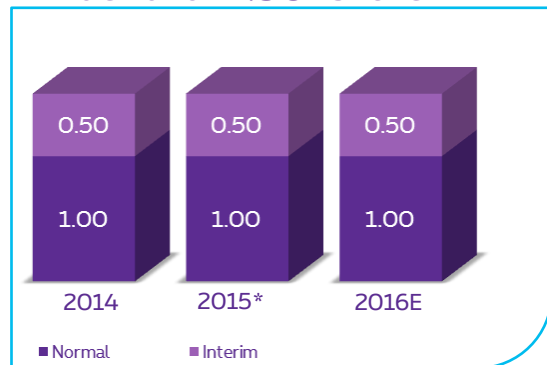
Proximus 2 x 15  
1x 5.4  
Mobistar 2 x 14.8  
1x 5  
Base 2 x 14.8  
1x 5  
Unallocated 2 x 14.8  
1x 5

2600 MHz

Proximus 2 x 20  
Mobistar 2 x 20  
Base 2 x 15  
Unallocated 2 x 15  
Datang 1 x 45

# Shareholder structure & remuneration

## Dividend of 1.50/share



### 2015

normal dividend\*:

- Payment 29 April 2016
- Ex-dividend 27 April 2016

\* Subject to approval AGM 20 April 2016

31 December 2015	Number of shares	% shares	% Voting rights	% Dividend rights	Number of shares with voting rights	Number of shares with dividend rights
Belgian state	180,887,569	53.51%	56.18%	55.94%	180,887,569	180,887,569
own shares	16,021,384	4.74%	0.00%	0.42%	0	1,367,395
Free-float	141,116,182	41.75%	43.82%	43.64%	141,116,182	141,116,182
<b>Total</b>	<b>338,025,135</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>322,003,751</b>	<b>323,371,146</b>

The voting rights of the treasury shares are suspended by law. The dividend rights of the treasury shares acquired in 2004 are also suspended, whereas the dividend rights for shares acquired as from 2005 are cancelled

## General Shareholder return policy:

We offer an attractive shareholder remuneration policy by **returning**, in principle, **most** of our **annual free cash flow**.

This return of free cash flow is **reviewed** on an **annual basis** in order to keep strategic financial flexibility for future growth. The policy is based on a number of assumptions regarding future business and market evolution, and may be subject to change in the event of unforeseen risks or other factors beyond the company's control.

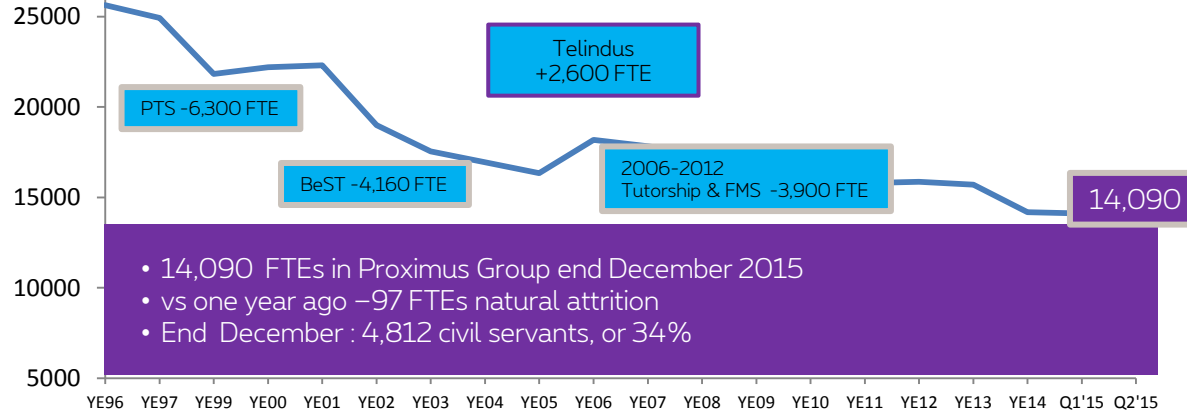


# Headcount evolution

Estimated cash-out for termination benefits related to past headcount reduction programs:

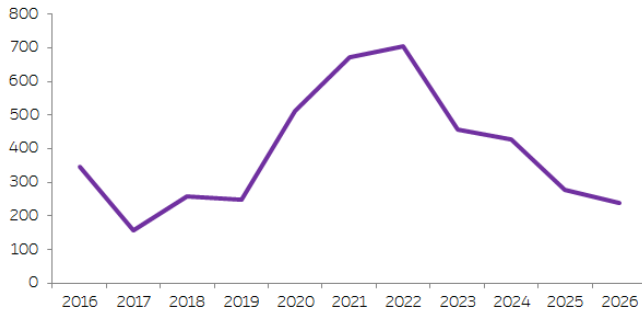
	€ million
2016	6
2017	5
2018-2035	15*

(\* Cumulative for full period)



- 14,090 FTEs in Proximus Group end December 2015
- vs one year ago -97 FTEs natural attrition
- End December : 4,812 civil servants, or 34%

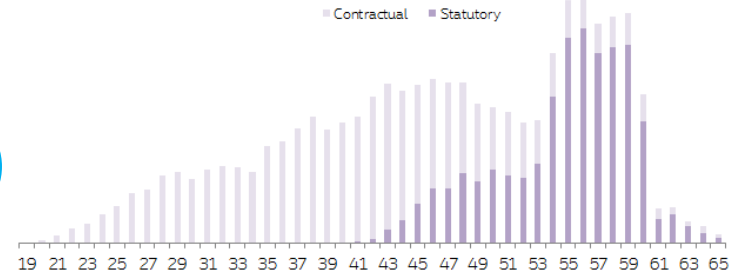
## Proximus SA pension curve (FTE's) incl. assumption on latest legislation



**46yr**  
average age

- contractual 41 Yr
- statutory 54 Yr

## Proximus SA age pyramid



# For further information

## Investor relations



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## Cautionary statement

“This communication might include some forward-looking statements, without limitation, regarding Proximus’ financial or operational results, certain strategic plans or objectives, macro-economic trends, regulation, future market conditions and other risk factors. These forward-looking statements rely on a number of assumptions concerning future events and are subject to uncertainties and other factors, many of which are outside Proximus’ control. Therefore the actual future results may differ materially from those expressed in or implied by the statements.

Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication.

Proximus disclaims any intention or obligation to update and revise any forward-looking statements, whether as a result of new information, future events or otherwise”