

2015

Q1

Company presentation

Reporting changes as of 2015

Key achievements Q1 2015

Group underlying revenue	5
Core revenue performance drivers	6
Turnaround of Mobile services revenue trend	7
Good progress on convergence strategy	8
Operating expenses	9
Group underlying EBITDA	10
Capex	11
FCF	12
Financial position	13
Outlook	14

Consumer segment results 15

Enterprise segment results 23

Technology & Wholesale 30

Staff & Support 31

BICS 32

Other information

Pricing 34

Shareholder return 42

Fit-for-growth strategy 43

Headcount 44

Spectrum 45

Regulation 46

From reported to underlying 48

Group reporting

2014 quarterly Group expenses and EBITDA were **restated for IFRIC 21**, applicable as from 1 January 2015 with retrospective effect. This new IFRS rule requires a tax liability to be recognized in the period during which the criteria triggering the tax are met. This rule does not apply to taxes related to technical assets, which continue to be recognized over the year, in line with the use of the assets. As a result, some tax charges imposed on the Belgacom Group for non-technical assets are now recognized on 1 January whereas in the past such costs were spread over the year.

Segment reporting

Within its “Fit-for-Growth” strategy, aiming for more efficiency and simplification, Belgacom installed a new organization structure since the start of 2015. This also resulted in a new customer segmentation. The main change resides in the Small Enterprise customers (Small Offices) being reported within the new Consumer Business Unit and no longer in the Enterprise Business Unit. To allow an appropriate year-on-year comparison, the 2014 quarterly figures on Segment-level were revised (unaudited).

Main drivers for this decision:

- More focus on the Medium Enterprise segment,
- A better customer approach by clearly separating “account managed” customers from “mass market” customers. In the new organization, EBU mainly focuses on the professional market in an account managed approach.
- Residential and Small Offices share significant similarities in terms of products and sales channels. A large majority of Small Offices use the same Telecom operator for their residential usage
- Addressing customers in their corresponding CBU and EBU segments contributes to the company’s simplification and synergy gains programs.

Revenue related to installation and connection fees for Fixed products is reported under “other revenue”, with a small impact on Fixed Voice, Fixed Internet and TV revenue and ARPU.

Scarlet revenue is now integrated in the different Consumer Business Unit product lines - aligning revenue with ARPU and customers (which both already included Scarlet).

The **optimization of allocating costs** led to some costs being transferred from Staff and Support (S&S) to the new Consumer BU and Enterprise BU.

belgacom

Key Group Achievements

Q1 2015

Belgacom Group generated in Q1'15 underlying revenue of € 1,479 m, + 5.5% YoY

Core revenue up 3.3%:

Consumer: +5.3% YoY

- revenue increase for TV and Fixed Internet
- Mobile services revenue up by 2.2% from the prior year
- revenue from mobile device sales remained high.

Enterprise: +2.1% YoY

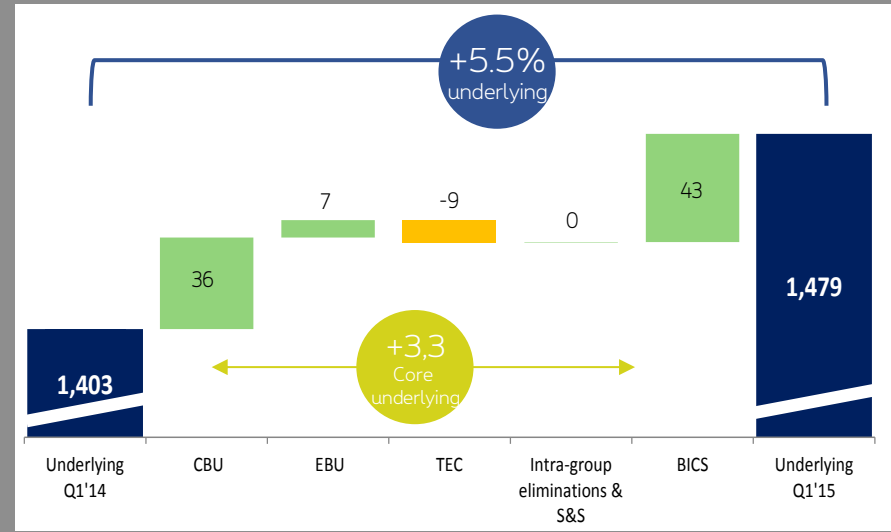
- revenue growth from ICT, Mobile services (+3.4%) and devices
- offsetting the lower revenue from Fixed Voice and Fixed Data.

Technology & Carrier Wholesale services : -13.8%

- Decline in wholesale roaming prices and domestic wholesale volumes which accelerated in Q1'15 following the discontinued Snow offer.

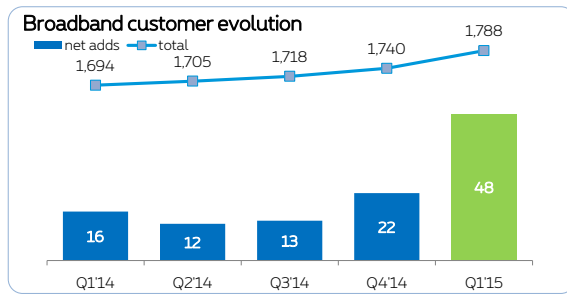
BICS revenue up 11.9%, benefiting from:

- positive volatility in voice trading activities
- a positive currency effect, explaining > 50% of revenue increase
- strong Mobile Data growth

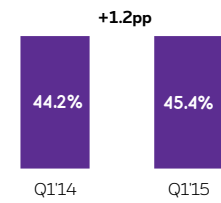


Core revenue performance driven by sustained rise in Fixed customer base, increasing Internet and TV market shares...

Fixed Internet

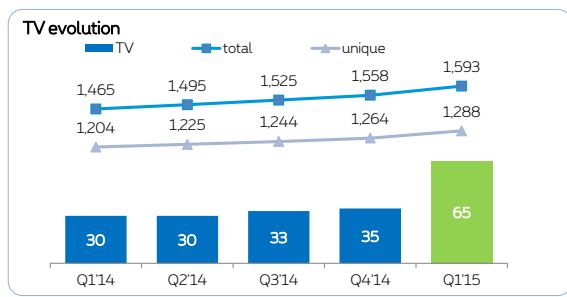


Market share

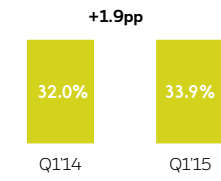


- Market share up 1.2 pp to 45,4%
- Scarlet successfully attracted 16,000 former Snow customers
- Proximus benefiting YE-promotions and positive rebranding effect
- Internet penetration @ 76.3%

TV



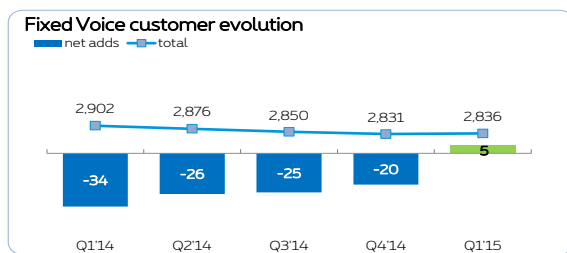
Market share



- Growing DTV market share of 33.9%
- Belgian digital TV penetration @ 81.9%
- Scarlet attracted successfully 16,000 former Snow customers in Q1'15

Fixed Voice erosion limited

Fixed voice

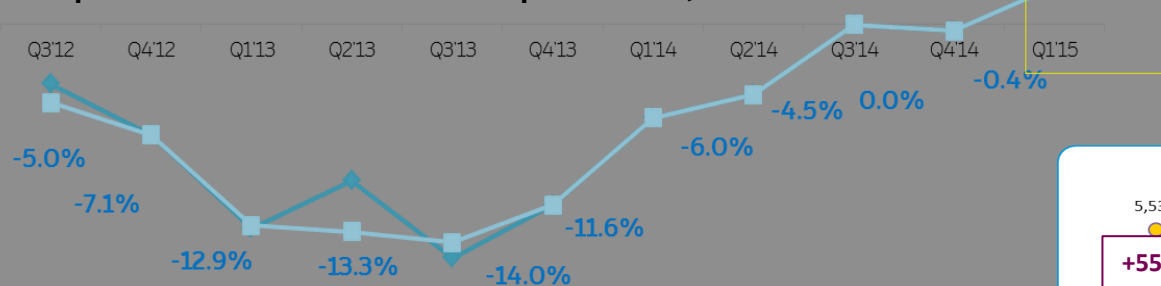


- Stable market, Fixed Voice penetration @ 80%
- Exceptionally strong performance in Q1 2015 driven by attracting 16,000 former Snow customers to Scarlet's Trio offer and continued increased Sales focus.

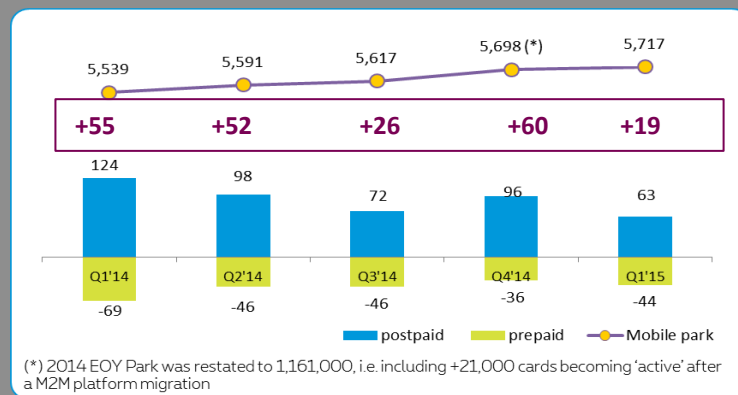
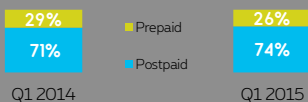
*Market shares based on company research

....and turnaround of Mobile services revenue trend

Group Mobile Services YoY variance positive in Q1'15



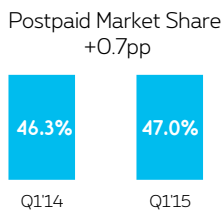
✓ **Solid growth in Group mobile customer base. Better customer mix.**



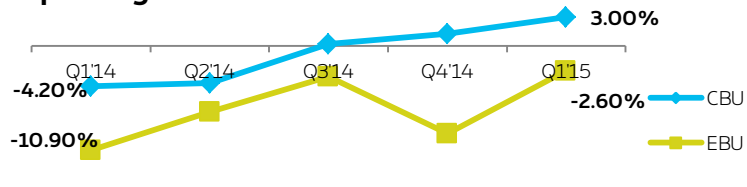
(*) 2014 EOY Park was restated to 1,161,000, i.e. including +21,000 cards becoming 'active' after a M2M platform migration

✓ Total market share @40.4%; -0,3pp YoY

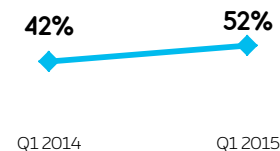
Postpaid increase offset by lower Prepaid



✓ Improving blended ARPU trends

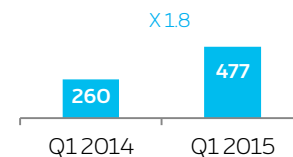


✓ Proximus Smartphone penetration* increasing, supported by Joint-Offers



✓ Average Mobile data consumption increasing

Av. Mb/user/month
Mix CBU&EBU
Prepaid & Postpaid



4G users x 3.2 more data vs 3G users

*Mobile cards = 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.

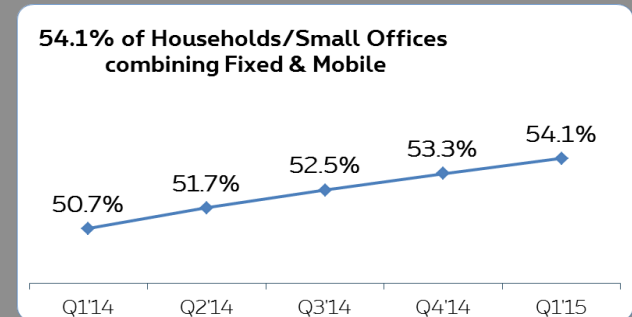
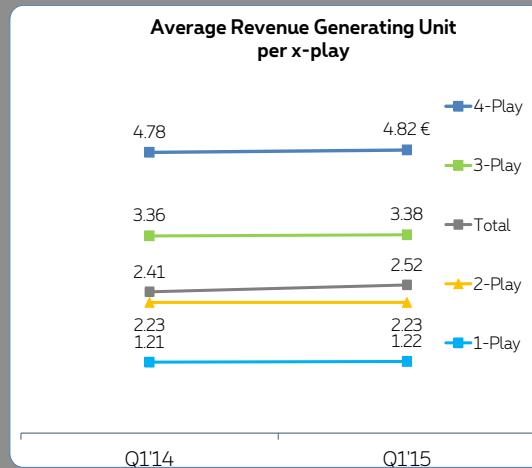
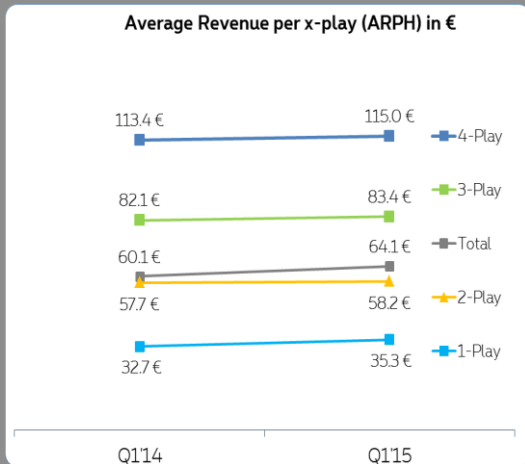
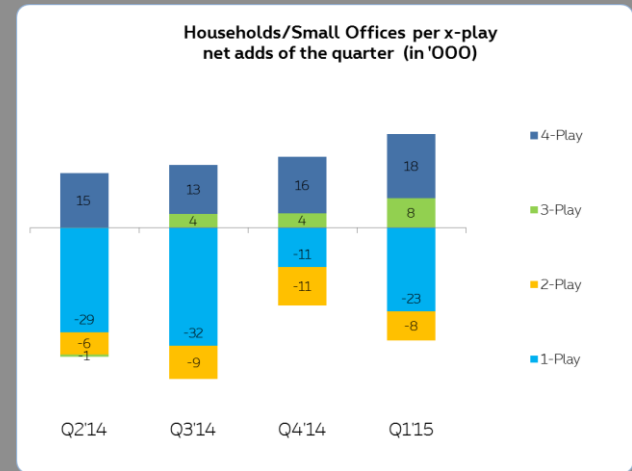
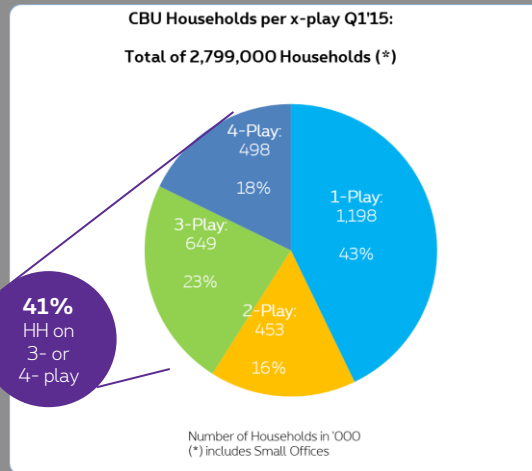
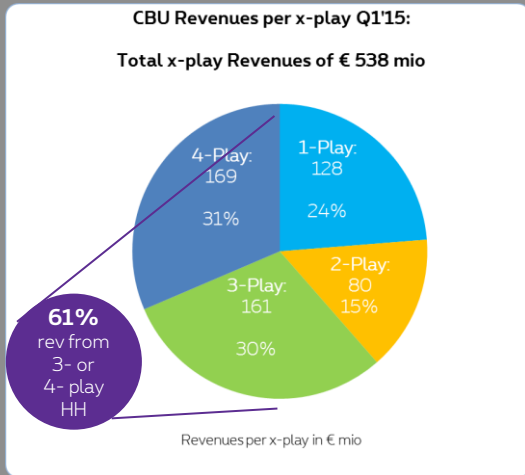
*Market share based on company research



Also benefiting from good progress on convergence strategy

- ✓ 41% of the Household/Small offices are 3 or 4 Play; generating 61% of the total HH/SO revenue.
- ✓ Revenue from X-play HH/SO +4.5% YoY. 4-Play revenue +16%

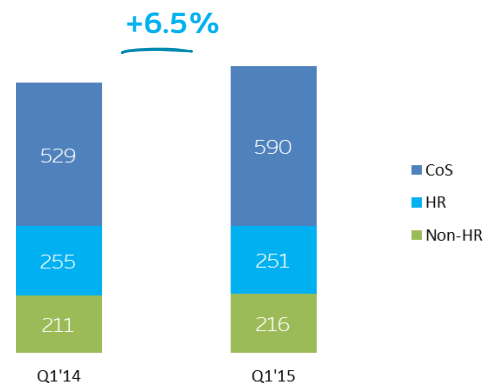
- ✓ Mix further improved on continued growth for 3- Play and 4-Play



Annualized churn rate (HH)

# Plays	Q1'15	# Plays	Q1'15
1 - Play	22.4%	3 - Play	10.5%
2 - Play	12.2%	4 - Play	3.7%

Higher Q1'15 Total operating expenses mainly due to BICS Cost of Sales and Mobile handsets

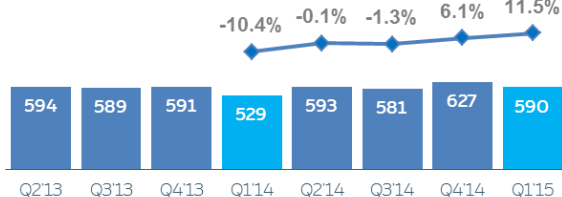


Q1'15 CoS up 11,5% YoY driven by higher costs within BICS and volume related Mobile devices costs.

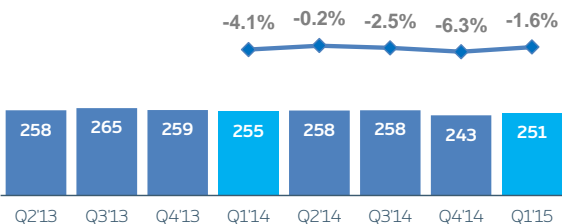
Q1'15 HR costs down 1.6% YoY benefit from lower YoY headcount due to natural attrition of -280 FTE's the past 12 months.

Q1'15 Non-HR expenses up mainly due to timing impact of Pylon Tax and higher commercial costs linked to strong volumes.

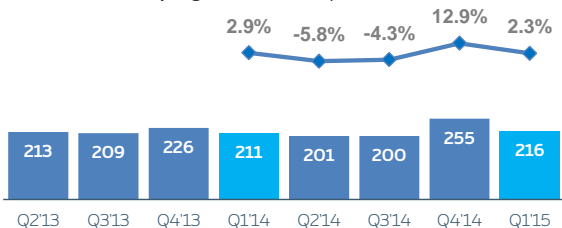
Underlying CoS (€m)



Underlying HR-expenses (€m)

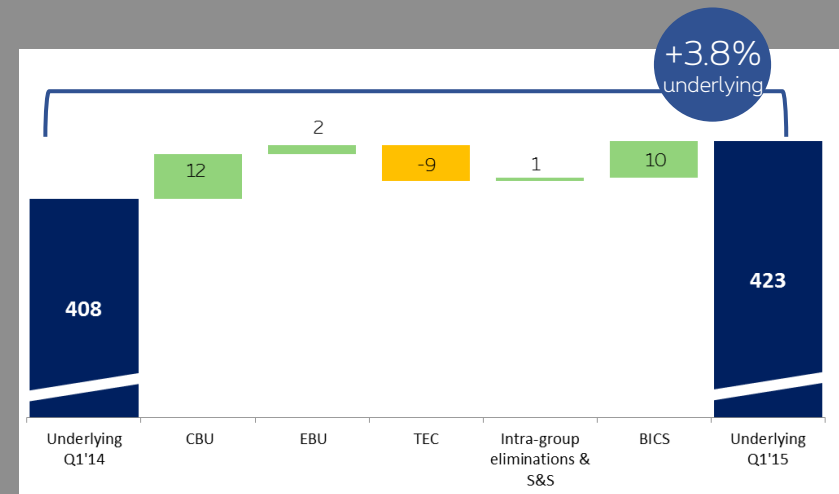


Underlying non-HR-expenses (€m)



Group underlying* EBITDA +3.8% YoY; Q1 benefiting from higher Gross margin mainly for CBU and BICS

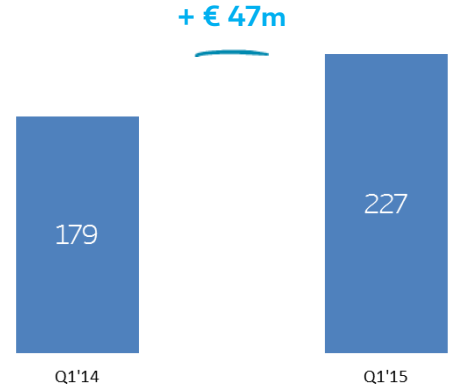
- Higher Group's Gross Margin, strengthened by the growth in Fixed & Mobile within CBU and the growth in volumes and positive USD currency impact for BICS.
- HR + Non-HR expenses +0.2%, remaining fairly stable YoY in spite of an unfavorable timing impact from the provisioned Walloon Region Pylon tax and higher volume-related costs.



Investing in excelling customer experience (amounts in € million)

Q1 '15

- €227m Capex in Q1'15, the YoY increase is driven by:
 - Volume driven capex
 - Accelerated investments in the LTE-network
 - Continued roll-out of Vectoring technology
 - Network Simplification program and more efficient IT-systems



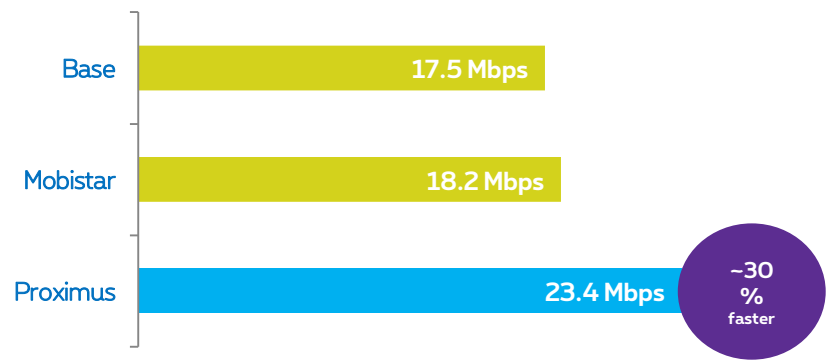
✓ **LTE network:**

- 94.9% outdoor population coverage
- 77.2% indoor coverage
- best possible mobile surfing experience : average download speed of 23.4 Mbps on 4G capable device, nearly 30% faster than the competition.

✓ **Fixed network:**

- 1/3rd of VDSL2 network now covered with Vectoring
- The number of customers having access to internet download speeds of 70 Mbps grew to 390.000 or 30.000 more than last quarter.
- FttH in greenfields – 1st commercial connection of a residential customer in Q1'15

Average download speed on 4G capable device *

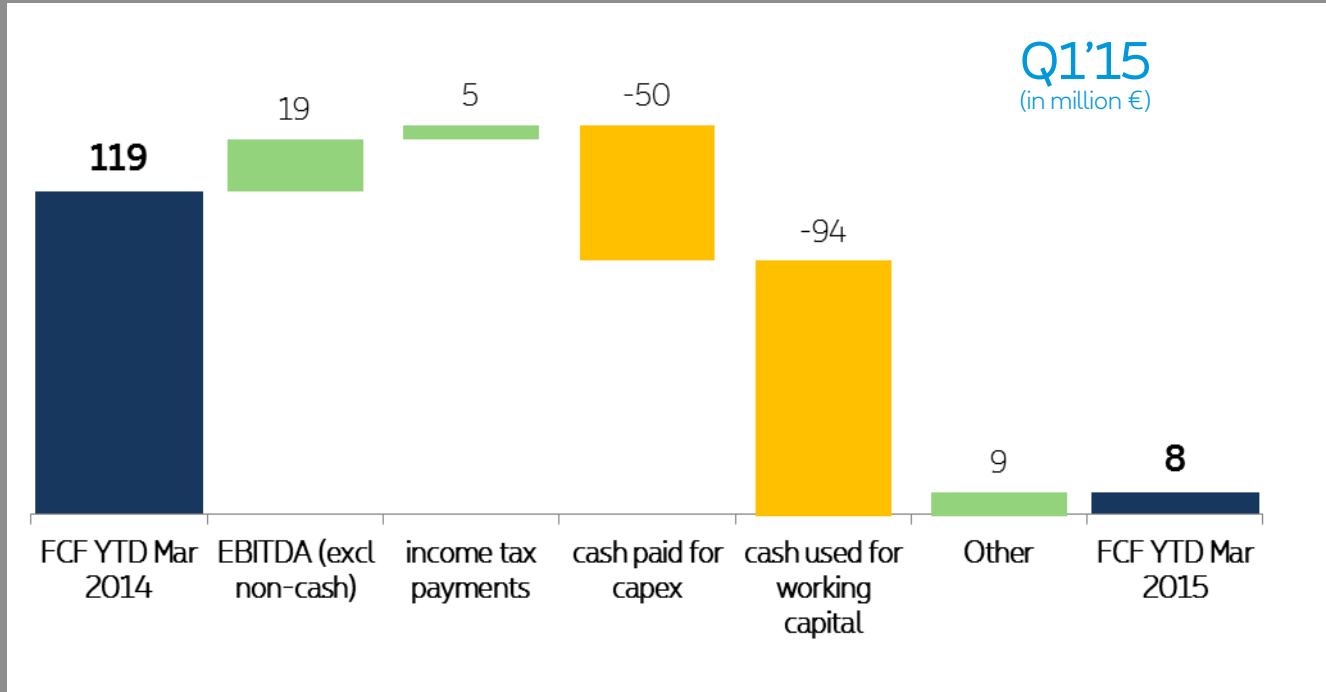


Coverage and speed as measured by independent agency CommSquare through national drive tests in Q1'15. Speed measurements are done with devices in free mode, meaning the device itself picks the available network technology (2G, 3G, 4G) 11

Q1'15 FCF of € 8 m

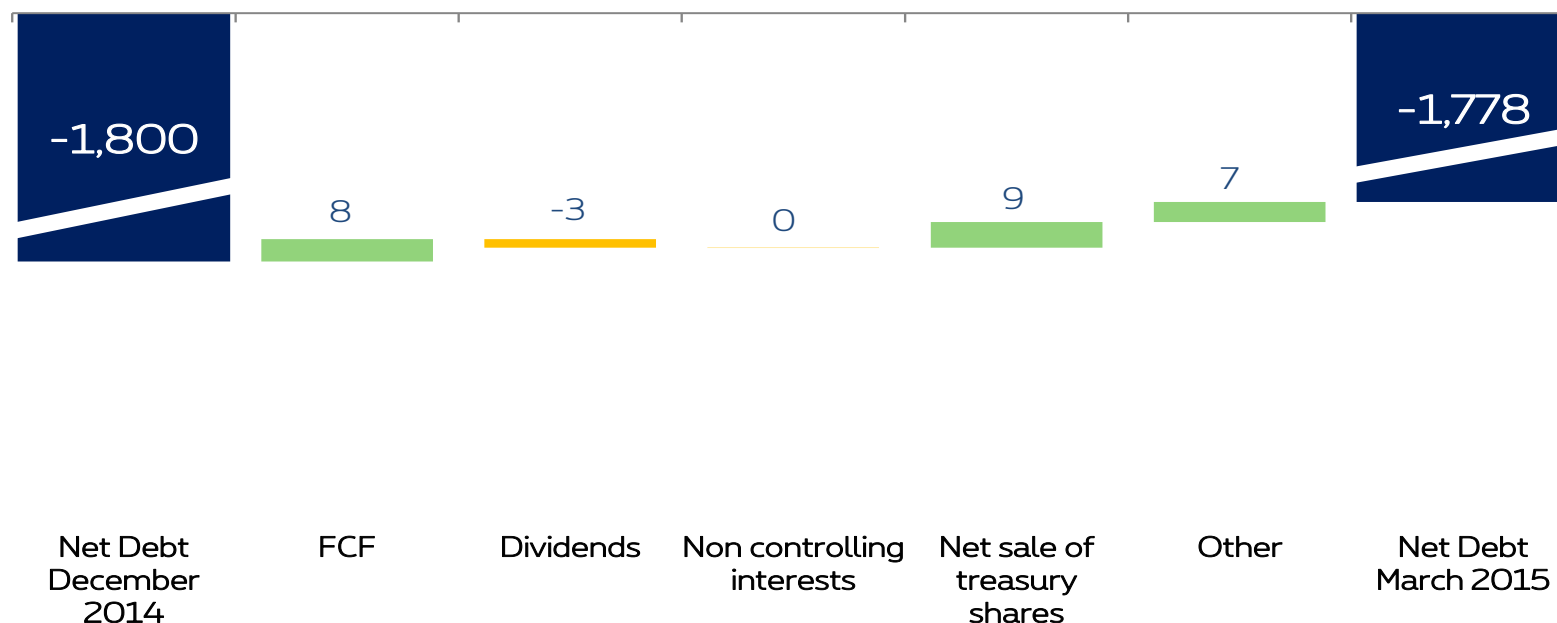
€ 8 m of FCF in Q1'15

- Growing EBITDA contributed positively
- FCF reduced by the higher cash paid for capex, including a carry-over impact from the high investment level in Q4'14,
- higher working capital needs, in particular due to the rebuilding of inventory after a very successful year-end campaign and increase in trade receivables.



We keep a sound financial position

- March '15 net financial debt at € 1,778m, € 21m lower versus end 2014 (before April dividend payment)
- The outstanding long term financial gross debt amounted to € 2.6Bio
- Credit ratings: Standard & Poor's A; Moody's A1 – both stable outlook



(*) On March 27th 2015 85% of JPY 10 billion Notes due in Dec'26 have been bought back with settlement on April 1st. 15% (€ 11m) matures in 2026.

Outlook for 2015 reiterated

- In the first-quarter 2015, good progress was made on the company's 'Fit for Growth' strategy, with underlying trends well on track to deliver on the 2016 underlying revenue and EBITDA growth objective.
- The first-quarter underlying EBITDA performance was solid, largely driven by the growth for BICS due to both strong but volatile Voice trading activities and positive currency effects.
- Taking into account its best estimate for the remainder of the year, Belgacom reiterates its 2015 full-year outlook, i.e. the year 2015 to be the tipping point on the track to growth.

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

- The 2015 full-year Capex estimate of around EUR 900 million does not take into account the capex required for the tacit extension of the 900Mhz/1800Mhz spectrum for the period 2015 to 2021 for an amount of € ~75 million.
- 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.

Consumer results Q1 2015

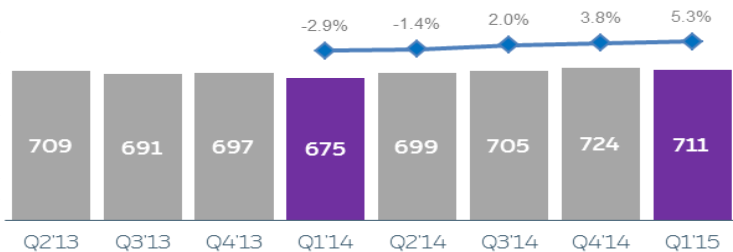


- Within the “Fit-for-Growth” strategy, a more efficient organisation and overall simplification was implemented
- This also entailed a **new customer segmentation**
- As of 2015, **Small Offices are reported within our new Consumer Business Unit** and no longer in our Enterprise Business Unit. The 2014 revenue and operational costs have been restated accordingly.

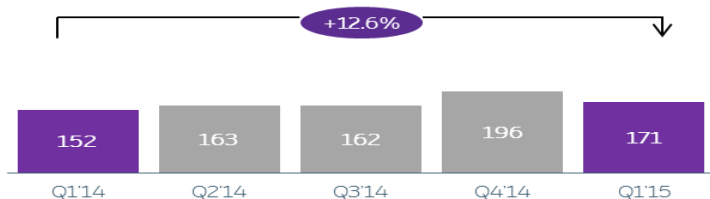
Consumer - Underlying* quarterly P&L

*Adjusted for incidentals (2014 excluding divested company's)

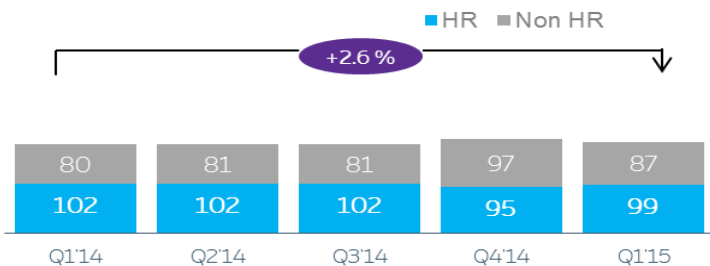
CBU underlying revenue (EUR mio) & YoY variance



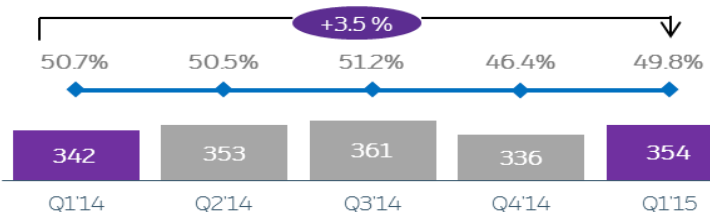
CBU underlying Cost of Sales (EUR mio)



CBU underlying HR & Non-HR costs (EUR mio)



CBU underlying EBITDA (EUR mio) & margin



Q1'15 underlying revenue +5.3% YoY, incl. € -4m (-0.6%) regulatory impact

- **Mobile services up by 2.2%:** growing Mobile postpaid customer base and favorable ARPU trend.
- **Mobile devices** revenue remained high on attractive device promotions, pushing the smartphone penetration further up.
- **Fixed products** showed good revenue growth on a growing customer base, with revenue from Fixed Data up 5.9% and TV revenue rising 14.9%

Q1'15 Cost of Sales +12.6% YoY; up on higher handset

- Mainly due to costs related to **mobile devices**.
- Incl. some **carry-over impact from 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.

HR-expenses:

- Q1'15 HR expenses -2.2% to € 99 m on lower personnel base following natural attrition.

Non-HR expenses:

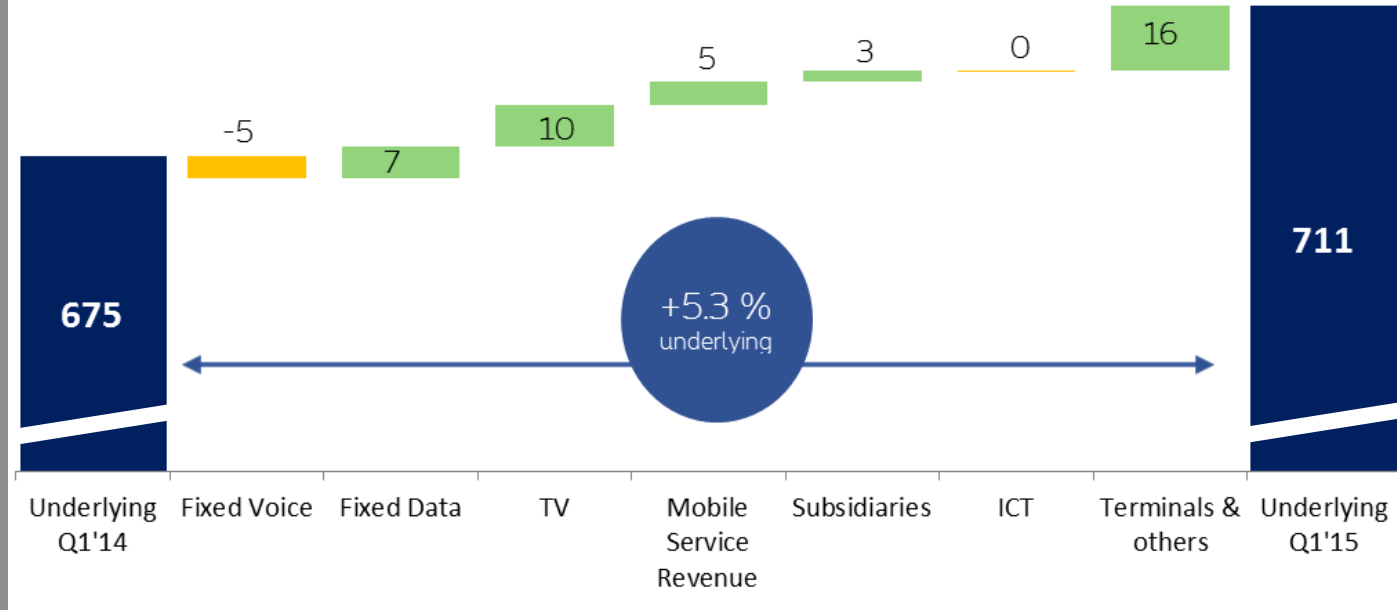
- Q1'15 non-HR expenses of € 87 m +9.2% mainly driven by higher marketing and volume costs related compared to the first quarter 2014

Q1'15 underlying segment result +3.5% YoY, incl. estimated negative regulation impact of € -4 m.

- Strong revenue resulted in +3.2% YoY on Gross margin.
- Partly offset by higher operational expenses (+2.6% YoY)
- Segment contribution margin of 49.8%, - 0.8 p.p.YoY

Consumer underlying* revenue variance (in EUR million)

Q1'15



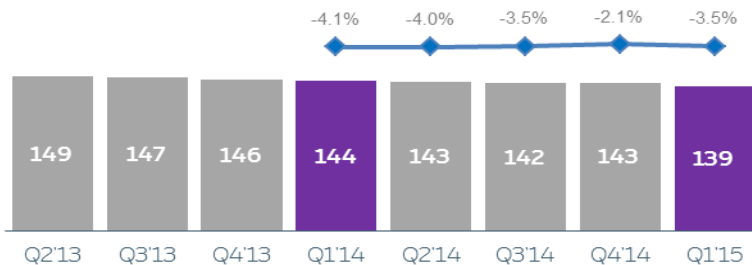
*Adjusted for incidentals, i.e. impact from divested companies. Total Q1 2015 CBU reported revenue of € 711 million was 4.6% up versus € 680 million reported revenue of Q1 2014

Consumer - Fixed voice



+ 14,000 Fixed Voice net adds, successfully attracted former Snow customers through Scarlet

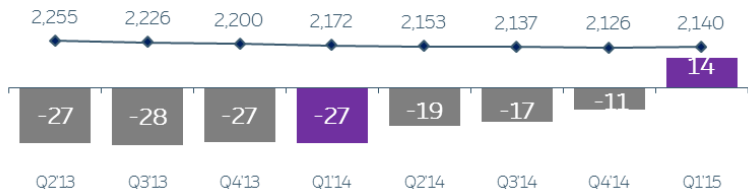
Fixed voice revenue (EUR mio) & YoY variance



Q1'15 revenue from Fixed Voice totaled € 139 m, -3.5% YoY

- YoY line erosion by -32,000
- Increasing number of customers having Fixed Voice in PACK at discount

Voice line loss/gain & EOP(000)

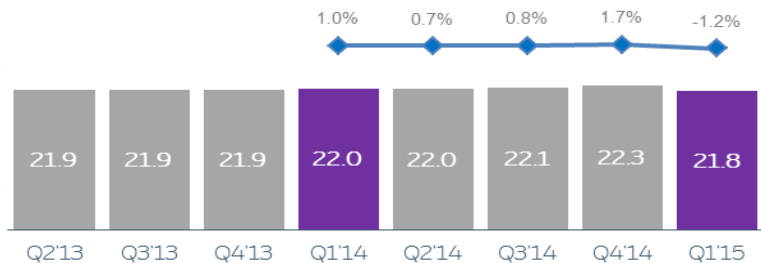


Q1'15 Fixed line +14,000 lines, a major trend change:

- Successfully attracted 16,000 former Snow customers to the Scarlet Trio offer
- Continued positive impact from increased Sales focus on the Fixed Line since Q2'14

End Q1'15, CBU Fixed Voice customer base of 2,140,000 lines.

Fixed voice ARPU (EUR) & YoY variance

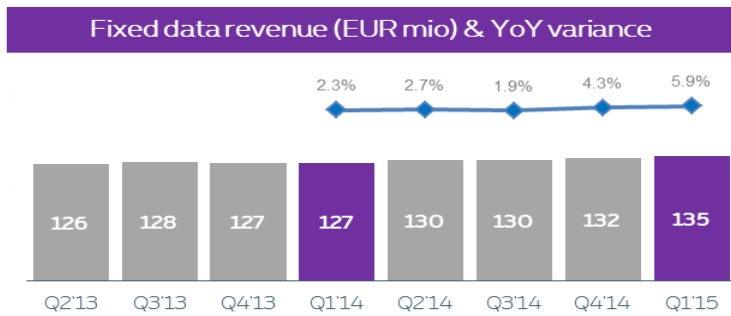


Q1'15 ARPU down -1.2% YoY to € 21.8

- Increasing number of Voice customers in a multi-play PACK at more favorable pricing
- Positive impact from last year's price increase (1 February 2014) fading

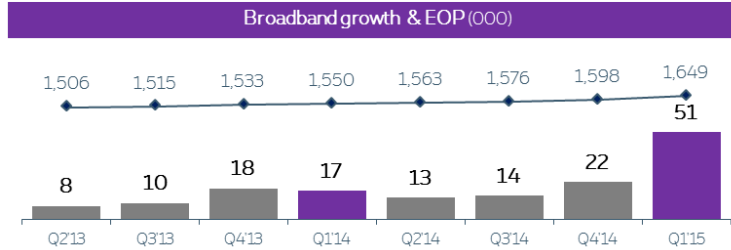
Consumer - Fixed Internet

Fixed data revenue up 5.9%; Proximus and Scarlet adding +51,000 customers in Q1, the best quarterly customer gain in years



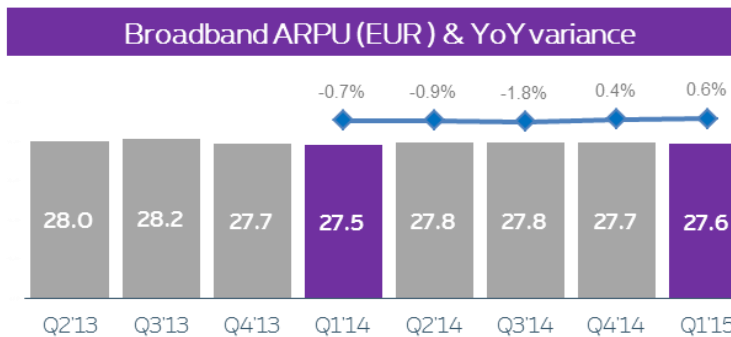
Q1'15 Fixed Internet revenue of € 135m, i.e. **+5.9% YoY**

- Mainly driven by the growing customer base, up by 99,000 or 6.4% in one year time
- Slight ARPU increase



Q1'15 Fixed Internet customer base grew with **+51,000** Proximus and Scarlet customers

- Proximus brand still benefited from the 2014 year-end promotions, supported by rebranding
- Scarlet brand attracted 16,000 former Snow customers on its Trio offer

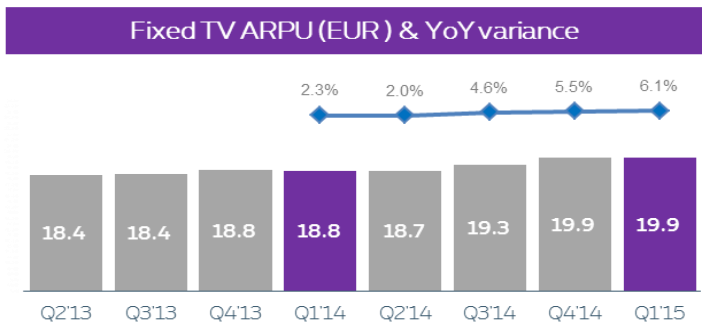
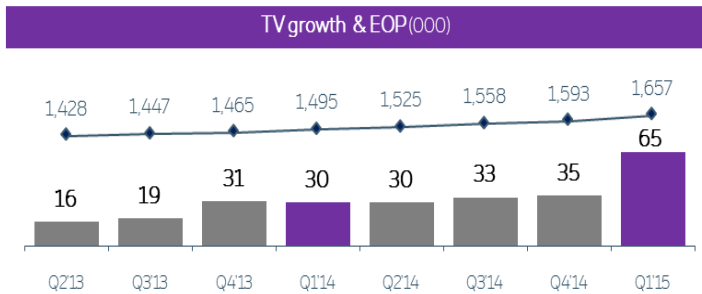
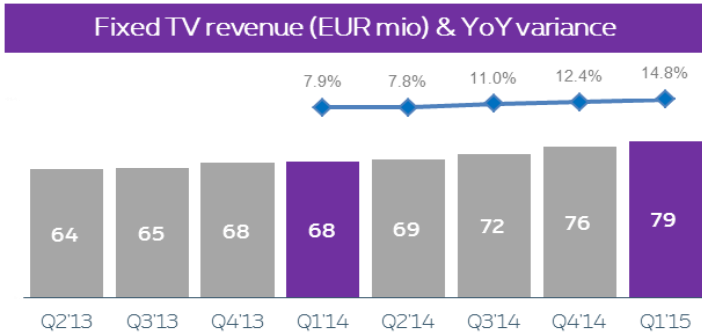


Q1'15 Broadband ARPU of € 27.6, up 0.6% from the same period in 2014

- Positive impact from uptiering
- Partly offset by an increasing number of customers signing up for a multi-play Pack



Nearly 15% revenue growth for Proximus TV, record net adds of 65,000 in the first quarter



Q1'15 TV revenue grew by **14.8 %** to €79m

- Continued subscriber growth, with TV base up YoY by 163,000 customers or +9.4%
- TV-options such as football subscriptions & TV-replay.

+65,000 TV subscriptions in Q1'15; incl. +13,000 multiple set-top boxes

- Scarlet Trio offer saw strong growth by attracting former Snow customers in the first quarter
- Proximus brand still benefited from the year-end promotion
- Overall positive impact from Proximus rebranding

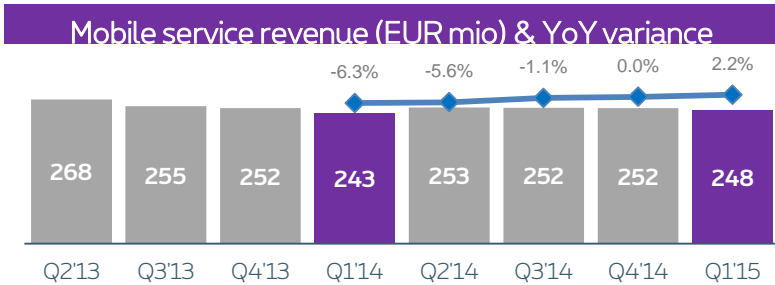
TV ARPU* showed a **6.1% growth YoY to € 19.9**

- driven by the uptake of TV options launched in 2014 (TV replay, Football,..)

* TV ARPU excludes one-off installation fees

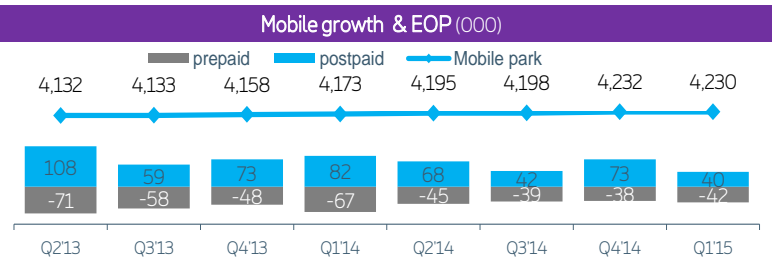
Consumer – Mobile Service

Mobile service revenue variance turning positive, +2.2%, on growing Postpaid base and ARPU trend



Q1'15 revenue from Mobile services at € 248m, +2.2 % YoY, showing further improvement from the stabilization seen in the prior quarter

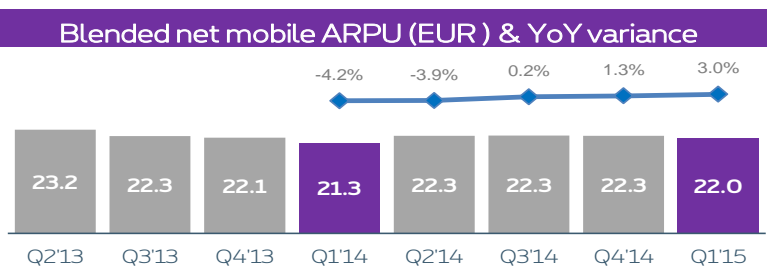
- Solid growth in Postpaid customers
- Prepaid revenue loss becoming smaller
- Blended Mobile ARPU up YoY



Q1'15 slowed promotional intensity from a strong year-end campaign in the prior quarter

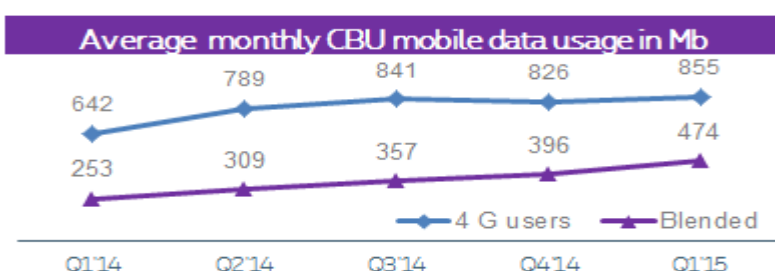
- +40,000 Postpaid cards, +27,000 excl. Internet-Everywhere data cards
- Mobile Prepaid park eroded by -42,000 cards.

Mobile customer base end Q1 2015 of 4,230,000 cards



Blended mobile ARPU improved in Q1'15 (+3% YoY)

- further fading of customer re-pricing and better tiering of customers through increased smartphone penetration and value-driving Joint-Offers
- Q1 Postpaid ARPU of € 29.0 +2% YoY
- Q1 Prepaid ARPU at € 10.7, -9.4% YoY
- Mix Postpaid/Prepaid improving

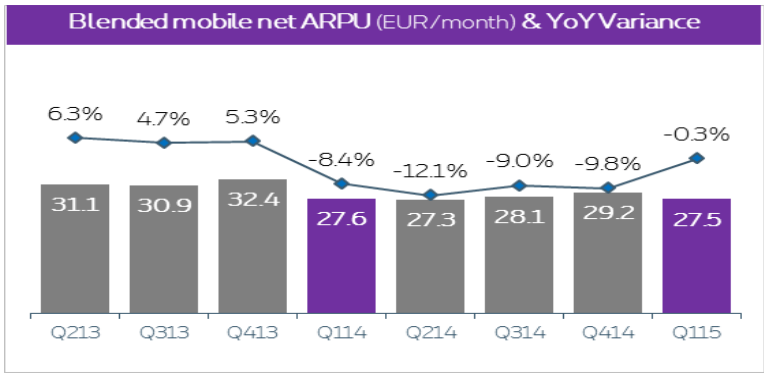
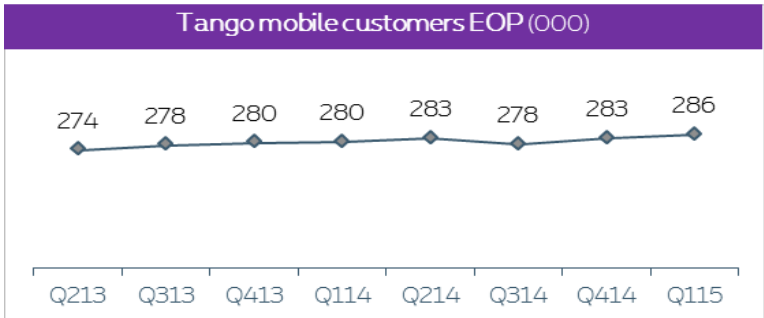
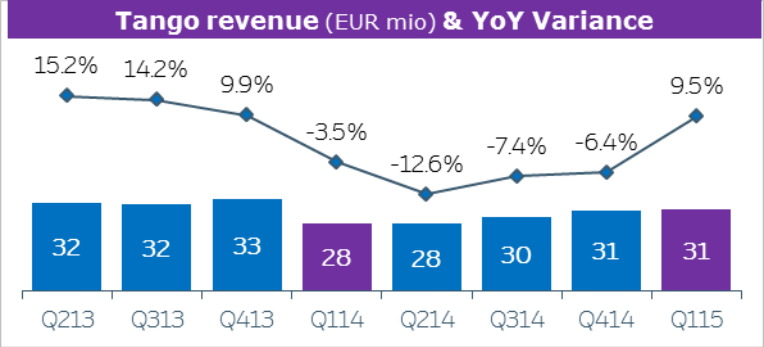


CBU's Average monthly Mobile data consumption per user of data:

- **Overall Average** usage (3G & 4G devices) of **474 Mb /month**, +88% YoY
- Average usage for **4G-devices** of **855 Mb/month**, up 33% YoY
- 4G devices have > 3 times greater data consumption than non 4G - devices

Tango Luxembourg

Revenue up on growing customer base



Tango Q1'15 revenue of € 31m, i.e. **+9.5% YoY**;

- revenue increase coming from the growing postpaid, triple and quadruple-play customer base.
- Revenue variance no longer negatively impacted by regulated MTR decrease, which annualized 1 February 2015

Enterprise results Q1 2015

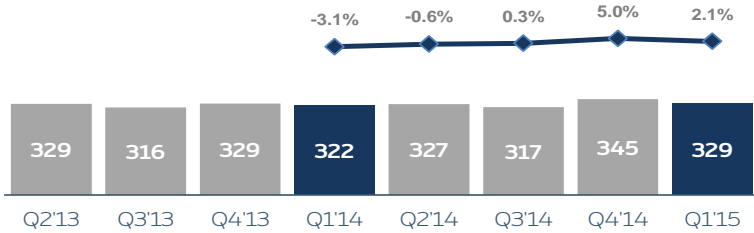


- Within the “Fit-for-Growth” strategy, a more efficient organisation and overall simplification was implemented
- This also entailed a **new customer segmentation**
- As of 2015, **Small Offices** are reported within our new **Consumer Business Unit** and no longer in our **Enterprise Business Unit**. The 2014 revenue and operationals have been restated accordingly.

Enterprise – Underlying* quarterly P&L

*Adjusted for incidentals, mainly the effect from Telindus France and Telindus UK divestures

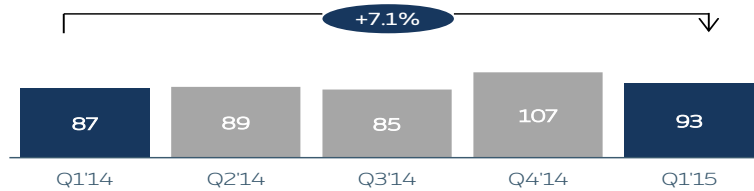
EBU underlying revenue (EUR mio) & YoY variance



Underlying **revenue** continued to grow in Q1'15 to € 329 m, +2.1%; incl. estimated regulation impact of € -6m (-1.8%)

- Mobile service revenue up 3.4%
- Higher revenue from Mobile handsets.
- ICT business up by 2.2%, benefiting temporary extension of a large contract
- Fixed Voice and Fixed Data revenue erosion improvement

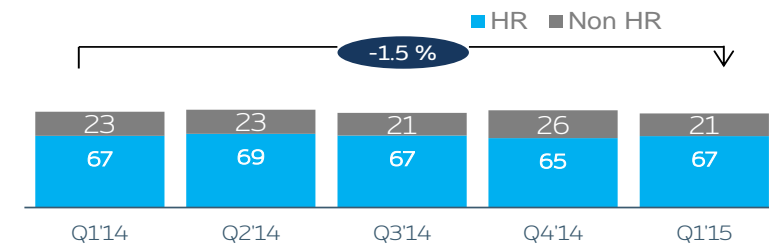
EBU underlying Cost of Sales (EUR mio)



Q1'15, EBU's underlying Cost of Sales were € 93m, +7.1% YoY

- higher cost Mobile handsets
- ICT-related product costs

EBU underlying HR & Non-HR costs (EUR mio)



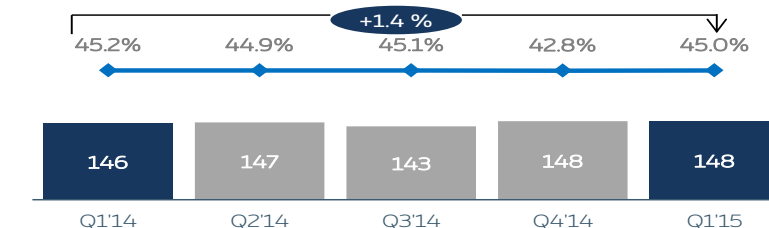
HR Expenses

- Q1'15 HR expenses on underlying basis fairly stable -0.4% to € 67m

Non-HR Expenses

- Q1'15 non-HR expenses of € 21m, -5% YoY, including efficiency gains.

EBU underlying EBITDA (EUR mio) & margin

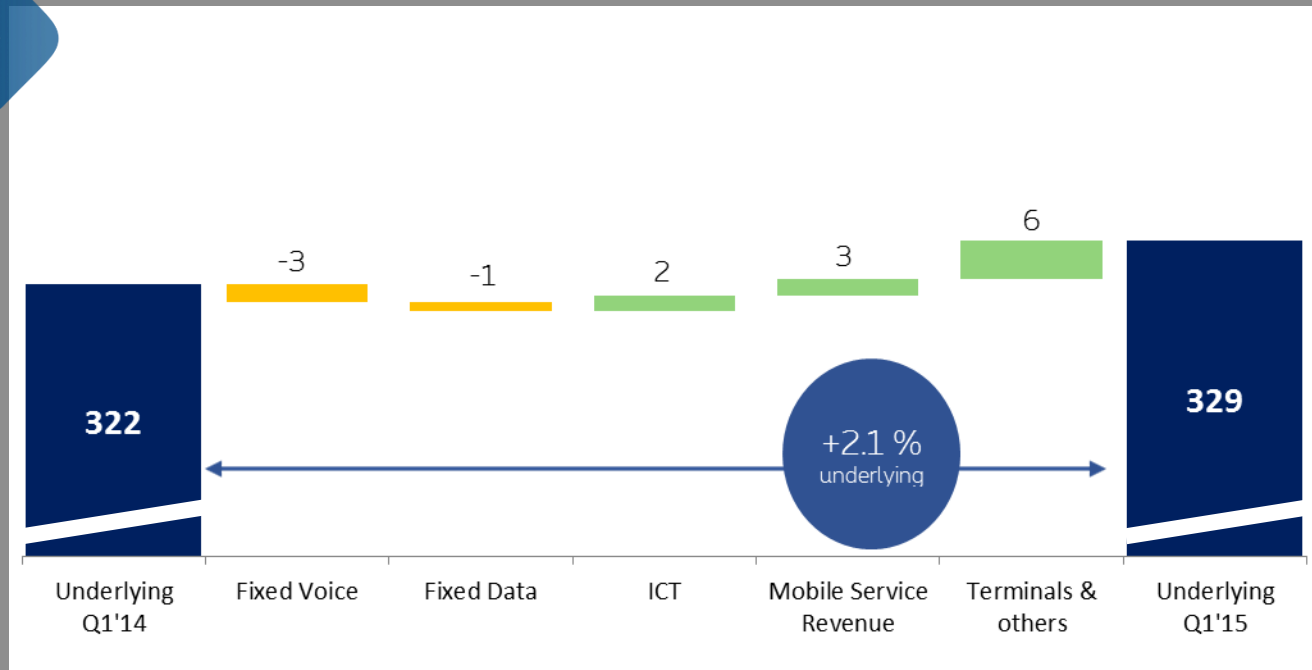


Q1'15 underlying segment result totaled € 148, +1.4% YoY

- Growth in Direct Margin from Mobile service
- Supported by lower expenses
- Underlying contribution margin of 45.0%, slightly down yoy on less favourable product mix

Enterprise underlying* revenue variance (in EUR million)

Q1'15



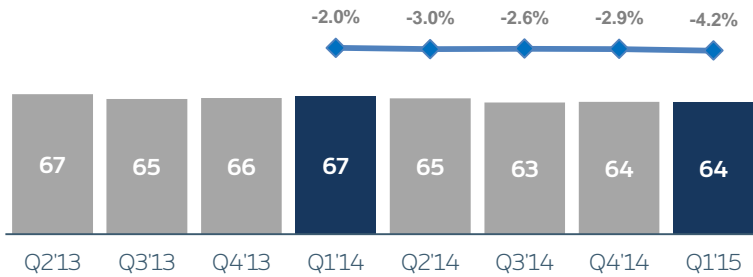
*Adjusted for incidentals, i.e. impact from divested companies

Enterprise - Fixed Voice*



Continued Fixed Voice revenue decline on stable erosion of Fixed Voice customer base and traffic

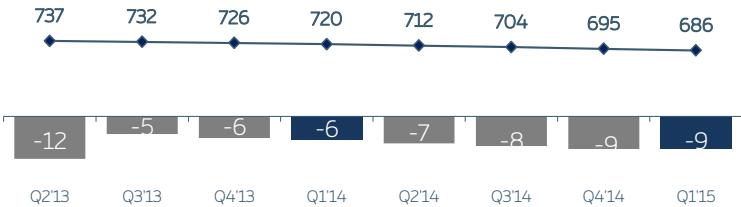
Fixed voice revenue (EUR mio) & YoY variance



Q1'15 EBU Fixed Voice revenue of € 64m, -4.2% YoY

- Key driver of the revenue decline is continued Fixed Voice line erosion triggered by companies rationalizing on Fixed line connections and move to VOIP, only slightly compensated for by the February 2014 price indexation

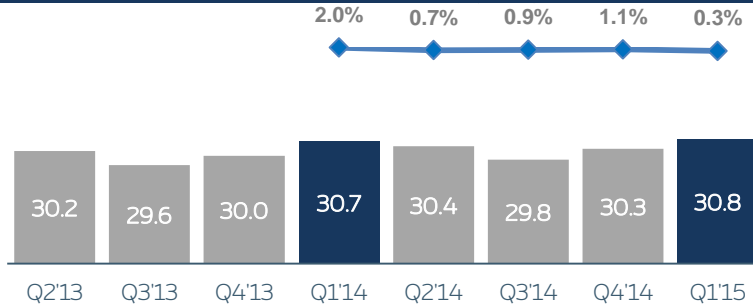
Voice line loss & EOP (000)



Stable Fixed line erosion of -9,000 lines

- EBU total Fixed Voice Line customer base of 686,000 by end Q1'15, -4.6% line loss YoY

Fixed voice ARPU (EUR) & YoY variance



Higher Q1'15 Fixed Voice ARPU of €30.8 up 0.3% YoY,

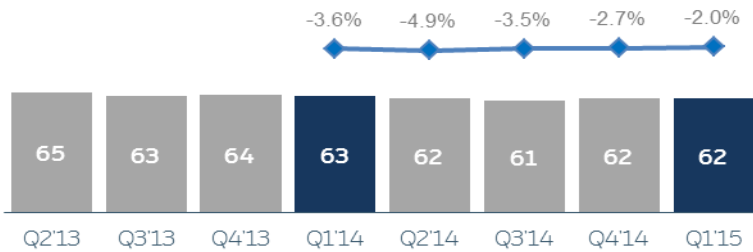
- Limited remaining positive impact of price indexation February 2014

Enterprise - Fixed Data

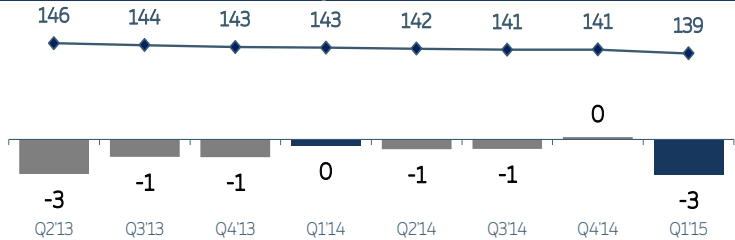


Fixed Data revenue decline in first quarter 2015 limited to -2.0%

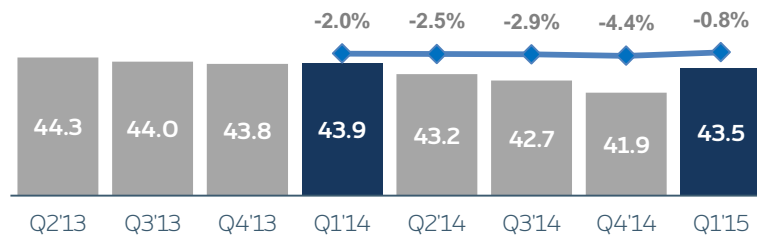
Fixed data revenue (EUR mio) & YoY variance



Broadband growth & EOP (000)



Broadband ARPU (EUR) & YoY variance



Q1'15 Fixed Data, revenue of € 62m, - 2.0% YoY

- continued migration from older technologies such as leased lines to the Proximus Explore platform, for which pricing is more favorable for customers.
- Fixed Internet revenue remained fairly stable yoy

- 3,000 lines in Q1'15 (including clean-up of old lines)
- 139,000 Fixed Internet customers end-March '15

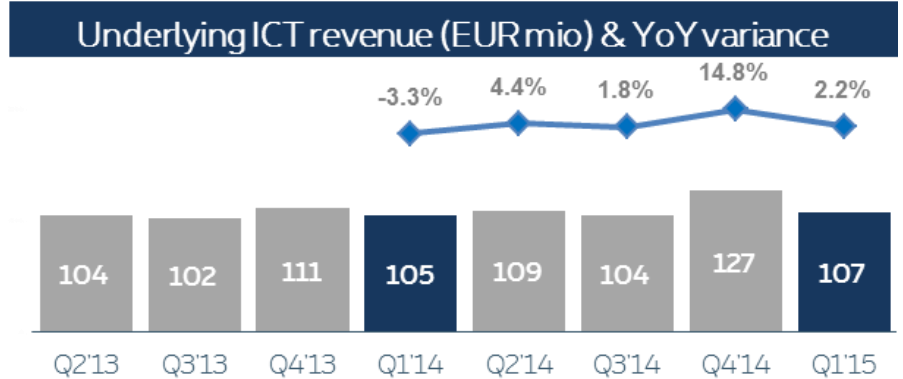
ARPU at € 43.5, -0.8% yoy.

- Competitive pressure in ME segment
- ME customers moving from older type of connections to lower priced Internet solutions.

Enterprise – underlying ICT*

Underlying ICT revenue growth of 2.2 %

EBU posted € 107 m underlying ICT revenue, in Q1'15, +2.2% YoY with Q1 '15 benefiting from temporary extension from a large ICT contract.



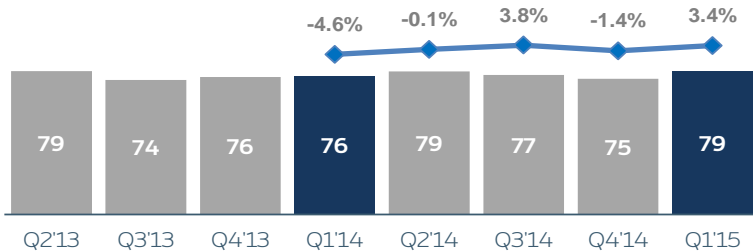
*Adjusted for incidentals, i.e. mainly the effect from the divestiture of Telindus France (30 April 2014) and Telindus UK activities (1 December 2014). Underlying figures of previous quarters have been adapted accordingly.

Enterprise - Mobile Service



Year-on-year growth on larger mobile customer base and better price-tiering

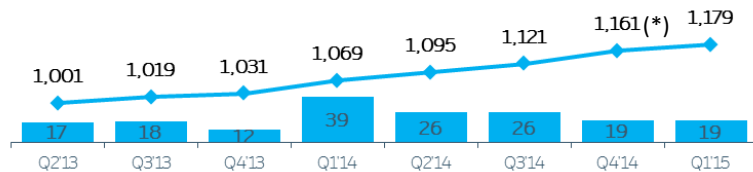
Mobile service revenue (EUR mio) & YoY variance



Mobile service revenue showed a growth of 3.4% YoY

- continuously growing mobile customer base,
- improved customer price-tiering within the Business customer segment, growing mid- and high end customer base firmly

Mobile growth & EOP(000)

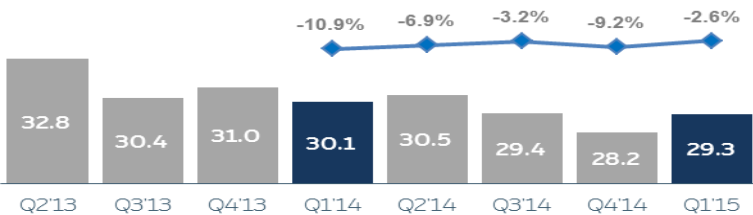


Mobile base end-March '15 of 1,179,000 cards

- 6,000 Mobile Voice and paying data cards
- M2M park grew by 12,000

(*) 2014 EOY Park was restated to 1,161,000, i.e. including +21,000 cards becoming 'active' after a M2M platform migration

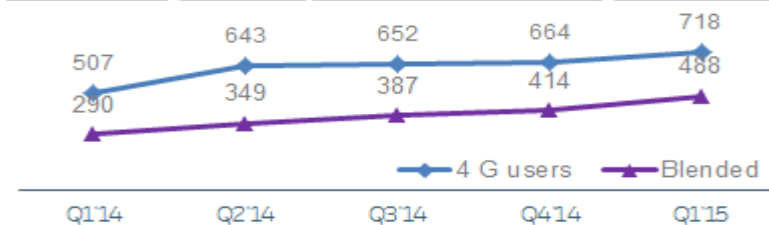
Blended net mobile ARPU (EUR) & YoY variance



Mobile ARPU (excl M2M) of € 29.3, trend further improving to -2.6% YoY

- Improved tiering in the ME customer base
- Increased data consumption

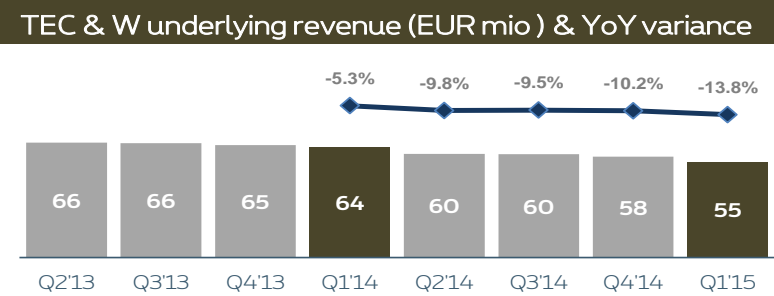
Average monthly EBU mobile data usage in Mb



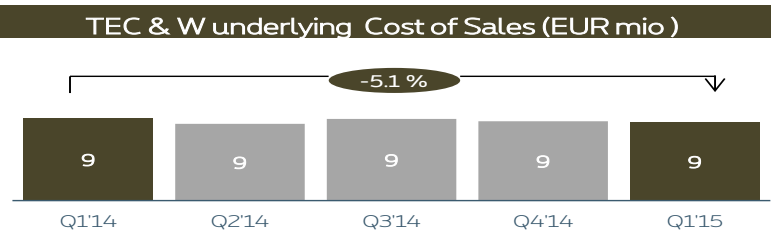
EBU's Average monthly Mobile data consumption per user of data:

- Overall Average usage (3G & 4G devices) of 488 Mb /month, +68% YoY
- Average usage for 4G-devices of 718Mb/month, up 42% YoY
- 4G devices have 2.6 times greater data consumption than non 4G-devices

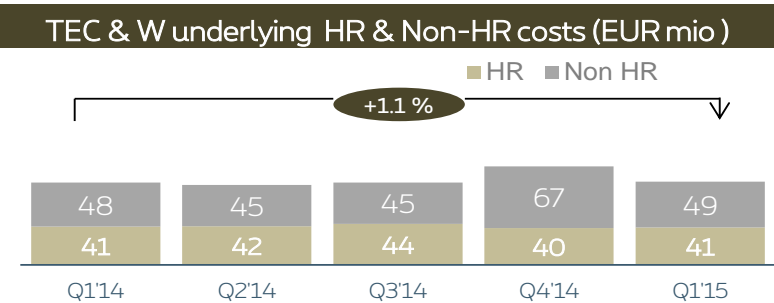
Technology & Wholesale – P&L



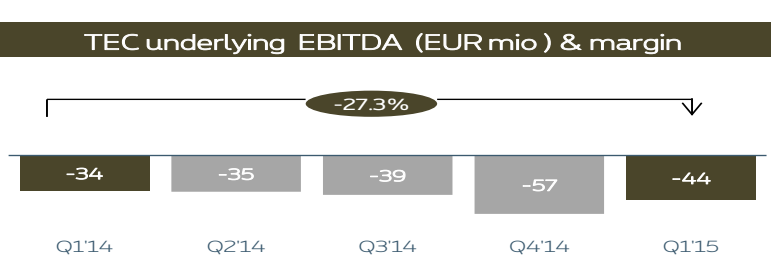
- Q1'15 revenue decline to € 55m, -13.8 % YoY
- Negative impact from lowered Wholesale roaming tariffs, only partly compensated for by the roaming volume growth
- Eroding Carrier Wholesale Services revenue due to continued decline in wholesale broadband lines, leased lines and traffic volumes
- Decline accelerated in Q1'15 following Base's decision to stop their 3-Play offer Snow. The reduction in Wholesale lines was largely compensated for through Belgacom's retail offer.



- Q1'15 CoS -5.1 % YoY



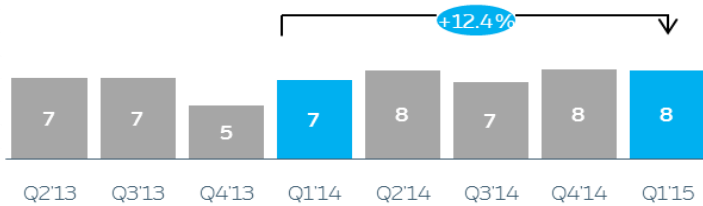
- Q1'15 HR expenses of € 41m, -2% YoY as result of HR efficiency actions
- Non-HR expenses slightly increased to €49m. This includes a timing impact from the provisioned Walloon Region Pylon tax that was booked fully in Q4'14 and provisioned per quarter in 2015. However this was largely compensated by favorable efficiency initiatives.



- Q1'15, segment result of € -44m, impacted by the continued revenue erosion.

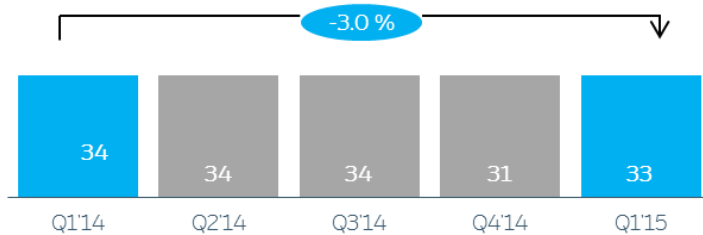
Staff & Support – P&L

S&S underlying revenue (EUR mio) & YoY variance



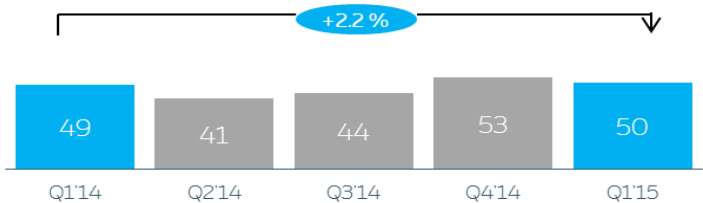
- For Q1'15, Staff and Support recorded revenue of € 8m.

S&S underlying HR costs (EUR mio)



- Q1'15 HR expenses were 3.0% lower YoY as a result of a lower personnel base.

S&S underlying Non-HR costs (EUR mio)

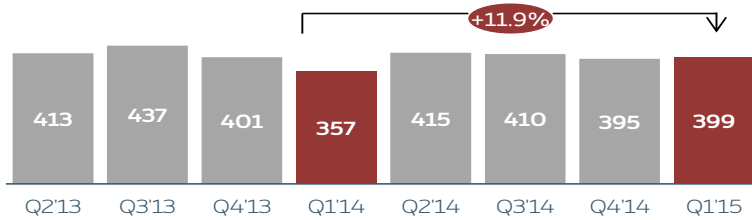


- Q1'15 non-HR expenses totaled € 50 m, + 2.2 % YoY, and includes some higher renting costs related to the sale and lease back of some previously sold buildings within the Network Simplification program, and this for the period it takes to fully empty them.

BICS – Underlying quarterly P&L



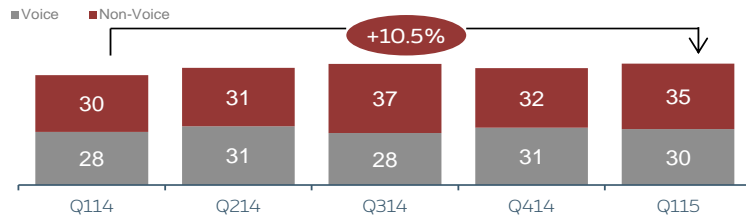
BICS underlying revenue (EUR mio) & YoY variance



BICS Q1'15 revenue totaled € 399m, **+11.9%** or € 43m YoY, from a low comparable base in 2014.

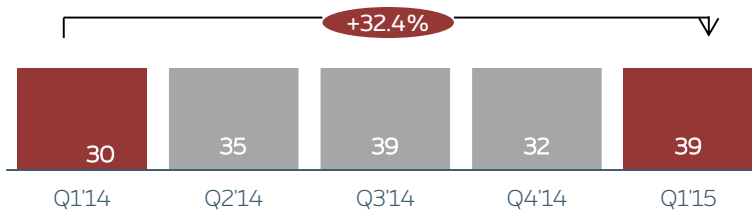
- Positive impact from stronger USD, explaining > 50% of revenue increase
- combined with higher volumes for Voice and Mobile Data.

BICS Gross Margin (in mio)



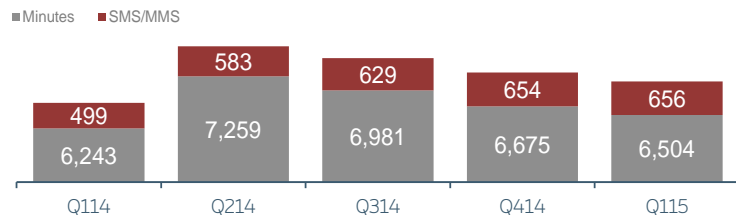
- In Q1'15, BICS's gross margin improved with **+10.5%**, up from a low comparable base
- Positive variance on Mobile data, impacted by stronger USD and improved volumes
- Positive volatility in the voice trading activities

BICS underlying EBITDA (EUR mio)



- EBITDA margin rose to **9.8%**, from 8.3 % for the year before

BICS Volumes (in mio)



- Q1'15 BICS handled **6,504m minutes**, **+4.2%** YoY
- Q1'15 Non-Voice volumes **+31.5%** YoY

belgacom

Additional
information

Pricing converged Proximus PACKS

- successful combinations

3-Play



€ 62.95 / month



€ 66.95 / month



€ 75.95 / month



TV

- >80 channels; decoder rental
- TV Everywhere
- TV Replay

Fixed Voice



Free to FIX & to MOB ; Belgium and most EU countries during Off-Peak & Weekend

Internet Comfort



- Unlimited volume
- Unlimited hotspot access
- 500 MB 3G/4G + 1 GB TV Everywhere
- 10 GB cloud
- Max download speed: 70 Mbps
- Max upload speed: 5 Mbps

TV



Mobile – Smart 15

- 120 min
- Unlt SMS
- 1GB

Internet Comfort



TV



Fixed voice



Mobile with Smart+ 15



Internet Comfort



€2 to €10 / month discount for each mobile subscription in a Pack (maxi. of 6 mobile subscriptions per Pack)



Fixed internet unlimited volume: For usage above 500 GB, Internet speed reduced to 128 Kbps and can be topped up by ordering Volume Packs



As of 1 June 2015 TV Replay included for free in a Pack with Proximus TV

Pricing – TV options



TV Everywhere

€ 4.95 / month

Thanks to TV Everywhere, your smartphone, tablet or laptop becomes an additional TV screen! At home via your Proximus Wi-Fi connection. Everywhere else via a Wi-Fi Fon Spot or the Proximus 3G/4G network.

for free
In Comfort or
Maxi - Pack



TV Replay

TV Replay @ € 3 / month → As of 1 June '15
Included in Pack for free

I go back up to 36 hours in TV guide.

TV Replay⁺ @ € 7 / month → € 5 / month

Incl. fast forward



Movies & Series Pass

€ 9.95 / month

Unlimited access to an extensive range of movies in a specific on-demand catalog and to the "ms" channel which offers varied programming. Every day a new film or episode of a series on the "ms" channel, at the same time available in the on-demand catalog of this Pass.



Proximus 11

€ 9.95 / month

Belgian football:

All the matches of the Jupiler Pro League

Proximus 11+

€ 9.95 / month

European football:

- UEFA Champions League
- English League Cup
- Spanish League
- Copa del Rey
- Portuguese League

All Foot

€ 14.95 / month

The best of **Belgian and European** football:

Proximus 11
+
Proximus 11+

Consumer Mobile Postpaid subscriptions



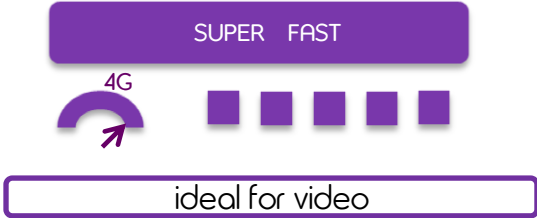
Voice, sms & data
(Smartphone users)

Smart+15	Smart 25	Smart+35	Smart+50	Smart+65
<p>€ 15 € 13 in PACK</p> <p>120 min Unlt SMS 1GB</p> <p>€ 0.25 / min € 0.25 / MMS € 0.10 / MB</p>	<p>€ 25 € 20 in PACK</p> <p>300 min Unlt SMS 2 GB</p> <p>€ 0.25 / min € 0.25 / MMS € 0.10 / MB</p>	<p>€ 35 € 30 in PACK</p> <p>300min & Unlt Px-2-Px Unlt SMS 2 GB</p> <p>€ 0.25 / min € 0.25 / MMS € 0.10 / MB</p>	<p>€ 50 € 40 in PACK</p> <p>Unlt voice Unlt SMS 3 GB</p> <p>Unlimited / min € 0.25 / MMS € 0.10 / MB</p>	<p>€ 65 € 55 in PACK</p> <p>Unlt voice Unlt SMS (incl EU) 5 GB</p> <p>Unlimited / min € 0.25 / MMS € 0.10 / MB</p>

Speed Tiering



Up to 25 Mbps



Up to 129 Mbps
i.e. maximum possible speed

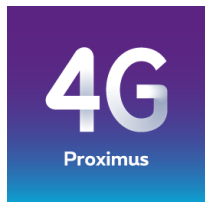
Value-driving Joint-Offers

Selectively combining Mobile Devices with mobile postpaid subscriptions has delivered positive results:

- ✓ Supports customer acquisition
- ✓ Driving smartphone penetration, and in particular 4G- penetration
- ✓ Move customers to higher price-tiering
- ✓ Improving customer stickiness: 24-months commitment on the device
- ✓ Devices costs shared: upfront & monthly customer contribution + vendor contribution

Example – Offer in Q2'15:





Focus on calls

Pay & Go Easy

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

Reload bonus

For each reload, with Pay&Go Easy you get :

- **Bonus 1 (towards fix and Mobile):** € 10 reload= 30min, € 15 reload= 60min, € 25 reload= 90min, € 50 reload= 200 min
- **OR Bonus 2 (towards fix):** € 10 reload=150 min, € 15 reload=600 min, € 25 reload=unlimited min, € 50 reload=unlimited

Focus on Calls & SMS

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

Reload bonus

For each reload, with Pay&Go Smart you get:

- **Bonus € 10 Reload:** unltd. SMS OffPeak + 10 MB
- **Bonus € 15 Reload:** unltd. SMS + 150 MB
- **Bonus € 25 Reload:** unltd. SMS + 500 MB

Peak: 7 – 16h

Focus on Calls, SMS & Data

Pay & Go Max

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

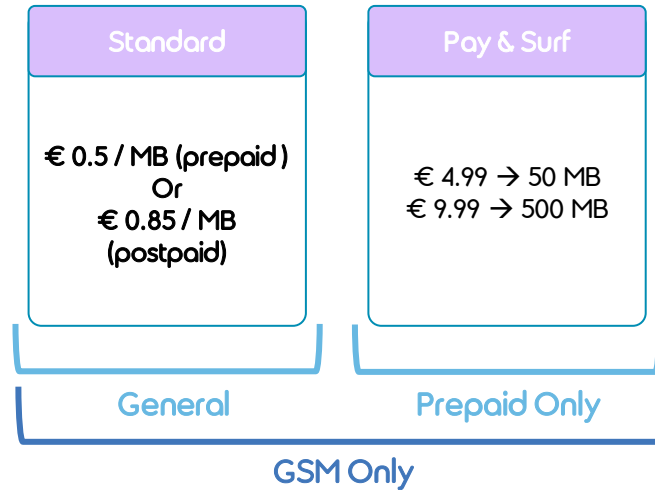
Reload bundles

For Pay&Go Max reload you get:

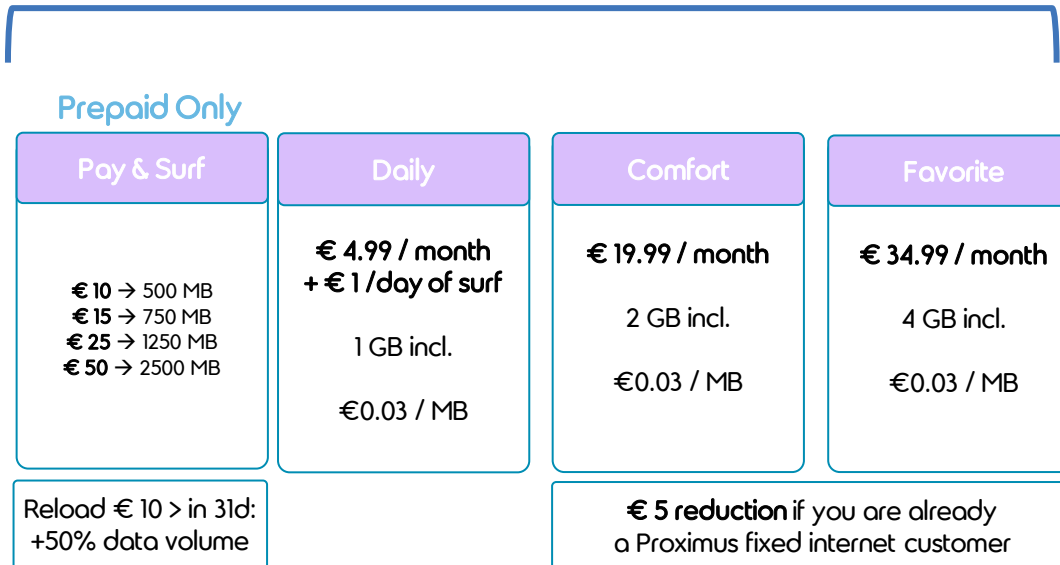
- **€ 15 Reload:** 90 min + unltd. SMS + 250 MB
- **€ 25 Reload:** 150 min + unltd. SMS + 500 MB
- **€ 50 Reload:** 360 min + unltd. SMS + 2 GB

- ✓ For each reload, you get a bundle and no more credit
- ✓ The bundle has a validity of 31 days
- ✓ Out of bundle usage is possible with additional reloads

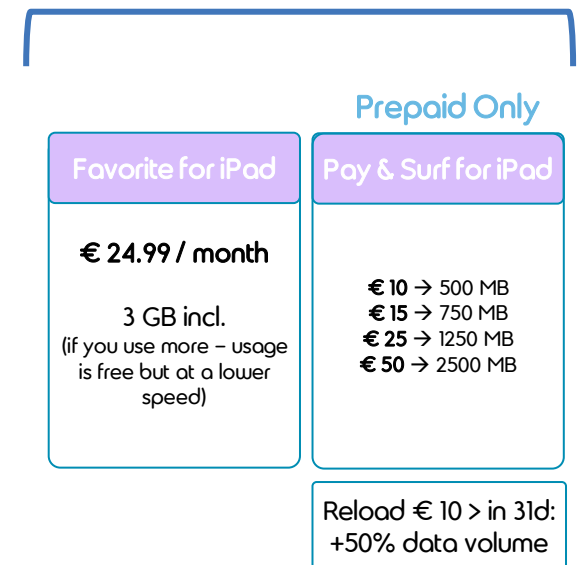
Pricing – Mobile Data



Laptop & Tablet Only



iPad Only



Pricing – Fixed products



Fixed telephony
(classic line)

Classic	Happy Time XL	No Limit National Anytime	Happy time international
<p>€ 20.99 / month</p> <p>Note: Lower tariffs during peak compared to Happy Time</p> <p>Peak: 8-19h</p>	<p>€ 20.99 / month</p> <p>Free to FIX & to MOB during OffPeak & Weekend</p> <p>Peak: 8-17h</p>	<p>€ 30.67 / month</p> <p>Free to FIX Anytime</p> <p>24/24</p>	<p>€ 21.99 / month</p> <p>Free to FIX ,to MOB & to most European countries during OffPeak & Weekend</p> <p>Peak: 8-17h</p>



Internet

Internet Start	Internet Comfort	Internet Maxi
<p>€ 25.50 / month</p> <ul style="list-style-type: none"> • 100 GB/month • Max download speed: 50 Mbps • Max upload speed: 4 Mbps • 3G/4G: 50 MB • + Wifi hotspot access • Cloud: 10 GB 	<p>€ 36.95 / month</p> <ul style="list-style-type: none"> • 150 GB/month (*) • Max download speed: 70 Mbps • Max upload speed: 5 Mbps • 3G/4G: 100 MB • + Wifi hotspot access • Cloud: 10 GB 	<p>€ 46.20/ month</p> <ul style="list-style-type: none"> • Unlimited (**) • Max download speed: 70 Mbps • Max upload speed: 6 Mbps • 3G/4G: 250 MB • + Wifi hotspot access • Cloud: 10 GB



Price changes as of 1 July 2015 :

- Standalone Fixed voice €0.5/month
- Standalone Fixed Internet € 2/month

(*) unlimited (**) in pack comfort

(**) Fixed internet unlimited volume:

For usage above 500 GB, Internet speed reduced to 128 Kbps and can be topped up by ordering Volume Packs

No frills brand



NEW
Boost internet! on

Ajoutez 1 GB* pour 5 € par mois

New pricing since 21/05/2015

Red	Hot	Chili
€ 8	€ 18	€ 28
150 min 1000 SMS 50 MB	500 min 2000 SMS 500 MB	1000 min 5000 SMS 1 GB
€ 0.16 / minute € 0.07 / SMS € 0.20 / MMS € 0.03 / MB	€ 0.16 / minute € 0.07 / SMS € 0.20 / MMS € 0.03 / MB	€ 0.16 / minute € 0.07 / SMS € 0.20 / MMS € 0.03 / MB
Postpaid		

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



Ketch	Up
€ 8	€ 15
Bonus : 20 min 100 SMS	Bonus : 100 min 250 SMS
€ 0.10 / minute € 0.10 / SMS € 0.10 / MB	€ 0.10 / minute € 0.10 / SMS € 0.10 / MB
Prepaid	

scarlet Trio

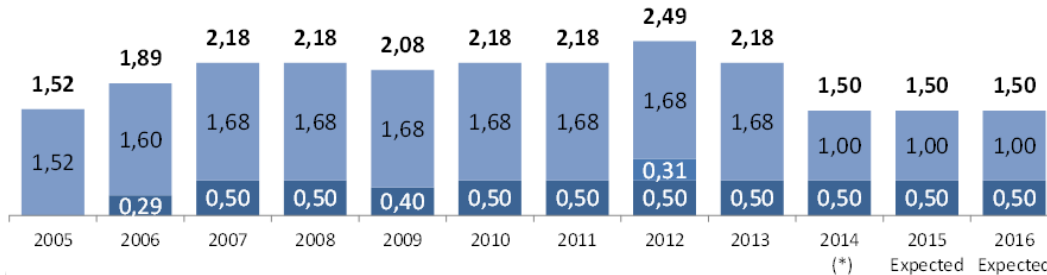


TV + Fix + Internet
€ 39 / month
TV: ~30 channels +
Fixed Voice line: Free calls to fix Off Peak +
Internet: Unlimited volume Down 30 Mbps Up 4 Mbps

Shareholder return

Dividend per share (over the results of the year)

■ Interim dividend ■ Extra-ordinary dividend ■ Normal dividend



The Board of Directors has reaffirmed its intention to pay out a stable yearly dividend of EUR 1.50 per share (interim dividend of EUR 0.50 and ordinary dividend of EUR 1.00) for the next 2 years, provided the Group's financial performance is in line with current expectations.

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 evolvement, and may be subject to change in the event of unforeseen risks or other factors beyond the company's control.

Fit for Growth Strategy

We constantly keep people in touch with the world so they can live better and work smarter

Generate Revenue & EBITDA Growth by 2016

Offer best-in-class customer experience & simplify to structurally reduce costs

Invest in networks and IT systems, building the foundation of our next wave of growth

Transform &



Develop

Customer centric leaner organisation strengthened by new brand **proximus**



Cloud, TV Replay, Netflix, Jupiler Pro League, IoT, Big data, ...

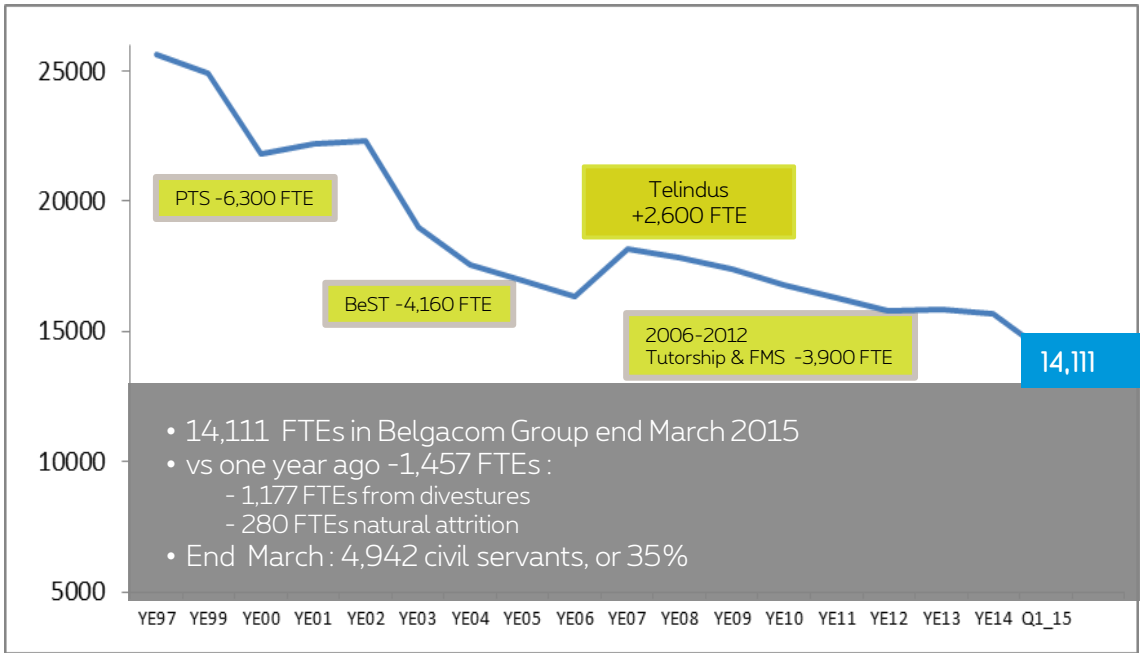
Invest & Innovate

Divestitures and natural attrition reducing headcount

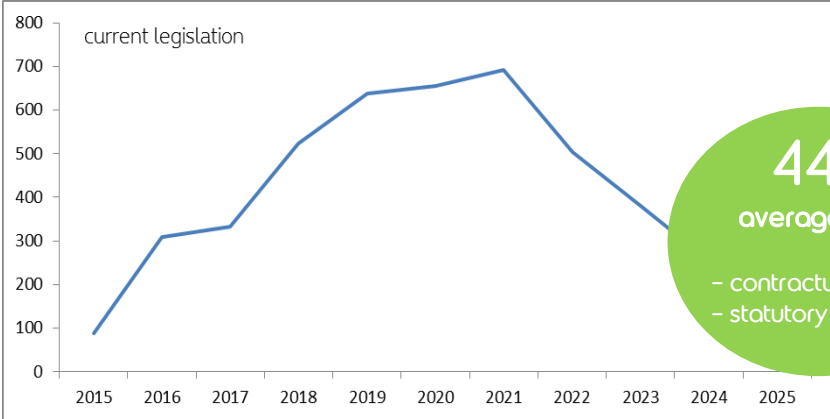
Estimated cash-out for termination benefits related to past headcount reduction programs:

	€ million
2015	22
2016	6
2017	5
2018-2035	15*

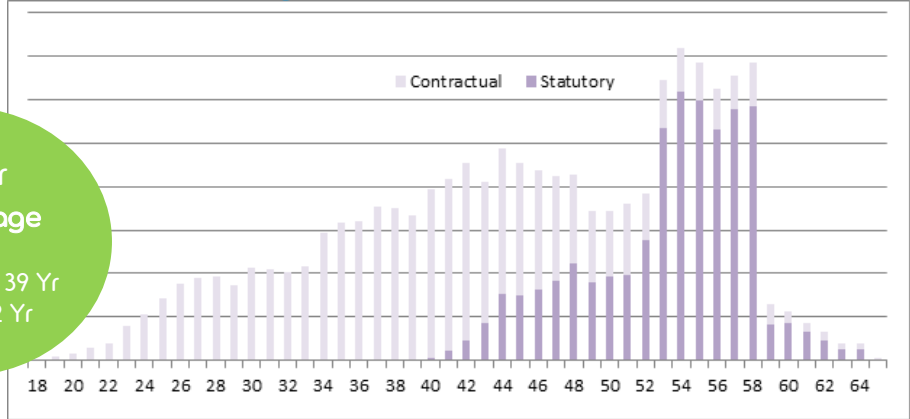
(* Cumulative for full period)



Belgacom SA age pyramid



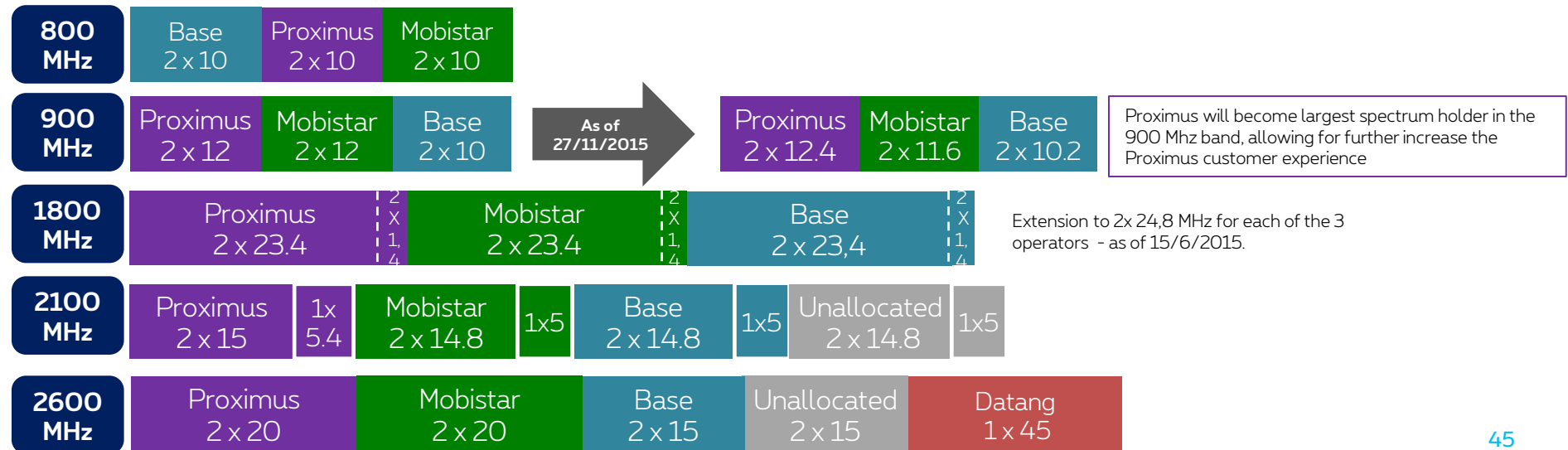
44Yr
 average age
 - contractual 39 Yr
 - statutory 52 Yr





Spectrum: ownership & usage

800 MHz	900 MHz & 1800 MHz	2100 MHz	2600 MHz
<ul style="list-style-type: none"> Used for 4G Licenses granted in November '13 20 year-license valid until 29/11/2033 Belgacom pays € 120 Mio in total (annual instalments) Coverage obligations 	<ul style="list-style-type: none"> Used for 2G, 3G and 4G Licenses granted in '95 1st tacit extension ('10-'15): Belgacom paid €74m (annual payments). 2nd tacit extension (8/4/2015-15/03/2021) for ~ €75m Regulator re-assigned recently the spectrum reserved for Telenet/Voo (in 900 MHz applicable as of 27/11/2015) for which Belgacom paid €16m Allowed to deploy UMTS in 900 MHz spectrum & 4G in 1800 MHz 	<ul style="list-style-type: none"> Used for 3G UMTS licenses granted in 2001 20 year-licenses valid until 15/3/2021 Belgacom 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 	<ul style="list-style-type: none"> 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 Belgacom paid € 20.22m (one-off payment) No coverage obligations



Regulation- 1

Estimated negative financial impact from regulatory price decreases

Regulation impacts (Decrease in EUR million)		Estimated impact	
		Q1 2015	FY 2015
MTR	Revenue	€ 1m	€ 1m
	EBITDA	€ 1m	€ 1m
Roaming	Revenue	€ 9m	€ 23m
	EBITDA	€ 9m	€ 23m
Total	Revenue	€10 m	€24 m
	EBITDA	€10 m	€24 m

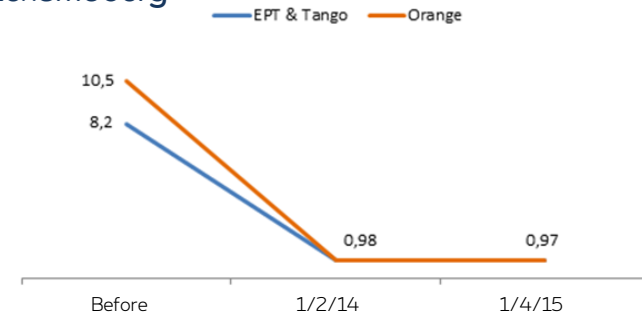
MTR -regulation

Luxembourg - final MTR at 0.97 €cts since 1 April 2015. Tango considering the possibility to appeal this decision. Decision on provisional MTR (0,98€cts) annulled by Court. ILR has appealed this ruling.

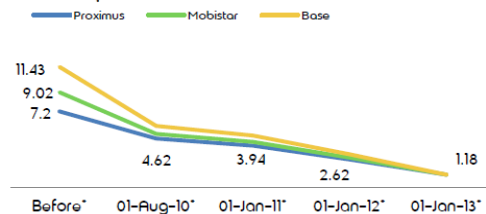
The estimated impact on TANGO (reported in CBU) for Q1 2015 is:
€ - 1m revenue, € -1m EBITDA.

Belgium - the last MTR-cut was applied on 1 January 2013
BIPT is developing a new cost model to set future MTR

Luxembourg



MTR-Glidepath in €ct



*Including inflation

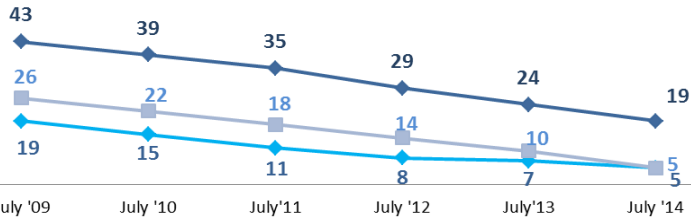
*excl VAT, including inflation

Regulation- 2

Mobile voice and data-roaming: EU Roaming III Regulation regulation

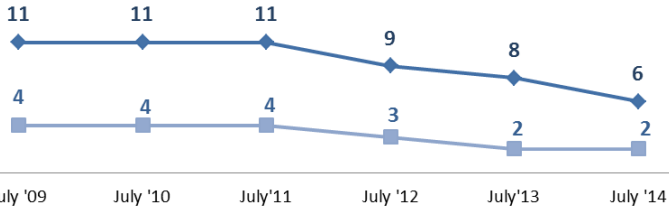
Voice Roaming (€ct per minute)

◆ Retail Outgoing ◆ Retail Incoming ■ Wholesale Outgoing



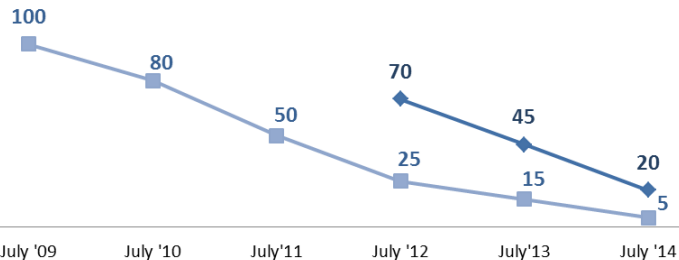
SMS Roaming (€ct per sms)

◆ Retail ■ Wholesale



Data Roaming (€ct per Mb)

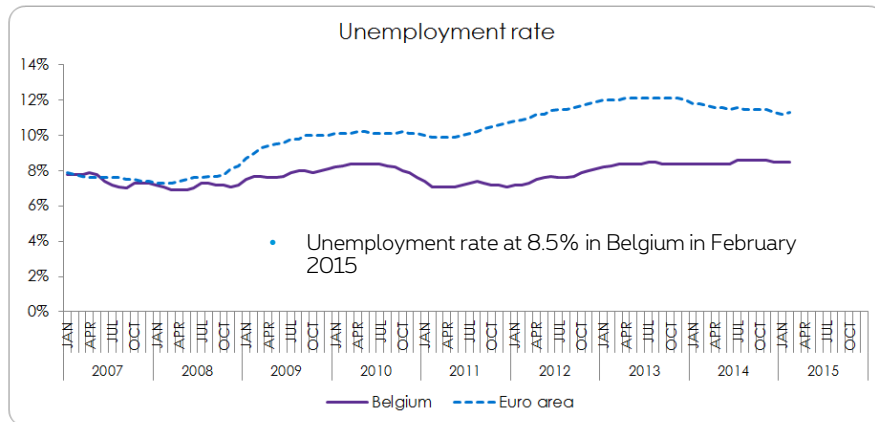
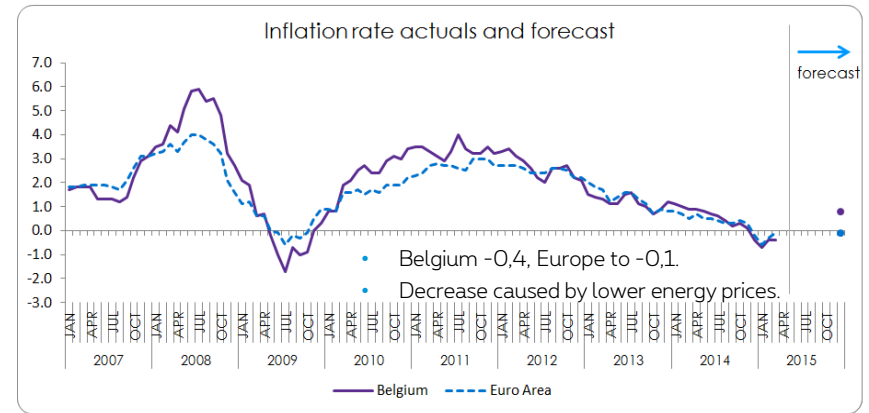
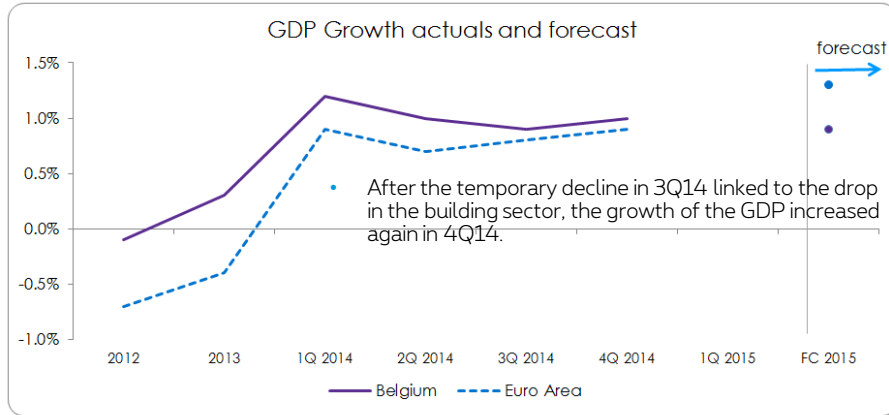
◆ Retail ■ Wholesale



- The Roaming III Regulation will expire in principle on 30 June 2022. However, in the meantime, the EU Authorities (Commission, Council and Parliament) are discussing proposals that include an alignment of the domestic and roaming rates ("Room-like-at home (+)"). The timing of implementation and conditions of such measure are still uncertain as no agreement has been found yet by these institutions.

- Estimated impact on Q1 2015 financials:
 - Revenue: ~ € -9m
 - EBITDA: ~ € -9m

Macro economic environment



Source: National Bank, 28/4/15

- 1 GDP – percentage change on preceding year
- 2 Number of unemployed as a percentage of total labour force
- 3 Index of consumer prices – percentage change on preceding year

Cautionary Statement

“This communication might include some forward-looking statements, without limitation, regarding Belgacom’s 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 Belgacom’s control. Therefore the actual future results may differ materially from those expressed in or implied by the statements.

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