

2017 Q4

Quarterly Report

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Highlights Q4 2017

- Solid uptake of Tuttimus and Bizz All-In, closing 2017 with 360,000 subscribers in total.
- Underlying Domestic revenue +0.9% and EBITDA +0.8% to EUR 408 million.
- Underlying Group EBITDA of EUR 445 million, +1.0% YoY.
- Full-year 2017 underlying Domestic revenue up by 1.1%, underlying Group EBITDA 1.5% higher.

- For the fourth quarter of 2017, Proximus posted Domestic underlying revenue of EUR 1,137 million, 0.9% above the same period of 2016. This included a strong revenue growth in ICT and sustained progress for Fixed Data, TV and Mobile Postpaid services. The regulatory price pressure on roaming was more than compensated for by the larger Mobile Postpaid customer base, higher usage and portfolio changes. This more than offset the steady erosion in Fixed Voice revenue and lower Mobile Prepaid revenue, reflecting the impact of the Prepaid identification legislation.

BICS posted fourth quarter revenue of EUR 339 million, i.e. -6.6%, including 2-months consolidation of TeleSign. The organic revenue of BICS declined by 11.3%, reflecting the ongoing transition within the International Carrier market, with usage moving from Voice to Data. In aggregate, the **Proximus Group ended the fourth quarter of 2017 with a 0.9% decline** in underlying revenue, totaling EUR 1,477 million.

- For its Domestic operations, Proximus posted a fourth quarter 2017 direct margin of EUR 834 million, up by 0.5%. The continued pressure on the Fixed Voice margin and the impact from the RLAH¹ regulation on the Mobile services margin was more than offset by a strong increase in ICT margin and a sustained growth for TV and Fixed Data. Moreover, Proximus' Wholesale segment posted a 9.4% direct margin growth, from a low comparable base, including a higher Visitor roaming margin.

For the fourth quarter of 2017, BICS posted a direct margin of EUR 78 million, i.e. an organic growth of 5.1%. In aggregate, the **Proximus Group underlying direct margin grew by 1.6%**, totaling EUR 912 million for the fourth quarter of 2017.

- After the significant cost reductions achieved in the first nine months of 2017, Proximus' underlying Domestic expenses for the fourth quarter 2017 remained fairly stable (+0.2%) compared to 2016.

For the last quarter of 2017, BICS posted a EUR 9 million cost increase, two-thirds of which being TeleSign expenses. Therefore, the Proximus' Group underlying operating expenses were up by 2.2% from the prior year.

- Proximus Group posted a fourth-quarter 2017 underlying EBITDA of EUR 445 million, a 1.0% increase from the prior year, with its Domestic underlying EBITDA increasing 0.8% to EUR 408 million and with BICS' EBITDA up by 3.0% to EUR 37 million.
- In 2017 Proximus invested a total amount of EUR 1,092 million, including the renewal of 3-year contracts for football broadcasting rights. This aside, the 2017 capex was fully in line with the company guidance of around EUR 1 billion and included increased network investments driven by the kick-off of Proximus' Fiber for Belgium in several main cities. Proximus also finalized the Vectoring upgrade of its Fixed network, with population coverage at 83%, providing a significantly better broadband customer experience. Proximus continued to invest in its high-quality mobile network, with a completed 4G roll-out providing an outdoor coverage of 99.8% and an indoor coverage of 98.1%. Other investments covered IT systems, improved TV content and further simplification and transformation which contributed to the decreasing cost base.
- Proximus' 2017 FCF totaled EUR 292 million, or EUR 511 million when normalized for the EUR 219 million cash-out related to the acquisition of TeleSign. The 2017 FCF includes an increase of income tax prepayments, more cash paid for Capex and the cash impact from the ongoing early leave plan ahead of retirement. This was partially offset by the higher underlying EBITDA and lower interest payments on long-term debt.

¹ Roam-like-at-Home

- **Proximus continued to grow its customer base for its main products in a highly promotional quarter.** Supported by its year-end campaign, Proximus attracted many customers to its all-in offers Tuttimus/Bizz All-In, reaching 360,000 end-December 2017. Proximus' low-cost brand Scarlet confirmed its competitive position in the lower end of the market.
- The Board of Directors approved to propose to the Annual General Shareholder meeting of 18 April 2018 to return **over the result of 2017 a gross dividend of EUR 1.50 per share**, of which EUR 0.50 per share was paid in December 2017.
 - ex-coupon date: 25 April 2018
 - record date: 26 April 2018
 - payment date: 27 April 2018

+18,000² unique TV-customers, total of 1,560,000
 +17,000 Fixed Internet lines, total of 1,983,000
 -21,000 Fixed Voice lines, total of 2,624,000 lines
 +22,000³ Mobile Postpaid cards, 3,882,000 in total
 -8,000 Mobile Prepaid cards 956,000 in total
 +13,000 3 & 4-Play HH/SO⁴, total of 1,431,000, i.e. 48.7% of total base
 56.8% Convergent HH/SO, +1.9 pp. YoY

Dominique Leroy, CEO of Proximus Group

BB *With sound financials for the fourth quarter, our Fit for Growth strategy resulted in a full-year Domestic revenue growth of 1.1% and a 1.5% growth in Group EBITDA, increasing for the third year in a row.*

In a more and more competitive market we further increased our customer base. Proximus grew market shares for both Internet and TV, demonstrating solid customer gains and improved Fixed churn levels. We also realized growth in our Mobile postpaid customer base, in spite of numerous competitor promotions. These customer gains were supported by our convergent all-in offers, with Tuttimus/Bizz All-in having attracted in total 360,000 subscribers by end-2017 and by Scarlet, occupying a competitive position on the low-end of the market.

Our Enterprise segment sustained its solid position, firmly growing its mobile customer base and benefitting from a solid progress in ICT, and ongoing growth in Mobility and convergent services, offsetting the pressure on legacy products.

With the significant cost reductions achieved in the first nine months of the year, our company-wide transformation program supported the growth in our underlying Domestic EBITDA, up by 2.0% for 2017. This was achieved in spite of the Roam-like-at-Home regulation, causing a EUR -41 million net loss in roaming margin. This aside, the Domestic EBITDA for the year 2017 would have grown by 4.5%.

BICS, facing the ongoing transition from Voice to Data usage, closed 2017 with lower EBITDA. TeleSign, consolidated since November 2017, will accelerate BICS' strategic ambitions in the growing Application to Person market.

Delivering upon our plans, we invested extensively in enhancing our networks and improving the overall customer experience. The renewal of the Jupiler Pro League and the UEFA Champions League aside, the 2017 capex was fully in line with the company guidance of around EUR 1 billion and included investments driven by Proximus' Fiber for Belgium project, now initiated in several cities.

In 2018, we will continue our transformation journey to turn Proximus into a customer focused and fitter organization, focusing on efficiency and simplification efforts to further structurally reduce our costs and transition to towards a Digital company. This will support our growth trajectory on EBITDA-level, with the 2018 Group EBITDA expected to be slightly growing from the prior year. This includes some further regulatory headwinds. These will also impact the 2018 Domestic revenue, which we expect to remain nearly stable to 2017. Potential spectrum auctions aside, we expect the 2018 capex to be around EUR 1 billion, including a further progress on our Fiber project. We reconfirm our intention to return to our shareholders a stable dividend of EUR 1.50 per share over 2018 and 2019.



² Not including second or third TV setup boxes.

³ Group (Consumer, Enterprise and Tango) figure, only paying, active cards, excluding M2M.

⁴ Households/Small Office, with Small Office being all customers of Consumer-SE. These are small enterprises with up to 10 employees.

Proximus Group financial review

- Underlying Domestic revenue up by 0.9% in fourth quarter 2017, in spite of pressure on roaming and competitive intensity.
- Mobile Postpaid service revenue up by 1.6%, maintaining a sequentially fairly stable growth.
- Firm growth in ICT and sustained revenue progress for TV and Fixed Data, more than offsetting the erosion in Fixed Voice and Prepaid revenue.
- Underlying Group EBITDA was up by 1.0% to EUR 445 million, with both Domestic and BICS posting a positive variance on the prior year.
- Proximus' 2017 FCF totaled EUR 292 million, or EUR 511 million when normalized for the cash-out related to the acquisition of TeleSign.

2.1 Group financials

Table 1: Underlying Group P&L

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
TOTAL INCOME (*)	1,490	1,477	-0.9%	5,871	5,778	-1.6%
Costs of materials and charges to revenues (**)	-593	-565	-4.7%	-2,242	-2,166	-3.4%
TOTAL DIRECT MARGIN	897	912	1.6%	3,628	3,612	-0.5%
Direct margin %	60.2%	61.7%	1.5 p.p.	61.8%	62.5%	0.7 p.p.
TOTAL EXPENSES	-456	-466	2.2%	-1,832	-1,789	-2.4%
TOTAL EBITDA	441	445	1.0%	1,796	1,823	1.5%
Segment EBITDA margin %	29.6%	30.2%	0.6 p.p.	30.6%	31.6%	1.0 p.p.

(*) referred to as "Revenue" in the document

(**) referred to as "Cost of sales" in the document

Underlying
Group P&L

2.1.1 Underlying Group revenue

Proximus posted for the fourth quarter of 2017 a Domestic underlying revenue of EUR 1,137 million, 0.9% above the same period of 2016.

This includes a 1.6% revenue increase from Fixed, driven by a strong 9.0% growth in ICT revenue and the sustained revenue growth for Fixed Data (+2.6%) and TV (+4.6%). These growth pools compensated for the steady erosion of Fixed Voice revenue, down in the fourth quarter by 6.2%.

Although Mobile Postpaid services continued to face a significant headwind from "Roam-like-at-Home" (RLAH), the revenue maintained a sequentially fairly stable growth, up from the prior year by 1.6%. The price pressure was more than compensated for by the larger Mobile Postpaid customer base, higher usage and the portfolio changes launched on 1 August 2017. The year-on-year revenue erosion of Mobile Prepaid remained however at elevated levels, triggered by the Prepaid identification legislation in what was an already declining market. Mobile Services revenue for the Consumer and Enterprise segments combined therefore ended 1.0% below that of the prior year. In contrast to prior quarters, revenue from Mobile devices was lower year-on-year, comparing to a very high fourth quarter 2016.

Proximus' carrier services, BICS, posted fourth quarter revenue of EUR 339 million, 6.6% below that of the comparable period in 2016. In aggregate, the Proximus Group ended the fourth quarter of 2017 with a 0.9% decline in underlying revenue, totaling EUR 1,477 million.

For the full-year 2017, Proximus achieved a 1.1% underlying revenue increase for its Domestic operations to EUR 4,458 million, in spite of a more competitive Belgian landscape and significant regulatory headwinds.

The revenue growth was primarily driven by the ongoing expansion of Proximus' TV, Internet and Mobile Postpaid customer base and a solid revenue increase from ICT. Furthermore, in 2017 Proximus posted higher revenue from mobile devices, and from Advanced Business Services. The Proximus Wholesale segment also closed a

favorable year, benefitting from the higher roaming-in traffic and the reversal of Fixed Termination Rates⁵. This more than offset the pressure on the Domestic Fixed Voice revenue and the steep decline in Prepaid, triggered by the identification legislation.

BICS closed the year 2017 with a 9.6% revenue decrease to EUR 1,320 million, leading to a 1.6% decline in underlying revenue for the Proximus Group, reaching EUR 5,778 million.

Table 2: Group revenue by segment

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Group Reported	1,490	1,478	-0.8%	5,873	5,802	-1.2%
<i>Incidentals</i>	0	-1		-3	-24	
Group underlying by Segment	1,490	1,477	-0.9%	5,871	5,778	-1.6%
Domestic	1,127	1,137	0.9%	4,410	4,458	1.1%
Consumer	737	733	-0.5%	2,889	2,910	0.7%
Enterprise	357	370	3.5%	1,376	1,399	1.7%
Wholesale	46	51	10.3%	194	207	6.5%
Other (incl. eliminations)	-14	-17	-19.6%	-49	-58	-18.7%
International Carrier Services (BICS)	363	339	-6.6%	1,460	1,320	-9.6%

More precisely, the fourth-quarter 2017 Group underlying revenue variance was the result of the following segment changes:

- Consumer posted EUR 733 million revenue, -0.5% from same period of 2016.** Proximus' enlarging customer base continued to grow its revenue for TV (+4.6%) and for Internet (+4.1%), partly offset by lower Fixed Voice revenue (-4.6%). In contrast to the prior quarters, less revenue was generated from mobile devices sales (at low margin), comparing to a very high quarter in 2016. In spite of substantial roaming regulation headwinds, Mobile postpaid revenue continued its positive trend, up by 2.4% for the last quarter of 2017, driven by the expanding Postpaid customer base, improved customer tiering and revamped mobile offers as of 1 August.
- The Enterprise segment closed a strong fourth quarter 2017, with its revenue totaling EUR 370 million, up by 3.5%.** Fitting the Enterprise segment strategy to manage the transitioning revenue mix, the growth was largely driven by ICT, with a solid 9.5% revenue increase and by the revenue growth from Advance Business Services. In addition, revenue from mobile device sales rose following some large contracts, while the pressure on Mobile services revenue further stabilized. Therefore, the erosion of legacy telecom services was more than compensated for.
- Proximus' Wholesale segment reported a solid 10.3% growth in revenue totaling EUR 51 million** for the fourth quarter of 2017. The Wholesale revenue benefitted from a steep increase in roaming-in revenue, more than offsetting the lower traditional wholesale revenue. This compares to a fourth quarter 2016 which included a regulated decrease in Fixed Termination Rates⁶.
- For the fourth quarter of 2017, BICS posted underlying revenue of EUR 339 million**, including the revenue contribution of TeleSign, consolidated since 1 November 2017. TeleSign aside, the fourth quarter revenue of BICS totaled EUR 322 million, i.e. an organic decline by 11.3%, reflecting the ongoing transition within the International Carrier market, with usage moving from Voice to Data. Revenue from Voice declined by 14.5%, whereas non-Voice revenue was up by 25.3% driven by a strong increase in A2P volumes, including a solid contribution from TeleSign, accelerating BICS' strategic ambitions in this growing market.

⁵ See section 2.2 on regulation.

⁶ See section 2.2 on regulation

Table 3: Underlying Group revenue by product group

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Revenues	1,490	1,477	-0.9%	5,871	5,778	-1.6%
Domestic	1,127	1,137	0.9%	4,410	4,458	1.1%
Fixed	638	648	1.6%	2,509	2,545	1.4%
Voice	186	175	-6.2%	761	721	-5.3%
Data (Internet & Data Connectivity)	213	219	2.6%	849	866	2.0%
TV	94	98	4.6%	360	385	7.1%
Terminals (excl. TV)	9	8	-6.3%	35	34	-1.0%
ICT	136	149	9.0%	503	538	6.8%
Mobile Services	325	322	-1.0%	1,318	1,296	-1.7%
Postpaid	295	300	1.6%	1,179	1,195	1.3%
Prepaid	30	22	-26.4%	139	101	-27.6%
Mobile Terminals	60	58	-3.0%	167	198	18.4%
Advanced Business Services	7	9	32.2%	18	28	55.2%
Subsidiaries (Tango)	34	35	4.0%	127	131	2.6%
Other Products	30	30	-1.4%	125	112	-10.6%
Wholesale	46	51	10.3%	194	207	6.5%
<i>Other segment (incl. eliminations)</i>	<i>-14</i>	<i>-17</i>	<i>-19.6%</i>	<i>-49</i>	<i>-58</i>	<i>-18.7%</i>
International Carrier Services (BICS)	363	339	-6.6%	1,460	1,320	-9.6%

2.1.2 Underlying Group direct margin

Table 4: Group direct margin by segment

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Group Reported	897	913	1.8%	3,631	3,636	0.1%
<i>Incidentals</i>	<i>0</i>	<i>-1</i>		<i>-3</i>	<i>-24</i>	
Group underlying by Segment	897	912	1.6%	3,628	3,612	-0.5%
Domestic	830	834	0.5%	3,354	3,332	-0.7%
Consumer	543	540	-0.6%	2,204	2,188	-0.7%
Enterprise	244	245	0.5%	964	956	-0.8%
Wholesale	40	43	9.4%	169	175	3.5%
Other (incl. eliminations)	3	5	79.7%	17	13	-22.3%
International Carrier Services (BICS)	68	78	15.5%	274	279	1.9%

For its Domestic operations, Proximus posted a fourth-quarter 2017 direct margin of EUR 834 million, up by 0.5% from the same period of 2016.

The direct margin for the Consumer segment was 0.6% lower compared with that of the prior year. This was mainly due to an unfavorable revenue mix effect, with a continued pressure on the Fixed Voice margin and the Mobile services margin impacted by boosted volumes following the RLAH regulation, triggering an increase in roaming wholesale costs. While this is also true for the Enterprise segment, its fourth quarter direct margin was slightly up as a result of a strong ICT margin increase in the quarter.

Proximus' Wholesale segment posted a 9.4% growth in its 2017 fourth-quarter direct margin. As the RLAH regulation drove visitor roaming volumes up, the resulting direct margin increase offset the loss from traditional wholesale products. Moreover, the comparable base was low, with the fourth quarter of 2016 being impacted by the regulated decrease in Fixed Termination Rates as from 1 November 2016⁷.

⁷ The impact in Q4 2016 was EUR -4 million on revenue and EUR -3 million on direct margin for the Wholesale segment, with the margin impact slightly offset in the customer segments. The impact was reversed in Q1 2017 following the annulment by the Brussels Appeal Court in March 2017 on procedural grounds.

For the fourth quarter of 2017, BICS posted a direct margin of EUR 78 million, including 2 months of TeleSign⁸ contribution. The higher direct margin resulted from a positive evolution in both Voice and non-Voice. Organically, BICS posted a 5.1% year-on-year growth, a good improvement from prior quarters.

In aggregate, the Proximus Group underlying direct margin grew by 1.6%, totaling EUR 912 million for the fourth quarter of 2017.

Over the full year 2017, the Proximus Group posted a direct margin of EUR 3,612 million, with EUR 3,332 million for its Domestic operations, or -0.7% from the prior year. This included a EUR -41 million net loss of roaming margin, with the roaming-out price regulation impact of EUR -61 million being partly offset by a positive volume impact from visitor roaming. BICS' direct margin ended 1.9% above that of the prior year, or -0.6% on an organic basis.

2.1.3 Underlying Group expenses⁹

Table 5: Workforce versus non workforce expenses / Domestic expenses by nature

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Group Reported	451	482	7.1%	1,898	1,863	-1.8%
Incidentals	6	-16		-66	-75	
Group Underlying	456	466	2.2%	1,832	1,789	-2.4%
Workforce expenses	282	285	0.9%	1,159	1,146	-1.1%
Non Workforce expenses	174	182	4.3%	673	643	-4.5%
Domestic Underlying	425	426	0.2%	1,707	1,652	-3.2%
Workforce expenses	269	268	-0.5%	1,106	1,087	-1.7%
Non Workforce expenses	156	158	1.3%	601	564	-6.1%
BICS Underlying	31	41	29.9%	125	137	9.2%
Workforce expenses	13	17	29.5%	53	59	9.9%
Non Workforce expenses	18	24	30.2%	72	78	8.8%
Domestic Underlying by nature	425	426	0.2%	1,707	1,652	-3.2%
Marketing Sales & Servicing	236	238	0.8%	891	897	0.7%
Network & IT	138	130	-5.6%	575	524	-8.8%
General and Administrative (G&A)	51	57	12.6%	241	230	-4.4%

Proximus' Group underlying operating expenses for the fourth quarter 2017 were up by 2.2%, or EUR 10 million. This was mainly attributable to a EUR 9 million cost increase for BICS, of which two-thirds from the TeleSign¹⁰ consolidation. Proximus' Domestic expenses remained fairly stable (+0.2%) compared to the fourth quarter of 2016. Furthermore, the Group's year-on-year comparison was negatively impacted by a currency effect.

Proximus Group posted for the fourth quarter 2017 underlying workforce expenses of EUR 285 million, 0.9% above those of the prior year, with Proximus' Group headcount totaling 13,391 FTEs end-2017.

The fourth quarter increase in workforce expenses was driven by the headcount of TeleSign (+238 FTEs), consolidated since November 2017, and reflected in the workforce expenses of BICS. Proximus' Domestic workforce expenses ended slightly below (-0.5%) the fourth quarter of 2016, i.e. a decline fairly similar to that of the prior quarter. With the first wave of the voluntary early leave plan ahead of retirement annualizing since July 2017, the related cost benefit became more limited in the second-half of 2017. Moreover, the favorable cost effect of a lower headcount was partly offset by the impact of an inflation-based salary increase in July 2017 and the natural wage drift.

The Domestic workforce costs nonetheless remained supported by a lower internal headcount compared to end-2016, down by a net number of 450 FTEs over the year, including 373 FTEs having left the company through the

⁸ Consolidated in BICS as of 1 November 2017

⁹ Before D&A; excluding Cost of Sales; excluding incidentals.

¹⁰ TeleSign consolidated since November 2017

voluntary early leave plan ahead of retirement. Furthermore, the Domestic headcount was reduced following legal retirements and natural attrition, partly offset by external hiring of business critical profiles, mainly to support the growth within the ICT domain.

Over the full-year 2017, the total Proximus Group expenses were reduced by EUR 44 million or 2.4%, totaling EUR 1,789 million.

Proximus kept a strong focus on structurally improving its cost base, leading to a decrease in its Domestic expenses by EUR 55 million, or -3.2% in 2017. Besides improved efficiency and productivity, the cost base mainly benefitted from further network simplification, a more efficient physical distribution network, and enhanced digital solutions encouraging self-care and further digitization of billing and ordering. Furthermore, 2016 included higher regional pylon tax provisions.

With the strong cost reduction in 2017, from an already lowered 2016 cost base, Proximus remained well on track to reach its ambition of EUR 150 million net cost savings in the four-year period 2016-2019.

The full-year 2017 expenses of BICS were up by EUR 12 million, including TeleSign and an unfavorable currency impact. These aside, BICS expenses were fairly stable over the year.

2.1.4 Group EBITDA

Table 6: Operating income before depreciation and amortization

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Group Reported	447	431	-3.5%	1,733	1,772	2.3%
<i>Incidentals</i>	-6	15		63	51	
Group underlying	441	445	1.0%	1,796	1,823	1.5%
Domestic	405	408	0.8%	1,647	1,680	2.0%
International Carrier Services (BICS)	36	37	3.0%	149	143	-4.2%

(1) Underlying Group EBITDA

The Proximus Group's fourth quarter 2017 underlying EBITDA totaled EUR 445 million, a 1.0% increase compared with the same period of 2016.

As a result of the higher margin for its **Domestic operations** in the fourth quarter 2017, Proximus posted a **0.8% increase in underlying Domestic EBITDA, totaling EUR 408 million**. This includes a net decrease in the total roaming¹¹ margin by EUR -8 million. The roaming margin loss aside, the fourth quarter Domestic EBITDA grew by 2.8%.

BICS posted a fourth-quarter 2017 EBITDA of EUR 37 million, a year-on-year increase of 3.0% including TeleSign. On an organic basis, the EBITDA of BICS remained fairly stable compared with the prior year.

Over the full-year 2017, the underlying Group EBITDA of Proximus totaled EUR 1,823 million, a 1.5% increase compared to the previous year.

For its Domestic operations, Proximus increased its EBITDA by 2.0% to EUR 1,680 million, in spite of a EUR -41 million net loss of roaming margin, with a EUR -61 million regulatory price impact on roaming-out and increased volumes triggering additional costs, only partly offset by an increase in roaming-in margin. This loss aside, the Domestic EBITDA for the year 2017 was up by 4.5% from 2016.

BICS closed the year 2017 with EBITDA of 143 million, -4.2% compared with the prior year or -4.9% when excluding the 2-months contribution of TeleSign.

(2) Total Reported Group EBITDA (incidentals included)

In the fourth quarter of 2017, the Proximus Group recorded EUR 15 million negative EBITDA incidentals, related to the early leave plan prior to retirement. Including these, the **Proximus Group's reported EBITDA totaled EUR 431**

¹¹ Net margin evolution from Proximus and Tango Roaming-out and Roaming-in (visitor roaming).

million, compared to EUR 447 million the year before, i.e. a **3.5% decrease**. See section 8.2 for more information on the incidentals.

Over the full-year 2017, the Proximus Group recorded EUR -51 million net EBITDA incidentals, compared to EUR -63 million for 2016. The 2017 incidentals included mainly expenses recorded in the framework of the early leave plan ahead of retirement, partly offset by capital gains on building sales.

Incidentals included, the Proximus Group reported for 2017 EBITDA of EUR 1,772 million, compared to EUR 1,733 million for the year before, i.e. +2.3%.

2.1.5 Net income

Depreciation and amortization

The fourth quarter 2017 **depreciation and amortization totaled EUR 246 million** bringing the total over 2017 to EUR 963 million. This compares to EUR 917 million for the same period of 2016, +5.0%, with the increase mainly due to an increasing asset base over the years to depreciate.

Net finance cost

The **net finance cost for the year 2017 totaled EUR 70 million**, EUR 31 million lower versus last year's level of EUR 101 million, mainly resulting from refinancing at a lower interest rate.

Tax expenses

The 2017 tax expenses were EUR 185 million, i.e. an effective tax rate of 25.1%. The 2017 effective tax rate was higher compared to the 23.33% in 2016, which benefitted of previously unrecognized tax losses. Furthermore the increase of the effective tax rate is mainly due to a lower notional interest deduction following the low market interest rates. This is however mitigated mainly by a positive impact of both the Belgian and US corporate income tax reforms on the 2017 closing balance of deferred income taxes.

Net income (Group share)

With EUR 137 million net income for the fourth quarter of 2017, Proximus reported a net income (Group share) for the full-year 2017 of EUR 522 million. This is fairly stable compared to 2016 but results from a higher underlying Group EBITDA and lower finance costs, partly offset by higher depreciation and amortization and an increase in tax expenses.

Table 7:
From
Group EBITDA
(as reported)
to
net income

(EUR million)	4th Quarter			Full Year		
	2016	2017	% Change	2016	2017	% Change
EBITDA	447	431	-3.5%	1,733	1,772	2.3%
Depreciation and amortization	-229	-246	7.5%	-917	-963	5.0%
Operating income (EBIT)	218	185	-15.2%	816	809	-0.8%
Net finance costs	-27	-22	-16.1%	-101	-70	-30.6%
Income before taxes	191	162	-15.1%	715	738	3.3%
Tax expense	-60	-10	-83.5%	-167	-185	11.3%
Non-controlling interests	6	16	>100%	25	30	21.1%
Net income (Group share)	125	137	9.8%	523	522	-0.2%

2.1.6 Investments

The level of capex reflects Proximus' strategy to invest extensively in enhancing its networks and improving the overall customer experience. In the fourth quarter of 2017 Proximus invested EUR 385 million, bringing the total capex for 2017 to EUR 1,092 million, EUR 143 million more compared to 2016. The increase was for a large part explained by the renewal of 3-year contracts for football broadcasting rights, with the renewal signed for the Jupiler Pro League mid-2017, and the renewal for the UEFA Champions League signed end-2017. This aside, the 2017 capex was fully in line with the company guidance of around EUR 1 billion and included increased network investments driven by the start of Proximus' Fiber for Belgium project. The deployment of this future proof network was kicked-off in Antwerp, Brussels, Charleroi, Ghent, Hasselt, Liège and Namur. Proximus customers already enjoy a very wide coverage of FttC, reaching 94% end-December. Moreover, Proximus also finalized the Vectoring upgrade of its Fixed network. With coverage reaching 83%, the largest worldwide, Proximus customers enjoy a significantly better broadband customer experience, with broadband connection speeds raised to 72 Mbps on average, with over half of the population having access to 100 Mbps.

Proximus also continues to invest in its mobile network. Proximus mobile customers enjoy a high-quality mobile service, with a completed 4G roll-out providing an outdoor coverage¹² of 99.8% and an indoor coverage of 98.1%. With investments in mobile capacity, high quality standards are maintained while national data traffic volumes are boosted by nearly 70% over the past 12 months. By end-2017, customers' monthly national data usage went up to almost 1.4 GB on average and 1.6 GB for 4G users. Smartphone penetration on Proximus' network increased further to 73%, with a 4G smartphone penetration of 63% at end-December 2017, or +13pp in one year.

Other investments covered IT systems, improved TV content and further simplification and transformation which contributed to the decreasing cost base.

2.1.7 Cash flows

Table 8:
Cash flows

(EUR million)	4th Quarter			Full Year		
	2016	2017	% Change	2016	2017	% Change
Cash flows from operating activities	242	296	22%	1,521	1,470	-3%
Cash paid for Capex (*)	-239	-271	13.4%	-962	-989	2.8%
Cash flows used in other investing activities	0	-212	<-100%	0	-189	>100%
Cash flow before financing activities (FCF)	3	-187	<-100%	559	292	-48%
Cash flows used in financing activities (**)	-320	-1	-100%	-764	-256	-66%
Net increase / (decrease) of cash and cash equivalents	-316	-188	-40%	-205	36	>100%

(*) Cash paid for acquisitions of intangible assets and property, plant and equipment

(**) Cash used to repurchase bonds and related derivatives is included in the 'cash flow used for financing activities' in the cash flow statement.

Proximus' 2017 FCF totaled EUR 292 million, including EUR 219 million¹³ cash-out related to the acquisition of TeleSign. On a like-for-like basis, the 2017 FCF totaled EUR 511 million. The decrease compared to the EUR 559 million for 2016 was mainly the consequence of higher income tax payments, including increased prepayments following the Belgian Tax reform, raising the legal prepayment percentage from 9% to 59%. In addition, cash paid for Capex and for the ongoing early leave plan ahead of retirement was higher versus 2016. Working capital needs slightly increased after a strong reduction over the 2015-2016 period. This was partially offset by a growth in underlying EBITDA and lower interest payments on long-term debt.

2.1.8 Balance sheet and shareholders' equity

In October 2017, Proximus Group acquired TeleSign, a United States company active in the provisioning of authentication and mobile identity services to internet- and digital service providers.

¹² Source: Comm Square results Q4 2017

¹³ Including the cost of a transaction-related hedging instrument.

A provisional purchase allocation was performed at acquisition date. Compared to year-end 2016 the goodwill increased with EUR 152 million mainly as a consequence of this acquisition.

Tangible and intangible fixed assets increased by EUR 200 million to EUR 4,209 million, including the intangible assets acquired in the TeleSign business combination (EUR 85 million) and the amount of Capex being higher than the depreciation and amortization.

With the 2017 net income (Group Share) of EUR 522 million exceeding the dividends (EUR 484 million), the shareholders' equity increased from EUR 2,819 million end-2016 to EUR 2,857 million end December 2017.

End-2017, Proximus' outstanding long-term debt amounted to EUR 2,267 million. Proximus maintained a solid financial position with a net debt of EUR 2,088 million end-2017. The net debt increased from one year ago following the acquisition of TeleSign, whereas the normalized 2017 FCF level more than covered for the committed dividend pay-out.

Table 9: Net financial position

(EUR million)	As of 31 December 2016	As of 31 December 2017
Investments, Cash and cash equivalents (*)	302	338
Derivatives	7	5
Assets	309	342
Non-current liabilities (**)	-1,763	-1,860
Current liabilities (**)	-407	-570
Liabilities	-2,170	-2,430
Net financial position	-1,861	-2,088

(*) investments included

(**) LT bonds related derivatives included

2.2 Regulation

Table 10:
Estimated
year-on-year
impact from
regulation

(EUR million)	2017		2018 estimate		
	Revenue	Direct Margin	Revenue	Direct Margin	
Regulated price impact on Roaming-Out	-61	-61	-26	-26	Roam-like-at-Home pricing impact annualizing mid-June, explaining the lower price impact for 2018 vs 2017. However, the overall net Direct margin loss for Roaming could be fairly similar as for 2017, depending on volume related costs, visitor roaming volume elasticity and ongoing erosion of the paying Roaming Options.
Overall net impact on Roaming (price and volume impact of roaming-out & roaming-in)	-22	-41	~ -39	~ -40	
Fixed Termination Rates	8	3	-14	-6	The new, lower Fixed Termination Rates are expected to be introduced around mid-2018 and will lower revenue and direct margin, whereas the 2017 variance was positively impacted following a court ruling.

Roaming-Out price impact is defined as: Volumes of year-1 multiplied by the year-on-year price decrease as set by the regulator.

International Roaming

The EU roaming regulation has impacted Proximus' financial result significantly, starting end-April 2016 with Proximus lowering its roaming rates in Europe, in line with the EU regulatory transitory period before the complete abolition of roaming surcharges.

At the same time, Scarlet, Proximus' low-cost telecom provider, completely abolished its roaming costs for all EU countries.

Since 12 June 2017, Proximus has implemented RLAH, allowing Proximus customers to surf, call and text within the European Union like at home, without extra charges, provided they comply with the Fair Use Policy (FUP), aimed at preventing abusive usage of retail roaming services beyond periodic travelling in the EU.

New roaming wholesale prices have also been set, and foresee a step by step reduction over 5 years for data caps, with a decrease from EUR 7.7/GB as of 15 June 2017 to EUR 2.5/GB as of 1 January 2022. The European Commission is tasked with reviewing these rates every two years with its first report due at the end of 2019.

The lowered roaming prices impacted Proximus' Mobile services revenue and margin. For full-year 2017, the negative price impact on Roaming-out revenue and margin was estimated at EUR 61 million, including a EUR 11 million impact for Tango. This was, however, partly compensated by positive volume impacts from visitor roaming traffic. Hence, Proximus' overall Roaming margin was down by a net amount of EUR -41 million from the prior year. This includes EUR -8 million for the fourth quarter 2017.

The Roam-like-at-Home pricing impact will annualize mid-June 2018. Therefore, the estimated price-impact for Roaming-out is expected to be limited to EUR -26 million, compared to EUR -61 million for 2017. However, the overall 2018 net Direct margin loss for Roaming, including roaming-out and visitor roaming, could be fairly similar as for 2017 (EUR -41 million), depending on the volume of roaming-out and visitor roaming, and the ongoing erosion of paying roaming Options. For some geographies, Proximus expects to turn to a 'net sender' in 2018, and has managed its wholesale prices accordingly. While this benefits the unit cost for retail roaming, it will lower the revenue from visitor roaming.

Prepaid identification

The identification of old and new mobile Prepaid cards became mandatory under Belgian law. Proximus implemented different solutions in order to make it easier for its customers to identify their Prepaid cards. A validation period ran until the 7th of September, after which all remaining non-identified cards were removed from Proximus' park. In total, Proximus removed about 99,000 unidentified Prepaid cards in 2017.

Mobile Termination Rates (MTR)

End-May 2017, the Mobile Termination Rates have been set at a level of 0.99 eurocent/minute for the period 2017-2019 (vs 1.18 eurocent previously). The new MTR has been applicable since 1 July 2017, though the impact was fairly neutral on EBITDA. In Luxembourg, the new MTR have been set at 0.89 eurocent/min since 1 July 2017 until 31 December 2019 (from 0.97 eurocent previously).

Fixed Termination Rates (FTR)

Following annulment on 15 March 2017 of the decision to lower the Fixed Termination Rates as from 1 November 2016, the previous FTR were reintroduced. Proximus' year-on-year variance for 2017 was positively impacted by this change by EUR 8 on revenue and EUR 3 million on Direct Margin.

On 28 December 2017, the BIPT proposed to set the FTR at 0.103 eurocent/min for both regional (intra access area) and national (extra access area) termination (currently at 0.709 eurocent/min. and 0.909 eurocent/min respectively). BIPT announced it will publish its final decision for the third quarter 2018.

Spectrum

The BIPT launched consultations on the organization of an auction for new spectrum (700MHz and 3400-3800MHz) and for the renewal of existing spectrum (900MHz, 1800MHz and 2100MHz, which all expire by 15 March 2021). The licenses will be valid for 20 years. The timing has not yet been defined, but it is expected that one or more auctions would be organized either late 2018 or early 2019.

BIPT market analysis

On 7 July 2017, the Belgian regulators (BIPT and media regulators CSA, VRM and Medienrat) released draft decisions on their review of the broadband internet and TV market analysis (the last analysis dates from July 2011). The regulators consider that these markets are still characterized by competition shortcomings and take as a stance that the market needs a third fixed player. Overall they propose a scheme for deepening the cable regulation and extending Proximus' regulation from its copper to its fiber network. The concrete modalities of the regulation are not yet defined. In terms of pricing, the regulators propose to apply a "fair price" (i.e. price based on current costs, increased with a reasonable profit margin) both for fiber and for cable (cable prices are currently based on "retail minus"). The drafts do not contain any specific indication on price levels yet. Proximus and the cable operators would have a right of mutual access where duplication of networks is not profitable. Proximus has already been offering commercial FTTH wholesale bitstream services since 2015 and has concluded several agreements. The consultations ran until end September and the final decisions are expected by mid-2018.

2.3 Outlook

In 2018, Proximus will continue its Fit for Growth strategy, aiming at delivering sustainable growth. It will continue to pursue its successful convergence strategy, growing a valuable and loyal customer base and accelerate its transformation through further simplification and becoming more digital. As Proximus turns into a fitter organization, costs will be further structurally reduced. After two years of strong cost reduction, Proximus is well placed to deliver upon its announced cost reduction plan, targeting a EUR 150 million net reduction in expenses by 2019, in comparison with 2015.

Cost efficiencies will support Proximus' growth trajectory on EBITDA-level. Although facing a negative regulatory¹⁴ impact, and a highly competitive market, Proximus expects its 2018 Group EBITDA to slightly grow from the prior year, and its Domestic revenue to remain nearly stable to 2017. Potential spectrum auctions aside, the 2018 capex is estimated to be around EUR 1 billion, including a further progress on Proximus' 'Fiber for Belgium' project.

Table 11: Outlook (2018 and comparable base of 2017 both under IAS18)

Guidance metrics	FY2017 Actuals	FY2018 Outlook
Domestic underlying revenue	€4,458m	Nearly stable
Group underlying EBITDA	€1,823m	Slight growth
Capex	1092m*	Around €1Bn**

* Incl. renewal of 3-year football broadcasting licenses (Jupiler League, UEFA Champions league)

** Excl. potential Spectrum capex

In line with the announced three-year commitment on 16 December 2016, Proximus expects to return over the result of 2018 and 2019 a stable gross dividend per share of €1.50.

¹⁴ See section 2.2. on Regulation

3 Consumer

- Underlying Q4'17 revenue 0.5% lower, including roaming regulation impact and lower mobile device revenue on a high comparable base.
- Year-end commercial campaign resulted in another solid growth for Tuttimus and Bizz All-in with subscribers totaling 360,000 end 2017.
- Net customer growth for Internet and TV improved, both growing by +18,000 in the quarter, supported by lower churn. Total Mobile customer base stable with +8,000 Postpaid subscribers fully offsetting the limited Prepaid decline.
- Direct margin 0.6% lower, including cost impact of increased roaming volumes. Direct margin as percent of revenue stable at 73.6%.

Table 12:
Consumer revenue
and direct margin

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
TOTAL SEGMENT INCOME	737	733	-0.5%	2,889	2,910	0.7%
Costs of materials and charges to revenues	-194	-194	-0.4%	-684	-722	5.4%
TOTAL SEGMENT DIRECT MARGIN	543	540	-0.6%	2,204	2,188	-0.7%
Direct margin %	73.6%	73.6%	0.0 p.p.	76.3%	75.2%	-1.1 p.p.

3.1 Consumer underlying revenue

Proximus' Consumer segment posted for the last quarter of 2017 EUR 733 million revenue, 0.5% below the same period of 2016.

Whereas for its main product lines the trend of prior quarters was confirmed, the fourth quarter revenue generated from mobile devices (at low margin) was lower year-on-year, comparing to a high fourth quarter 2016.

During the fourth quarter 2017, Proximus' growing customer base for its principal consumer products continued to drive revenue growth for TV (+4.6%) and for Internet (+4.1%), partly offset by lower Fixed Voice revenue (-4.6%).

In spite of substantial roaming regulation headwinds, Mobile Postpaid revenue continued its positive trend, up by 2.4% for the last quarter of 2017, driven by the expanding Postpaid customer base, uptiering and revamped mobile offers since mid-August.

In contrast, revenue from Prepaid repeated a steep loss. This resulted from the significant year-on-year reduction in the Prepaid customer base triggered by the identification legislation.

The last quarter of 2017 showed however a radical change in the Prepaid customer dynamics, with the decline limited to -8,000, compared to -210,000 over the first nine months of 2017.

In a highly commercial and competitive quarter, Proximus' appealing year-end campaign attracted a solid number of customers to its all-in offers Tuttimus/Bizz All-In. Proximus closed 2017 with 360,000 subscribers, up by 54,000 in the fourth quarter. Moreover, Scarlet confirmed its solid position in the low-end of the market, proving Proximus' dual brand strategy remains very supportive in the current competitive landscape. Benefitting from a higher brand awareness and commercial campaign, Scarlet achieved once more a solid growth in its no-frills 3P offer TRIO and its high-tier Internet offer Loco.

Proximus' Consumer segment ended 2017 with a full-year revenue of EUR 2,910 million, a growth of 0.7%. This was driven by a solid uptake in its customer base for TV, Internet and Mobile Postpaid, supported by its Proximus branded all-in offers, and by its low-cost brand Scarlet. The customer gain especially resulted from Proximus' convergence strategy, with a firm growth in the number of 4-Play Households¹⁵. By end-2017, Proximus serviced 2,937,000 Households, among which 687,000 or 23.4% were 4-Play. The customer uptiering led to a higher number of RGUs per Household (+3.2%) and a 2.6% year-on-year increase in ARPH to EUR 67.7. Out of the total Proximus Households, 56.8% have both mobile and Fixed services, a 1.9 pp improvement on the previous year (see section 3.3).

¹⁵ Including residential households and small offices (counting less than 10 employees)

Table 13: Consumer revenue by product group

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Revenues	737	733	-0.5%	2,889	2,910	0.7%
Fixed	384	388	1.1%	1,526	1,551	1.6%
Voice	128	122	-4.6%	524	503	-4.1%
Data (Internet & Data Connectivity)	151	157	4.1%	599	619	3.4%
TV	94	98	4.6%	360	385	7.1%
Terminals (excl. TV)	4	4	-11.8%	15	15	-11%
ICT	7	7	-0.5%	29	28	-0.2%
Mobile Services	246	243	-1.2%	995	979	-1.7%
Postpaid	215	221	2.4%	856	878	2.6%
Prepaid	30	22	-26.4%	139	101	-27.6%
Mobile Terminals	53	47	-10.9%	146	170	16.2%
Subsidiaries (Tango)	29	30	2.8%	111	115	3.4%
Other Products	26	25	-1.3%	110	96	-12.7%

Note that individual product lines are impacted by IFRS rules. See section 8.

Fixed Data revenue up driven by larger customer base: +18,000 in Q4 2017; +65,000 YoY

For the last quarter of 2017, the Proximus Consumer segment posted EUR 157 million revenue generated by its Internet subscriptions, an increase of 4.1% compared to the prior year. This resulted from a solid customer growth over the past 12 months, with 65,000 Internet subscribers added. This brought the total Internet customer base to 1,847,000, or +3.7%, including a net Internet customer growth of +18,000 in the fourth quarter of 2017. With the support of the year-end campaign, and the success of Scarlet, Proximus achieved a higher net customer growth in comparison to the prior quarter, and to the same period in 2016. In spite of the highly competitive quarter, Proximus' annualized Internet customer churn improved from its somewhat higher level posted for the third quarter and was 1pp below that of one year back. The fourth quarter ARPU was sequentially stable at EUR 28.4, and up by 0.5% on an annual basis.

TV customer base grew by 18,000 households in the last quarter, +71,000 YoY

By repeating its year-end campaign success formula for the Proximus brand, and a solid customer growth for Scarlet, Proximus attracted a net number of 18,000 customers on its TV platform, a good improvement from the prior quarter and somewhat higher compared to the year before. The TV ARPU remained fairly stable at EUR 21.0 (0.4% below the prior year). In one year, the Proximus and Scarlet brands combined grew their TV customer base by 71,000 TV households, or +4.8%, ending 2017 with 1,560,000 TV customers¹⁶. The growing TV subscriber base remains an important revenue driver for the Consumer segment, with TV revenues up by 4.6% year-on-year to total EUR 98 million for the fourth quarter of 2017.

The customer growth was well supported by the Proximus branded Tuttimus and Familus offers, providing customers with more extensive TV content. In the course of 2017, Proximus enhanced its offers by adding Netflix to the content options that Tuttimus customers can choose from, renewed the Belgian professional football broadcasting rights on a non-exclusive basis, and mid-December announced that its exclusive coverage of the UEFA Champions League has been extended to the next three seasons. As of 1 January 2018, the family content offer greatly benefits from the strategic partnership with Studio 100, a very well-known Flemish children's content producer. Besides the kids TV –channel, Studio 100 and Proximus are launching Studio 100 GO, a completely revamped digital platform, and Studio 100 HITS, a brand-new music channel. Proximus will also become an exclusive partner of the 'Plopsa' family entertainment parks.

Fixed Voice line erosion and lower traffic driving Fixed Voice revenue erosion

Proximus' multi-play offers, and Scarlet's Trio offer continued to support the Fixed Voice line base. By end-2017 the total Fixed Voice customer base totaled 2,036,000, down -1.1% from one year ago, including a net line loss of 12,000 Fixed Voice lines in the fourth quarter of 2017.

The Fixed Voice ARPU for the fourth quarter of 2017 was EUR 19.9, i.e. a decline of 3.9% compared to the previous year, due to an ongoing decline in the use of Voice traffic.

¹⁶ Referring households and small-offices, not including multiple setup boxes

A lower Fixed Voice customer base versus a year ago, combined with a lower ARPU, resulted in a -4.6% year-on-year revenue decline for Fixed Voice, reaching EUR 122 million in the fourth quarter of 2017.

Mobile Postpaid revenue +2.4% driven by 3.6% growth in customer base. +8,000 cards in Q4. Prepaid loss improving to -8,000, resulting in an overall stable Mobile base.

In total, the Mobile Services revenue of the Consumer segment totaled EUR 243 million for the fourth quarter of 2017, or -1.2%. This included a continued growth for Postpaid services, with revenue up by 2.4%, in spite of the RLAH headwinds. Since 12 June 2017, Proximus customers have been able to surf, call and text within the European Union like at home, without extra charges. The usage of data roaming increased significantly, though came down from its peak in the summer holiday season. The regulatory price impact was reflected in the ARPU, -2.0% year-on-year to EUR 27.8. This was, however, more than offset by the increase in Proximus' Consumer Postpaid base, up by 3.6% from the prior year, by uptiering and by price changes. End-2017 the Postpaid base counted 2,651,000 cards, 91,000 or 3.6% more compared to one year ago.

In a competitive setting, 8,000 Postpaid subscriptions were added by the Proximus and Scarlet brands in the last 3 months of 2017. With the Prepaid base becoming more stable since the identification process was completed, the conversion rate of Prepaid to Postpaid reduced. Moreover, aggressive competitor year-end promotions kept the Postpaid churn level up (+0.6pp versus one year back).

In accordance with the Royal Decree, all Prepaid cards are now registered, and is bringing some stabilization in the Prepaid base. In the last quarter of 2017, the Prepaid park erosion was limited to -8,000, the lowest level over the past few years. This brought the Prepaid base to 901,000.

As a consequence of the mitigated decline in Prepaid, the combined Prepaid-Postpaid Mobile customer base remained stable compared to the prior quarter, with 3,552,000 Mobile cards end-2017, with a blended mobile ARPU of EUR 22.8, up 2.5% from a year ago on a better mix.

The Mobile "joint offers" further improved the smartphone penetration, which rose to 73%, leading to an increase in overall data usage. The blended monthly national data usage went up by 50% to an average of 1.4 GB. Usage by 4G users in the fourth quarter of 2017 increased by 36% to 1.6 GB¹⁷ per month on average.

Tango revenue¹⁸

For the fourth quarter of 2017, Tango posted Consumer revenue of EUR 30 million, or 2.8% above that of the prior year. Despite the aggressive competitive market conditions, the Prepaid card identification legislation and the application of the RLAH legislation from 15 June 2017, Tango improved its consumer revenue. This was mainly driven by the commercial success of the revamped Smart portfolio, and its success in executing a convergence strategy on Fixed services (Voice, Internet and TV).

¹⁷ On the 4G and 3G networks.

¹⁸ As from 2017, revenue from Tango is reported in the Consumer and Enterprise segment, with 2016 results restated accordingly

Table 14:
Consumer
operational by
product group

	Q416	Q417	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	3,841	3,883	42
Voice	2,060	2,036	-24
Broadband	1,781	1,847	65
TV unique customers (thousands)	1,489	1,560	71
ARPU (EUR)			
ARPU Voice	20.8	19.9	-0.8
ARPU broadband	28.3	28.4	0.1
ARPU TV	21.1	21.0	-0.1
From Mobile			
Number of active customers (thousands)	3,679	3,552	-127
Prepaid	1,119	901	-218
Postpaid	2,560	2,651	91
Annualized churn rate			
Prepaid	37.7%	24.3%	n.r.
Postpaid	16.5%	17.1%	0.6 p.p.
Blended	23.6%	19.1%	-4.5 p.p.
Net ARPU (EUR)			
Prepaid	8.8	8.2	-0.6
Postpaid	28.4	27.8	-0.6
Blended	22.3	22.8	0.5
Average Mobile data usage user/month (Mb)			
4G	1,197	1,625	428
Blended	945	1,414	469

3.2 Consumer underlying direct margin

Q4 direct margin slightly down, including the regulatory pressure on roaming margins
For the last quarter of 2017, the Consumer segment posted EUR 540 million direct margin, 0.6% below that of the prior year.

The Mobile services margin was significantly impacted by the EU RLAH regulation, triggering a strong increase in data roaming usage, and increasing related wholesale costs. Especially Tango was affected by this.

With the decrease in Fixed Voice margin more than offset by the growth in TV and Internet, the underlying direct margin remained stable at 73.6% of revenue.

The full-year 2017 Consumer underlying direct margin totaled EUR 2,188 million, 0.7 % below the same period of 2016. This was mainly due to the additional wholesale costs associated with the steep increase in roaming traffic, and the product mix becoming less favorable for the Consumer segment with the higher-margin Fixed Voice revenue being eroded.

3.3 Consumer reporting by X-Play

NOTE:

The X-Play reporting provides a view on the progress of Proximus' convergence strategy by reporting on Consumer revenue and ARPU per Household/Small Office (ARPH HH/SO). With the strategic focus of Proximus on its all-in offers, Tuttimus and Bizz All-In, the relevance of the X-play view will continue to grow, as opposed to the view per product.

Table 15: Consumer revenue by X-Play

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Revenues	737	733	-0.5%	2,889	2,910	0.7%
X-Play-revenues	585	597	2.2%	2,331	2,385	2.3%
4-Play	201	236	17.1%	779	911	16.9%
3-Play	181	170	-6.1%	730	690	-5.5%
2-Play	77	72	-6.8%	315	296	-6.1%
1-Play	125	120	-4.4%	507	488	-3.7%
Prepaid	30	22	-26.4%	139	101	-27.6%
Terminals sales	60	56	-6.9%	169	201	18.4%
Tango	29	30	2.8%	111	115	3.4%
Other	34	28	-16.1%	137	108	-21.1%

+2.2%
Revenue from
X-Play on growing
4 Play base

+17.1%
4-Play revenue
14,000 HH/SO
added in Q4'17

-6.1%
3-Play revenue
Tuttimus driving
uptiering to 4-Play

Continuously improving customer mix with growing 4-Play base lifts the overall ARPH.

Out of a total fourth-quarter Consumer revenue of EUR 733 million, Proximus generated **EUR 597 million revenue from HH/SO, a 2.2% or a EUR 13 million improvement on the same period of 2016**, driven by a better customer mix. Proximus' strategy to focus on attractive multi-play offers benefitted the overall **ARPU per HH/SO** in the fourth quarter 2017, with a **year-on-year increase of 2.6% to EUR 67.7**. This includes the favorable impact of customer uptiering, with the average **RGU¹⁹ per HH/SO** increasing to 2.74 in the fourth quarter of 2017 from 2.66 a year ago.

In the fourth quarter of 2017, revenue from 4-Play continued to grow solidly, up by 17.1% year-on-year to EUR 236 million, making up 32.1% of the total Consumer revenue. This resulted from the steady ongoing expansion of the 4-Play HH/SO base, increasing by 82,000 in the space of one year, to reach 687,000 HH/SO by end-December 2017. Supported by Proximus' all-in offers "Tuttimus" and "Bizz All-In", the **4-Play HH/SO increased by 14,000 in the fourth quarter of 2017**. On average, a 4-Play HH/SO generated an ARPH of EUR 115.7/month, up 1.0% from the previous year, in spite of the roaming regulation impact on the mobile component.

The fourth-quarter 2017 revenue for 3-Play decreased by 6.1% to a total of EUR 170 million. This was mainly driven by an upselling of customers to 4-Play, causing 3-Play volumes to decrease by a net -1,000 HH/SO in the fourth quarter of 2017. The 3-Play ARPH in the fourth quarter of 2017 was EUR 76.0, 3.0% below that of the comparative period of 2016. This reflects a higher proportion of Scarlet TRIO customers in the base and the impact of the roaming regulation on Mobile Postpaid revenue.

¹⁹ Revenue Generating Units

Table 16: Consumer operationals by X-Play

	YOY Q4			
	Q416	Q417	val	%
HH/SO per Play - Total (000's)	2,952	2,937	-15	-0.5%
4 - Play	605	687	82	13.5%
3 - Play	760	743	-17	-2.2%
2 - Play	437	409	-28	-6.4%
1 - Play	1,150	1,098	-52	-4.5%
Fixed Voice	358	309	-48	-13.5%
Fixed Internet	126	136	10	7.9%
TV	N/A	N/A		
Mobile Postpaid	665	652	-13	-2.0%
ARPH x - play (in EUR)	66.0 €	67.7 €	1.7 €	2.6%
4 - Play	114.6 €	115.7 €	1.1 €	1.0%
3 - Play	78.3 €	76.0 €	-2.3 €	-3.0%
2 - Play	58.3 €	58.5 €	0.2 €	0.3%
1 - Play	36.1 €	36.1 €	0.0 €	-0.1%
Average #RGUs per HH/SO - Total	2.66	2.74	0.08	3.2%
4 - Play	4.84	4.86	0.02	0.3%
3 - Play	3.33	3.32	-0.01	-0.4%
2 - Play	2.21	2.19	-0.01	-0.6%
1 - Play	1.24	1.24	0.00	-0.1%
Annualized full churn rate (HH/SO level) - Total	13.5%	13.3%	-0.3p.p.	
4 - Play	2.7%	3.0%	0.3p.p.	
3 - Play	10.3%	9.4%	-0.9p.p.	
2 - Play	11.6%	10.7%	-0.9p.p.	
1 - Play	21.9%	23.1%	1.3p.p.	
% Convergent HH/ O - Total *	54.9%	56.8%	1.9 p.p.	
4 - Play	100.0%	100.0%		
3 - Play	36.9%	35.1%	-1.9p.p.	
2 - Play	23.7%	23.6%	-0.2p.p.	

*i.e. % of HH/SO having Mobile + Fixed component

4 Enterprise

- Q4'17 Underlying Enterprise revenue +3.5% YoY, in spite of RLAH impact: pressure on legacy Telecom services more than compensated for by growth in ICT and Advanced Business services.
- Record-high quarter for ICT, revenue up YoY by 9.5%.
- Continued strong mobile customer growth in competitive market: +13,000 Postpaid cards
- Mobile Services revenue further stabilizing on the back of solid customer growth and continued increasing data usage.
- Slight direct margin growth, up by 0.5% with Advanced business services margin more than offsetting the pressure on traditional Telco services.

Table 17: Enterprise revenue and direct margin

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
TOTAL SEGMENT INCOME	357	370	3.5%	1,376	1,399	1.7%
Costs of materials and charges to revenues	-113	-124	9.9%	-413	-444	7.5%
TOTAL SEGMENT DIRECT MARGIN	244	245	0.5%	964	956	-0.8%
Direct margin %	68.3%	66.4%	-2.0 p.p.	70.0%	68.3%	-1.7 p.p.

4.1 Enterprise underlying revenue

Proximus' Enterprise segment closed a strong fourth quarter 2017.

Even though operating in a competitive environment, the Enterprise segment achieved for the fourth quarter 2017 a revenue growth of 3.5%, totaling EUR 370 million.

Fitting the Enterprise segment strategy to manage the transitioning revenue mix, the growth was largely driven by ICT, for which a 9.5% revenue increase was posted in the fourth quarter, including one-time revenues. In addition, the Enterprise segment benefitted from the continued progress it made in Advance Business Services²⁰. Occupying a unique market position in the field of Smart Mobility, BeMobile was the main driver of this revenue increase. Furthermore, Proximus' convergent business solutions²¹ provided a growing revenue trend. The progress made in ICT and new revenue streams more than offset the pressure on the more traditional telecom services. In the fourth quarter 2017, the Fixed Voice revenue continued its eroding trend, with Voice lines further declining, and ARPU pressured. Fixed Data revenue was marginally down from its comparable base of 2016.

The pressure on Mobile services revenue further stabilized, with the year-on-year decrease limited to -0.4% for the fourth quarter 2017. The impact from RLAH and ongoing competitive pressure on the mobile ARPU was nearly fully compensated for by the larger Mobile customer base and overall increased data usage. Furthermore, the revenue from mobile terminals was high for the last quarter of 2017

For the full-year 2017, the Enterprise segment achieved a 1.7% revenue growth, posting EUR 1,399 million in revenue.

This was mainly driven by a solid 7.2% revenue growth for ICT and by the good traction in Advanced Business Services, including a strong growth for BeMobile. The focus directed on these growth areas allowed Proximus to more than offset the revenue loss in the eroding legacy Fixed Voice and Data services, and the regulatory pressure on Mobile.

²⁰ Advanced Business Services groups new solutions offered aside from traditional Telecom and ICT, such as Road User Charging, Convergent Solutions, Big data and smart mobility solutions. The latter is offered through BeMobile. With Proximus being majority shareholder, Proximus consolidates the turnover.

²¹ Call Connect solutions

Table 18: Enterprise revenue by product group

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Revenues	357	370	3.5%	1,376	1,399	1.7%
Fixed	254	260	2.4%	982	994	1.2%
Voice	58	52	-9.7%	237	218	-7.9%
Data (Internet & Data Connectivity)	62	62	-1.0%	251	247	-1.5%
Terminals (excl. TV)	5	5	-1.6%	19	19	-1.0%
ICT	129	141	9.5%	475	509	7.2%
Mobile Services	80	79	-0.4%	323	317	-1.9%
Mobile Terminals	7	11	57.3%	21	28	34.0%
Advanced Business Services	7	9	32.2%	18	28	55.2%
Subsidiaries (Tango)	5	6	11.0%	16	16	-3.0%
Other Products	4	4	-1.9%	15	16	4.2%

Lower Fixed Voice revenue on steady line erosion and lower usage

The Enterprise segment posted **EUR 52 million in Fixed Voice revenue for the fourth quarter of 2017, showing a year-on-year decline of 9.7%**. The Enterprise segment faces an ongoing rationalization by customers on Fixed line connections, lower usage, technology migrations to VoIP and competitive pressure. However, the net Fixed line erosion remained fairly stable with -9,000 lines in the fourth quarter 2017. This brought the Enterprise total Fixed Voice Line base to 580,000 at end-2017, i.e. a steady year-on-year line loss of -6.5%. The Fixed Voice ARPU eroded to EUR 29.8, -3.2% from the previous year, mainly driven by less traffic per line and a lower average traffic price linked to a further penetration of unlimited call options.

Ongoing migration of legacy Data products to new solutions at more attractive pricing. Maintaining Internet customer base fairly stable at 135,000 in competitive environment.

The fourth-quarter 2017 revenue from Fixed Data, consisting of Fixed Internet and, for a greater part, Data Connectivity, totaled EUR 62 million, 1.0% below that of the same period of 2016.

The Enterprise segment continued to migrate customers to Proximus' VPN flagship 'Explore', benefitting from the further roll-out of P2P fiber, while legacy products are being outphased and migrated in the context of simplification programs, offering customers new solutions at more attractive pricing.

Revenue from Fixed Internet was slightly down year-on-year, due to a 2.4% decrease in the Internet customer base over a twelve-month period. In the fourth quarter 2017, Proximus' Enterprise segment kept its Internet base fairly stable at 135,000 by end-2017. The fourth quarter Broadband ARPU was fairly stable at EUR 43.4, up +0.1% on the prior year.

ICT revenue reached record-high revenue with EUR 141 million, up by 9.5%

Proximus' Enterprise segment benefited from its strong strategic focus on ICT and resulting continued growth in Security, Unified Communication and Outsourcing services. Furthermore, the fourth quarter included higher one-time revenue and a small revenue contribution from Davinsi Labs²² and Unbrace. Overall, **the fourth quarter 2017 revenue from ICT totaled EUR 141 million, 9.5% above the comparable period of 2016.**

Mobile service revenue trend sequentially improved on firm Mobile park growth and increased usage

For the fourth quarter of 2017, the Enterprise segment posted **Mobile Services revenue of EUR 79 million, 0.4% lower versus the previous year**, and sequentially improving from three prior quarters²³. The Enterprise segment closed a strong fourth quarter in terms of customer acquisition, leading to a further growing Mobile customer base, +13,000 Mobile Voice cards. The net growth in the Mobile Voice

²² Davinsi Labs' is small Antwerp-based cyber Security Company with a strong position on the Benelux cybersecurity market. Unbrace, consolidated since October 2017, is a young Belgian application development company, supporting companies in their digital transformation journey.

²³ For prior 3 quarters the Mobile service revenue was down by -4.9%, -1.6% and -0.8%

customer base remains supported by a contained Mobile churn, standing at 10.4% in a highly competitive market.

The good customer experience provided by Proximus' mobile network and service levels is supportive to the growing customer base, increasing by 5.2% in a one-year period (M2M cards excluded), to a total of 988,000 cards. Besides the growing mobile customer base, the mobile revenue also benefitted from the growing data usage per customer.

With smartphone penetration progressing and the number of 4G users growing, average national data usage reached over 1.3 GB/user/month, up by 35% compared to a year ago. Enterprise customers with a 4G device had an average national monthly data consumption of nearly 1.5 GB, 26% more than during the same period of 2016.

The benefit from the customer and data volume growth was however partly offset by a lower Postpaid ARPU, down by -5.2% to EUR 26.1 for the fourth quarter, driven by regulatory pressure on roaming and price competition.

Proximus' Enterprise segment holds a leadership position on the M2M market. Over the fourth quarter of 2017, a net amount of 11,000 M2M cards were added, bringing the total number of M2M cards to 1,209,000 at end-2017, or a year-on-year growth of 3.5%.

4.2 Enterprise direct margin

For the fourth quarter of 2017, Enterprise posted an underlying direct margin of EUR 245 million, i.e. 0.5% above that of the same period of 2016, and improving from the prior quarter.

The fourth quarter direct margin was well supported by the contribution of ICT, which more than offset the erosion posted for Fixed Voice. The margin from Mobile Services stabilized on improved revenue trends.

The fourth quarter direct margin as a percentage of revenue decreased to 66.4% due to a less favorable product mix.

For the full-year 2017, the direct margin totaled EUR 956 million, a 0.8% decrease from the prior year. This mainly resulted from the direct margin loss following the introduction of Roam-like-at-Home, and from the general shift from higher-margin legacy services towards ICT and new solutions.

Table 19: Enterprise operational

	Q416	Q417	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	758	715	-44
Voice	620	580	-40
Broadband	138	135	-3
ARPU (EUR)			
ARPU Voice	30.8	29.8	-1.0
ARPU Broadband	43.3	43.4	0.1
From Mobile			
Number of mobile cards (thousands)	2,108	2,197	89
Among which voice and data cards	939	988	49
Among which M2M	1,169	1,209	41
Annualized churn rate (blended)	9.9%	10.4%	0.5pp
Net ARPU (EUR)			
Postpaid	27.5	26.1	-1.4
Average Mobile data usage user/month (Mb)			
4G	1,170	1,480	310
Blended	982	1,328	346

5 Wholesale

Table 20: Wholesale revenue and direct margin

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
TOTAL SEGMENT INCOME	46	51	10.3%	194	207	6.5%
Costs of materials and charges to revenues	-6	-7	15.6%	-25	-32	26.7%
TOTAL SEGMENT DIRECT MARGIN	40	43	9.4%	169	175	3.5%
Direct margin %	86.0%	85.4%	-0.7 p.p.	87.1%	84.7%	-2.4 p.p.

Proximus' Wholesale segment reported **EUR 51 million in revenue** and a **direct margin of EUR 43 million** for the **fourth quarter of 2017**, a **respective 10.3% and 9.4% increase compared with the fourth quarter 2016** which included a regulated lowering of Fixed Termination Rates as from 1 November 2016. This lowered the fourth quarter 2016 revenue and direct margin by respectively EUR -4 million and EUR -3 million.

This aside, Wholesale revenues and direct margin remained somewhat above 2016, following higher roaming-in data volumes, partially offset by a decline in traditional wholesale products (fixed/mobile voice, data connectivity and broadband access)

Year-to-date December 2017, Proximus' Wholesale segment **direct margin** totaled **EUR 175 million**, up **3.5%** from the previous year.

6 International Carrier Services – BICS

- BICS operating in market in full transition, moving from Voice to Data usage.
- Strong growth in SMS A2P volumes, further supported by TeleSign's integration which accelerates BICS' strategic ambitions in this growing market.
- Solid performance in Mobile Data driven by Roaming and Mobile IP businesses.
- Q4'17 direct margin up 15.5% in total, and now 23% of revenue. Organic growth of 5.1%.
- Q4'17 Segment result 3.0% up YOY, and stable on organic basis.
- Segment contribution margin of 11.0%; +1.0pp YoY.

Table 21: BICS P&L

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
TOTAL SEGMENT INCOME	363	339	-6.6%	1,460	1,320	-9.6%
Costs of materials and charges to revenues	-296	-261	-11.7%	-1,186	-1,041	-12.3%
TOTAL SEGMENT DIRECT MARGIN	68	78	15.5%	274	279	1.9%
Direct margin %	18.6%	23.0%	4.4 p.p.	18.8%	21.2%	2.4 p.p.
TOTAL EXPENSES	-31	-41	29.9%	-125	-137	9.2%
Workforce expenses	-13	-17	29.5%	-53	-59	9.9%
Non Workforce expenses	-18	-24	30.2%	-72	-78	8.8%
TOTAL SEGMENT RESULT	36	37	3.0%	149	143	-4.2%
Segment contribution margin	10.0%	11.0%	1.0 p.p.	10.2%	10.8%	0.6 p.p.

6.1 BICS Revenue

For the fourth quarter of 2017, BICS posted underlying revenue of EUR 339 million, including a EUR 17 million²⁴ revenue contribution of TeleSign²⁵, consolidated since 1 November 2017.

TeleSign aside, the fourth quarter revenue of BICS totaled EUR 322 million, i.e. an organic year-on-year decline of 11.3%. This trend reflects the ongoing transition within the International Carrier market, with usage moving from Voice to Data.

For the fourth quarter 2017, the volume of Voice traffic carried by BICS decreased by 8.2% year-on-year. Combined with a less favorable destination mix, and a negative USD currency effect, this led to a 14.5% decline in Voice revenue.

Messaging volumes carried by BICS were up by 109.2% from the fourth quarter 2016. This was driven by a strong increase in A2P²⁶ volumes, including a solid contribution of TeleSign, accelerating BICS' strategic ambitions in this growing market. This led to a firm 25.3% revenue growth for non-Voice to EUR 90 million for the fourth quarter 2017.

For the full-year 2017, BICS posted EUR 1,320 million in underlying revenue.

This was 9.6% lower than for 2016, driven by the declining Voice market, partly offset by an 8.6% growth in non-Voice revenue.

Table 22: BICS revenue

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Voice	291	249	-14.5%	1,169	1,003	-14.2%
Non Voice	72	90	25.3%	292	317	8.6%
Total revenues	363	339	-6.6%	1,460	1,320	-9.6%

Table 23: BICS volumes

Volumes (in million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Voice	6,667	6,118	-8.2%	26,224	24,385	-7.0%
Non Voice (Messaging)	913	1,909	109.2%	3,558	4,828	35.7%

6.2 BICS direct margin

For the fourth quarter of 2017, BICS posted direct margin of EUR 78 million, up 15.5% compared to the year before.

On an organic basis, BICS maintained a positive direct margin variance, up by 5.1%. The higher direct margin resulted from both a positive evolution in Voice and non-Voice.

Whereas Voice revenue further eroded, BICS managed to grow its fourth quarter 2017 Voice direct margin by 20.8%, resulting from a higher-margin destination mix in BICS' core business, and the contribution by TeleSign's authentication services. TeleSign excluded, BICS' Voice margin was up by 13.2% in the fourth quarter.

BICS' fourth quarter direct margin benefitted from the strong growth in SMS A2P volumes and a solid performance in Mobile data, driven by Roaming and Mobile IP businesses. The strategy to grow in the A2P area was accelerated by TeleSign, resulting in an overall non-Voice margin growth of 11.5% compared to the prior year. TeleSign aside, the non-Voice margin was kept fairly stable YoY.

²⁴ Net revenue, excluding intercompany revenue

²⁵ TeleSign, CPaaS company founded on security, consolidated as of November 2017

²⁶ Application to Person

Over the full year 2017, BICS' direct margin of EUR 279 million was up 1.9% compared to 2016.

BICS posted a positive direct margin evolution for Voice and non-Voice, including 2 months of TeleSign consolidation. On organic basis, BICS achieved to limit its full-year direct margin erosion for 2017 to -0.6%.

Table 24: BICS direct margin

(EUR million)	4th Quarter			Year-to-date		
	2016	2017	% Change	2016	2017	% Change
Voice	29	35	20.8%	120	123	2.7%
Non Voice	39	43	11.5%	154	156	1.3%
Total direct margin	68	78	15.5%	274	279	1.9%

6.3 BICS segment result

BICS' underlying segment result for the fourth quarter of 2017 totaled EUR 37 million, up 3.0% compared to the previous year.

For the fourth quarter 2017, BICS' organic segment result was stable year-on-year, a strong improvement from the prior three quarters.

Including TeleSign, BICS' segment result was up by 3%. The higher direct margin was partly offset by higher fourth-quarter expenses, up by EUR 9 million, of which two-thirds from TeleSign. The fourth quarter included some higher settlement agreements versus the same period of 2016, and carried a negative currency impact.

The underlying segment margin as percent of revenue for the fourth quarter of 2017 was 11.0%, up 1.0pp from the previous year, driven by its organic business.

Year-to-date December 2017, BICS' segment result totaled EUR 143 million, a decline of -4.2% from the previous year, or -4.9% when excluding TeleSign. BICS' underlying segment margin as percent of revenue for 2017 was 10.8%, up 0.6pp from the previous year.

7 Condensed consolidated financial statements

The statutory auditor has issued an unqualified report dated 2 March 2018 on the company's consolidated financial statements as of and for the year ended 31 December 2017 and has confirmed that the accounting data reported in accompanying press release is consistent, in all material respects, with the accounts from which it has been derived.

The condensed consolidated financial statements are derived from the consolidated financial statements at 31 December 2017 that were authorized for issue by the Board of Directors on 1 March 2018.

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

7.1 Accounting policies

New IFRS 15 standard "Revenue from contracts with customers", applicable as from 1 January 2018.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

For Proximus, the most significant change between previous revenue recognition standards (IAS 18) and IFRS 15 relates to bundled packages where devices and services are sold together.

Under IAS 18, the Group allocates the consideration for these sales arrangements with multiple deliverables based on the relative fair values but limits the revenue to the amount that is not contingent on delivery of future services ("cash cap").

Under IFRS 15, no cash cap is applicable and the revenue allocation will be made based on relative stand-alone selling prices. **This will result in a shift between service revenue and revenue from the sale of the device.**

Consequently, while the total revenue will remain the same over the contract duration, the timing for the revenue recognition will be impacted as service revenue is recognized over the period the service is granted compared to the revenue from the sale of the device which is recognized immediately at the time of the sale. This change in timing of revenue recognition also results in the creation of contract assets.

The second most important change for Proximus relates to the **timing of the recognition of commissions** which are incremental costs to acquire customer contracts.

Under IAS 18, the Group expenses these costs immediately while **under IFRS 15, these costs are capitalized as 'contract cost assets' and deferred over the expected lifetime of the contract**, being 3 years for residential and 5 years for business customers.

For its first application, this standard foresees different methods. **Proximus Group has opted to apply IFRS 15 as from 1 January 2018** with cumulative adjustments of the opening balance sheet of 2018 and **disclosing 2 sets of financials for 2018 in its Financial Statements: one under IAS 18 and one under IFRS15, without restating 2017 financials.**

The **financial review** (section 2 of this report), commenting on the Group and Segment variances versus the prior year, **will remain under IAS 18 for the 4 quarterly reports of 2018.** Except for the reporting per X-Play for the Consumer segment, which will be provided under IFRS 15 as of the first quarter 2018, with a 2017 pro-forma comparison. **As of 2019, the X-Play reporting will fully replace the product view for the Consumer segment.**

The Group has assessed the estimated impact from the initial application of IFRS 15 on the equity per 1 January 2018 on its consolidated financial statements. The total positive impact on equity is estimated to be EUR 203 million (before deferred tax). This impact results from the activation of contract costs (commissions) for EUR 120 million (before deferred tax) and EUR 83 million (before deferred tax) as a consequence from the change in timing of the revenue recognition.

While Proximus opted not to formally restate 2017 financials, the Group has estimated that in case IFRS 15 would have been applicable one year earlier, the 2017 financials would have been impacted as stated hereafter.

Estimated impact on 2017 in EUR:

- Device revenue: about +65 million
- Service revenue: about -45 million
- Commissions: about -5 million
- EBITDA: about +15 million

The IFRS 15 impact on future yearly revenue will amongst other items, depend on the amplitude and the frequency of future joint offers. The impact on yearly revenue is not expected to be significant in case the pattern of future joint offers is consistent with the past.

Limited impact from the initial application of IFRS 9 – Financial instruments

The new IFRS 9 standard named “Financial instruments” will become applicable as from 1 January 2018. The impact will be limited with mainly a negative impact on equity estimated at EUR 5 million (before deferred tax) that results from the use of the new impairment model on the contract asset recognized when applying IFRS 15.

Judgments and estimates

The Group does not make any significant judgments and estimates other than those mentioned under note 2 in the 31 December 2016 consolidated financial statements and other than those mentioned below in this report.

Significant events or transactions in 2017

Senior Unsecured Notes

On 15 March, 2017, Proximus successfully issued EUR 500 million Senior Unsecured Notes due March 2022 with a 0.50% annual coupon. Proximus pre-hedged the underlying rate earlier this year and managed to further reduce the all-in interest cost of this transaction. The Group applied hedge accounting for this derivative.

TeleSign business combination

In October 30, 2017 Proximus subsidiary BICS acquired 100% of TeleSign, a United States company active in the provision of authentication and mobile identity services to internet- and digital service providers, for US dollar 230 million on a cash and debt free basis. The transaction is financed through Proximus Group available cash.

At the signing of the deal the Group entered into a derivative foreign exchange forward contract in a hedge accounting relationship, in order to hedge against exposure to changes in the US dollar exchange rate for the purchase consideration between signing and closing. Although this derivative was considered to be an economic hedge, a portion of such derivative could not qualify for hedge accounting under IFRS rules. The cumulative negative mark-to-market for the qualifying part of the hedge recognized in other comprehensive income amounted to EUR 12 million. This was allocated as part of the consideration paid. The not qualifying portion was recognized in financial result.

The provisional allocation of the purchase price is included in the balance sheet per 31 December 2017. The completion of the purchase price allocation in 2018 may result in further adjustment to the carrying value of TeleSign’s recorded assets and liabilities and the determination of any residual amount that will be allocated to goodwill.

The transaction resulted in EUR 151 million goodwill at acquisition date mainly as the result from the premiums paid for synergies expected to be achieved.

A deferred tax liability has been accrued on the fair value adjustments considering tax rates enacted at acquisition date.

Belgian and US tax reform

The reduction in Belgian and US corporate income tax rates has an impact on 2017 closing balance of deferred income taxes. The Belgian reduction resulted in a tax profit of EUR 11 million and a negative impact in Other Comprehensive Income of EUR 10 million. The decrease of the US income tax rate had a positive impact of EUR 9 million on the deferred tax liabilities from the purchase price allocation of TeleSign recognized through Profit and Loss.

7.2 Consolidated income statement

(EUR million)	4th Quarter			Full Year		
	2016 restated	2017	% Change	2016 restated	2017	% Change
Net revenue	1,480	1,468	-0.8%	5,829	5,739	-1.6%
Other operating income	10	10	3.4%	44	63	43.5%
TOTAL INCOME	1,490	1,478	-0.8%	5,873	5,802	-1.2%
Costs of materials and services related to revenue	-593	-565	-4.7%	-2,242	-2,166	-3.4%
Workforce expenses	-291	-300	3.3%	-1,254	-1,218	-2.9%
Non workforce expenses	-160	-182	13.8%	-644	-646	0.2%
TOTAL OPERATING EXPENSES before depreciation & amortization	-1,044	-1,047	0.4%	-4,141	-4,030	-2.7%
OPERATING INCOME before depreciation & amortization	447	431	-3.5%	1,733	1,772	2.3%
Depreciation and amortization	-229	-246	7.5%	-917	-963	5.0%
OPERATING INCOME	218	185	-15.2%	816	809	-0.8%
Finance income	1	1	-4.9%	4	6	69.5%
Finance costs	-28	-23	-15.6%	-104	-76	-26.9%
Net finance costs	-27	-22	-16.1%	-101	-70	-30.6%
Share of loss on associates	0	0	35.2%	-1	-2	>100%
INCOME BEFORE TAXES	191	162	-15.1%	715	738	3.3%
Tax expense	-60	-10	-83.5%	-167	-185	11.3%
NET INCOME	131	152	16.3%	548	552	0.8%
Non-controlling interests	6	16	>100%	25	30	21.1%
Net income (Group share)	125	137	9.8%	523	522	-0.2%
Basic earnings per share	0.39 EUR	0.42 EUR	9.7%	1.62 EUR	1.62 EUR	-0.3%
Diluted earnings per share	0.39 EUR	0.42 EUR	9.7%	1.62 EUR	1.62 EUR	-0.3%
Weighted average number of outstanding shares	322,377,692	322,761,669	0.1%	322,317,201	322,777,440	0.1%
Weighted average number of outstanding shares for diluted earnings per share	322,631,733	322,873,886	0.1%	322,610,116	322,954,411	0.1%

7.3 Consolidated statements of other comprehensive income

(EUR million)	As of 31 December 2016	As of 31 December 2017
Net income	548	552
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	0	-6
Cash flow hedges:		
Gain/(loss) taken to equity	-2	-7
Transfer to profit or loss for the period	1	0
Transfer related to the TeleSign combination	0	12
Total before related tax effects	-1	-1
Related tax effects		
Cash flow hedges:		
Gain/(loss) taken to equity	1	-2
Income tax relating to items that may be reclassified	0	-2
Items that may be reclassified to profit and loss, net of related tax effects	0	-3
Items that will not be reclassified to profit and loss		
Remeasurement of defined benefit obligations	-8	13
Total before related tax effects	-8	13
Related tax effects		
Remeasurement of defined benefit obligations	-5	-4
Adjustment resulting from change in Belgian tax rate	0	-10
Income tax relating to items that will not be reclassified	-5	-14
Items that will not be reclassified to profit and loss, net of related tax effects	-13	-1
Total comprehensive income	535	549
Attributable to:		
Equity holders of the parent	510	521
Non-controlling interests	25	28

7.4 Consolidated balance sheet

(EUR million)	As of 31 December 2016	As of 31 December 2017
ASSETS		
NON-CURRENT ASSETS	6,372	6,735
Goodwill	2,279	2,431
Intangible assets with finite useful life	1,099	1,233
Property, plant and equipment	2,910	2,976
Investments in associates	3	3
Other participating interests	10	8
Deferred income tax assets	34	27
Other non-current assets	37	56
CURRENT ASSETS	1,745	1,793
Inventories	125	123
Trade receivables	1,149	1,111
Current tax assets	46	83
Other current assets	122	137
Investments	6	5
Cash and cash equivalents	297	333
TOTAL ASSETS	8,117	8,527
LIABILITIES AND EQUITY		
EQUITY	2,981	3,013
Shareholders' equity	2,819	2,857
Issued capital	1,000	1,000
Treasury shares	-430	-431
Restricted reserve	100	100
AFS & Hedge reserve	2	5
Remeasurement reserve	-127	-128
Stock compensation	5	4
Retained earnings	2,270	2,310
Foreign currency translation	0	-4
Non-controlling interests	162	156
NON-CURRENT LIABILITIES	2,697	2,789
Interest-bearing liabilities	1,763	1,860
Liability for pensions, other post-employment benefits and termination benefits (1)	544	515
Provisions	144	140
Deferred income tax liabilities	84	72
Other non-current payables	162	202
CURRENT LIABILITIES	2,439	2,725
Interest-bearing liabilities	407	570
Trade payables	1,388	1,415
Tax payables	65	112
Other current payables	579	628
TOTAL LIABILITIES AND EQUITY	8,117	8,527

(1) As of 1st January 2017 the current part of the 'liability for pensions, other post-employment benefits and termination benefits' is included in 'other current payables'.

7.5 Consolidated cash flow statement

(EUR million)	4th Quarter		Full Year	
	2016	2017	2016	2017
Cash flow from operating activities				
Net income	131	152	548	552
Adjustments for:				
Depreciation and amortization on intangible assets and property, plant and equipment	229	246	917	963
Increase of impairment on intangible assets and property, plant and equipment	0	1	0	2
Decrease in provisions	-14	-2	-14	-4
Deferred tax expense / (income)	13	-34	38	-47
Impairment on participating interests	0	2	0	2
Loss from investments accounted for using the equity method	0	0	1	2
Fair value adjustments on financial instruments	0	1	0	3
Loans amortization	1	1	6	2
Gain on disposal of consolidated companies and remeasurement of previously held interest	0	-1	0	-1
Gain on disposal of fixed assets	-1	0	-3	-22
Other non-cash movements	0	0	1	0
Operating cash flow before working capital changes	360	365	1,493	1,452
Decrease / (increase) in inventories	4	11	-17	2
Decrease / (increase) in trade receivables	-21	36	-2	52
Increase in current income tax assets	-31	-70	-31	-41
Decrease / (increase) in other current assets	3	-1	2	-7
Increase / (decrease) in trade payables	49	-11	28	-58
Increase / (decrease) in income tax payables	-62	15	-16	47
Decrease in other current payables	-91	-45	-24	-3
Increase in net liability for pensions, other post-employment benefits and termination benefits	16	7	73	37
Increase / (decrease) in other non-current payables and provisions	15	-10	15	-10
Decrease / (increase) in working capital, net of acquisitions and disposals of subsidiaries	-117	-69	28	18
Net cash flow provided by operating activities (1)	242	296	1,521	1,470
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment	-239	-271	-962	-989
Cash paid for acquisitions of other participating interests	-1	0	-2	-2
Cash paid for acquisition of consolidated companies, net of cash acquired	0	-215	-6	-221
Cash received from sales of intangible assets and property, plant and equipment	1	2	5	36
Cash received from / (paid for) sales of other participating interests and enterprises accounted for using the equity method	0	1	3	-1
Net cash used in investing activities	-239	-483	-962	-1,177
Cash flow before financing activities (FCF)	3	-187	559	292
Cash flow from financing activities				
Dividends paid to shareholders	-162	-162	-485	-488
Dividends paid to non-controlling interests	0	0	-26	-32
Net sale / (acquisition) of treasury shares	9	-5	18	0
Net sale of investments	104	0	2	1
Decrease of shareholders' equity	0	0	0	-1
Cash received from cash flow hedge instrument related to long term debt	0	0	0	4
Issuance of long term debt	1	2	1	502
Repayment of long term debt (2)	-676	-1	-677	-1
Issuance / (repayment) of short term debt	405	163	404	-242
Cash flows used in financing activities (3)	-320	-1	-764	-256
Net increase / (decrease) of cash and cash equivalents	-316	-188	-205	36
Cash and cash equivalents at 1 January	502	297	502	297
Cash and cash equivalents at 31 December	297	333	297	333
(1) Net cash flow from operating activities includes the following cash movements:				
Interest paid			-79	-49
Interest received			3	1
Income taxes paid			-176	-227
(2) The repayment of long term debt is the net of cash received and paid for the debt and related derivatives				
(3) Gains and losses from debt restructuring are part of the Cash used in financing activities.				

7.6 Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Remeasur-ement reserve	Stock Compen-sation	Retained Earnings	Shareholders' Equity	Non-controlling interests	Total Equity
Balance at 31 December 2015	1,000	-448	100	2	-114	5	2,255	2,801	164	2,965
Total comprehensive income and expense	0	0	0	0	-13	0	523	510	25	535
Dividends to shareholders (relating to 2015)	0	0	0	0	0	0	-322	-322	0	-322
Interim dividends to shareholders (relating to 2016)	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	-26	-26
Business combination	0	0	0	0	0	0	-25	-25	-1	-26
Treasury shares										
Exercise of stock options	0	6	0	0	0	0	-1	5	0	5
Sale of treasury shares under a discounted share purchase plan	0	12	0	0	0	0	1	13	0	13
Stock options										
Exercise of stock options	0	0	0	0	0	-1	1	0	0	0
Total transactions with equity holders	0	18	0	0	0	-1	-508	-491	-27	-519
Balance at 31 December 2016	1,000	-430	100	2	-127	5	2,270	2,819	162	2,981
Balance at 31 December 2016	1,000	-430	100	2	-127	5	2,270	2,819	162	2,981
Total comprehensive income and expense	0	0	0	4	-1	0	522	521	28	549
Dividends to shareholders (relating to 2016)	0	0	0	0	0	0	-323	-323	0	-323
Interim dividends to shareholders (relating to 2017)	0	0	0	0	0	0	-161	-161	0	-161
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	-32	-32
Business combination	0	0	0	0	0	0	2	2	-2	0
Treasury shares										
Exercise of stock options	0	0	0	0	0	0	-1	-1	0	-1
Sale of treasury shares	0	-9	0	0	0	0	0	-9	0	-9
Stock options										
Exercise of stock options	0	9	0	0	0	-1	1	9	0	9
Total transactions with equity holders	0	0	0	0	0	-1	-482	-483	-34	-517
Balance at 31 December 2017	1,000	-431	100	5	-128	4	2,310	2,857	156	3,013

7.7 Segment reporting

See reconciliation of reported and underlying figures in section 8.2

(EUR million)	Year ended 31 December 2017								
	Group Proximus			underlying by segment					
	Reported	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	5,739	0	5,739	1,318	4,420	2,889	1,394	206	-69
Other revenues	63	-24	39	2	37	20	6	0	11
TOTAL INCOME	5,802	-24	5,778	1,320	4,458	2,910	1,399	207	-58
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-2,166	0	-2,166	-1,041	-1,126	-722	-444	-32	71
Direct margin	3,636	-24	3,612	279	3,332	2,188	956	175	13
Workforce expenses	-1,218	72	-1,146	-59	-1,087				
Non workforce expenses	-646	3	-643	-78	-564				
TOTAL OPERATING EXPENSES	-1,863	75	-1,789	-137	-1,652				
OPERATING INCOME before depreciation & amortization	1,772	51	1,823	143	1,680				
Depreciation and amortization	-963	0	-963	-80	-883				
OPERATING INCOME	809	51	860	63	797				
Net finance costs	-70		-70						
Share of loss on associates	-2		-2						
INCOME BEFORE TAXES	738		738						
Tax expense	-185		-185						
NET INCOME	552		552						
Non-controlling interests	30		30						
Net income (Group share)	522		522						

Year ended 31 December 2016 - restated

(EUR million)	Group Proximus		underlying by segment						
	Reported	Incidental	Underlying	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Net revenue	5,829	0	5,829	1,457	4,373	2,870	1,371	194	-63
Other revenues	44	-3	41	4	38	18	5	0	14
TOTAL INCOME	5,873	-3	5,871	1,460	4,410	2,889	1,376	194	-49
COSTS OF MATERIALS AND SERVICES RELATED TO REVENUE	-2,242	0	-2,242	-1,186	-1,056	-684	-413	-25	66
Direct margin	3,631	-3	3,628	274	3,354	2,204	964	169	17
Workforce expenses	-1,254	95	-1,159	-53	-1,106				
Non workforce expenses	-644	-29	-673	-72	-601				
TOTAL OPERATING EXPENSES	-1,898	66	-1,832	-125	-1,707				
OPERATING INCOME before depreciation & amortization	1,733	63	1,796	149	1,647				
Depreciation and amortization	-917	0	-917	-77	-840				
OPERATING INCOME	816	63	879	72	807				
Net finance costs	-101								
Share of loss on associates	-1								
INCOME BEFORE TAXES	715								
Tax expense	-167								
NET INCOME	548								
Non-controlling interests	25								
Net income (Group share)	523								

7.8 Group financing activities related to interest bearing liabilities

(EUR million)	As of 31 December 2016	Cash flows	Non-cash changes			As of 31 December 2017
			Reclassifica- tion	Fair value changes	Amortiz- ation	
Long-term						
Unsubordinated debentures	1,755	498	-404	0	1	1,850
Leasing and similar obligations	2	4	0	0	0	6
Derivatives held for trading	6	0	0	-2	0	4
Current portion of amounts payable > one year						
Unsubordinated debentures	0	0	404	0	1	405
Leasing and similar obligations	2	0	0	0	0	2
Other financial debts						
Credit institutions	405	-242	0	0	0	164
Total liabilities from financing activities	2,170	260	0	-2	2	2,430

7.9 Financial instruments

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

- The carrying amounts and fair values of the financial instruments at 31 December 2017;
- The categorization of the fair valued financial instruments within the fair value hierarchy;
- The fair valuation techniques used.

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

Fair Value and Fair Value Hierarchy

Set out below is a comparison of the carrying amounts and fair value of financial instruments as at 31 December 2017 and the fair value hierarchy:

The financial instruments were categorized according to principles that are consistent with those applied for the preparation of Note 33.4 of the 2016 Financial Statements.

No transfer between Levels occurred during 2017.

As of 31 December 2017 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	8	8	
Other non-current assets				
Other derivatives	FVTPL	5	5	Level 2
Other financial assets	LaR	51	51	
Current assets				
Trade receivables	LaR	1,111	1,111	
Other current assets				
Derivatives held-for-hedging	FVTPL	2	2	Level 1
Other receivables	N/A	16	16	
Investments	HTM	5	5	
Cash and cash equivalents				
Short-term deposits	LaR	333	333	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	1,850	1,989	Level 2
Leasing and similar obligations	OFL	6	6	
Other derivatives	FVTPL	4	4	Level 2
Non-interest-bearing liabilities				
Other non-current payables	OFL	202	202	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	OFL	405	407	Level 2
Leasing and similar obligations	OFL	2	2	
Interest-bearing liabilities				
Other loans	OFL	164	164	
Trade payables	OFL	1,415	1,415	
Other current payables				
Other derivatives	FVTPL	1	1	Level 1
Other debt	OFL	37	37	Level 3
Other amounts payable	OFL	289	289	

(1) The categories according to IAS 39 are the following :

AFS: Available-for-sale financial assets
 HTM: Financial assets held-to-maturity
 LaR: Loans and Receivables financial assets
 FVTPL: Financial assets/liabilities at fair value through profit and loss
 OFL: Other financial liabilities

Hedge activity

HeAc: Hedge accounting

As of 31 December 2016 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	10	10	
Other non-current assets				
Other derivatives	FVTPL	6	6	Level 2
Other financial assets	LaR	30	30	
Current assets				
Trade receivables	LaR	1,149	1,149	
Other current assets				
Derivatives held-for-hedging	HeAc	-1	-1	Level 1
Other derivatives	FVTPL	2	2	Level 1
Other receivables	N/A	22	22	
Investments	AFS	1	1	Level 1
Investments	HTM	5	5	
Cash and cash equivalents				
Short-term deposits	LaR	297	297	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	1,755	1,906	Level 2
Leasing and similar obligations	OFL	2	2	
Other derivatives	FVTPL	6	6	Level 2
Non-interest-bearing liabilities				
Other non-current payables	OFL	169	169	
Current liabilities				
Interest-bearing liabilities, current portion				
Leasing and similar obligations	OFL	2	2	
Other loans	OFL	405	405	
Trade payables	OFL	1,381	1,381	
Other current payables				
Other debt	OFL	34	34	Level 3
Other amounts payable	OFL	266	266	

(1) The categories according to IAS 39 are the following :

- AFS: Available-for-sale financial assets
- HTM: Financial assets held-to-maturity
- LaR: Loans and Receivables financial assets
- FVTPL: Financial assets/liabilities at fair value through profit and loss
- OFL: Other financial liabilities

Hedge activity

- HeAc: Hedge accounting

Valuation technique

The Group holds financial instruments classified in Level 1, 2 and 3.

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

Other derivatives in Level 2

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

Unsubordinated debentures

The unsubordinated debentures are recognized at amortized costs.

In case of anticipated settlement, in the context of the Group portfolio restructuring, those debentures are measured at their transaction price once the transaction is binding for the Group. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 December 2017 for similar debentures with the same remaining maturities.

Other debts in level 3

Level 3 financial instruments valuation is not based on observable market data. Instead, its fair value is derived using financial models and other valuation methods. To the extent possible, the underlying assumptions take into account market pricing information. Valuation changes due to new information could impact the income statement.

7.10 Contingent liabilities

Compared to the 2016 annual accounts, following change occurred during 2017 in the contingent liabilities:

The Belgian tax authorities considered a foreign subsidiary of the Group as a tax resident of Belgium rather than of Luxembourg and assessed a total amount of EUR 69 million excluding interest for the years 2004, 2005 and 2006. The Brussels Court of First Instance decided in June 2014 in favor of the Group's foreign subsidiary. The tax authorities filed an appeal against this decision. On 23 November 2017, the Brussels Court of Appeal confirmed the decision of the Court of First Instance and annulled the assessments. The Belgian State has decided not to appeal the ruling of the Brussels Court of Appeal before the Supreme Court.

BICS NV received withholding tax assessments from the Indian tax authorities in relation to payments made by an Indian tax resident customer to BICS NV in the period 1 April 2007 to 31 March 2009 for an aggregate amount of INR 522.9 million (equivalent to EUR 6.8 million). BICS NV filed appeals against the above assessments with the competent Indian Courts opposing the view of the Indian tax authorities that Indian withholding taxes are due on the payments. Furthermore, BICS NV is opposing the assessment in relation to the period 1 April 2008 to 31 March 2009 on procedural grounds. BICS has not paid the assessed amounts and has not recorded a tax provision. Management assesses that the position as recognized in these financial statements reflects the best estimate of the probable final outcome.

7.11 Post balance sheet events

There are no events that occurred after 31 December 2017 that have not been reflected in the Condensed Financial Statements.

7.12 Others

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

8 Additional information

8.1 Reporting remarks

IFRS impact on revenue per product

In line with Proximus' strategy, most products are sold through multi-Play Packs, a trend reinforced by the launch of the converged offers Tuttimus and Bizz All-in since mid-October 2016. The Packs are sales arrangements with multiple deliverables. The revenue is allocated to the different products such as Internet, Voice, TV and Mobile, based on their relative fair value, being the amount for which the product could be sold separately and considering the cash cap. The revenue allocation per product as reported in this report might be impacted by changes in the composition of multi-Play offers.

The resulting product ARPUs as reported in this document for TV, Internet, Fixed Voice and Mobile, and the variances compared to preceding periods, are therefore partly the mere mathematical consequence of the application of this accounting policy to a changed Pack composition.

Rounding

In general, all figures are rounded. Variances are calculated from the source data before rounding, implying that some variances may not add up.

8.2 Incidentals

(EUR million)	GROUP Revenue		GROUP EBITDA		GROUP Revenue		GROUP EBITDA	
	Q4'16	Q4'17	Q4'16	Q4'17	YTD'16	YTD'17	YTD'16	YTD'17
Reported	1,490	1,478	447	431	5,873	5,802	1,733	1,772
Underlying	1,490	1,477	441	445	5,871	5,778	1,796	1,823
Incidentals	0	1	6	-15	3	24	-63	-51
Incidentals:	0	1	6	-15	3	24	-63	-51
Capital gains on building sales	0	0	0	0	3	23	3	23
Divesture TLS FR	0	1	0	1	0	1	0	1
Early Leave Plan and Collective Agreement	0	0	-18	-15	0	0	-103	-70
M&A-related transaction costs	0	0	0	-1	0	0	0	-6
Reversal Pylon Tax provision 2014 & 2015	0	0	14	0	0	0	29	0
Reversal UK rent provision 2014	0	0	0	0	0	0	0	1
Other	0	0	10	0	0	0	8	0

Proximus reviewed the presentation of the income statement by removing the section “non recurring” and classifying the related items according to their nature. These items remain excluded from “underlying²⁷” figures.

The incidentals definition remained unchanged, however, ‘non recurring’, formally reported in the Group financials, is no longer reported separately to simplify incidentals in one single category.

²⁷ See part 8.6 Definitions

8.3 Quarterly results tables

8.3.1 Group – Financials

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
REPORTED										
Revenues	1,433	1,463	1,488	1,490	5,873	1,444	1,417	1,463	1,478	5,802
EBITDA	417	428	441	447	1,733	428	445	468	431	1,772
UNDERLYING										
Revenues per Segment	1,433	1,460	1,487	1,490	5,871	1,443	1,417	1,441	1,477	5,778
Domestic	1,077	1,101	1,105	1,127	4,410	1,111	1,105	1,105	1,137	4,458
Consumer	706	715	730	737	2,889	720	727	729	733	2,910
Enterprise	333	349	338	357	1,376	348	342	339	370	1,399
Wholesale	48	49	51	46	194	52	48	56	51	207
Other (incl. eliminations)	-10	-11	-14	-14	-49	-9	-13	-20	-17	-58
International Carrier Services (BICS)	356	359	382	363	1,460	332	312	336	339	1,320
Costs of materials and charges to revenues (*)	-531	-550	-569	-593	-2,242	-545	-516	-539	-565	-2,166
Direct Margin	902	911	918	897	3,628	898	901	901	912	3,612
Direct Margin %	63.0%	62.4%	61.7%	60.2%	61.8%	62.2%	63.6%	62.6%	61.7%	62.5%
Total expenses before D&A	-484	-448	-444	-456	-1,832	-449	-436	-437	-466	-1,789
EBITDA	418	463	474	441	1,796	449	464	464	445	1,823
Segment EBITDA margin %	29.2%	31.7%	31.9%	29.6%	30.6%	31.1%	32.8%	32.2%	30.2%	31.6%

Product view

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
Revenues	1,433	1,460	1,487	1,490	5,871	1,443	1,417	1,441	1,477	5,778
Domestic	1,077	1,101	1,105	1,127	4,410	1,111	1,105	1,105	1,137	4,458
Fixed	616	631	624	638	2,509	638	631	627	648	2,545
Voice	195	191	190	186	761	188	182	177	175	721
Data (Internet & Data Connectivity)	209	214	213	213	849	214	216	217	219	866
TV	87	88	91	94	360	95	96	97	98	385
Terminals (excl. TV)	9	9	9	9	35	9	9	9	8	34
ICT	116	130	121	136	503	133	128	128	149	538
Mobile Services	331	331	331	325	1,318	321	326	327	322	1,296
Postpaid	293	293	297	295	1,179	294	298	302	300	1,195
Prepaid	38	38	34	30	139	27	28	25	22	101
Mobile Terminals	29	36	42	60	167	45	47	47	58	198
Advanced Business Services	2	5	5	7	18	6	6	7	9	28
Subsidiaries (Tango)	31	30	32	34	127	31	33	31	35	131
Other Products	31	31	33	30	125	27	27	28	30	112
Wholesale	48	49	51	46	194	52	48	56	51	207
Other segment (incl. eliminations)	-10	-11	-14	-14	-49	-9	-13	-20	-17	-58
International Carrier Services (BICS)	356	359	382	363	1,460	332	312	336	339	1,320

8.3.2 Consumer –Financials

X-Play view

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q2'17	Q3'17	Q4'17	2017
Revenues	706	715	730	737	2,889	720	727	729	733	2,910
Revenues X-Play	578	580	589	585	2,331	590	599	599	597	2,384
4-Play	189	192	197	201	779	215	228	233	235	911
3-Play	182	183	185	181	730	175	174	171	170	690
2-Play	80	79	79	77	315	76	75	73	72	296
1-Play	128	126	128	125	507	124	123	122	119	488
Prepaid	38	38	34	30	139	27	28	25	22	101
Terminals sales	32	34	43	60	169	47	49	49	56	201
Tango	27	26	28	29	111	27	29	29	30	115
Other	31	36	36	34	137	29	22	29	29	109

Product view

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
REPORTED										
Revenues	706	715	730	737	2,889	720	727	729	733	2,910
UNDERLYING										
Revenues	706	715	730	737	2,889	720	727	729	733	2,910
Fixed	379	381	383	384	1,526	388	387	387	388	1,551
Voice	134	131	131	128	524	130	126	124	122	503
Data (Internet & Data Connectivity)	147	151	150	151	599	153	154	156	157	619
TV	87	88	91	94	360	95	96	97	98	385
Terminals (excl. TV)	4	4	4	4	15	4	4	4	4	15
ICT	7	7	7	7	29	7	7	7	7	28
Mobile Services	248	250	251	246	995	242	247	248	243	979
Postpaid	210	213	218	215	856	215	219	223	221	878
Prepaid	38	38	34	30	139	27	28	25	22	101
Mobile Terminals	25	30	37	53	146	39	42	41	47	170
Subsidiaries (Tango)	27	26	28	29	111	27	29	29	30	115
Other Products	28	27	30	26	110	24	23	24	25	96
Of which Installation & Activation	5	4	6	4	18	3	4	4	4	16
Costs of materials & charges to revenues	-158	-162	-170	-194	-684	-174	-175	-179	-194	-722
Direct Margin	548	553	560	543	2,204	547	552	550	540	2,188
Direct Margin %	77.6%	77.4%	76.7%	73.6%	76.3%	75.9%	75.9%	75.5%	73.6%	75.2%

8.3.3 Consumer Operationals

X-play view

	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
HH/SO per Play - Total (000's)	2,951	2,951	2,951	2,952	2,952	2,947	2,956	2,942	2,937	2,937
4 - Play	555	564	574	605	605	640	662	673	687	687
3 - Play	768	771	774	760	760	750	748	744	743	743
2 - Play	451	448	445	437	437	427	419	413	409	409
1 - Play	1,177	1,167	1,158	1,150	1,150	1,130	1,127	1,111	1,098	1,098
Fixed Voice	398	384	372	358	358	342	330	320	309	309
Fixed Internet	122	123	124	126	126	129	130	132	136	136
TV	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mobile Postpaid	657	659	661	665	665	659	666	659	652	652
ARPH x - play (in EUR)	65.3 €	65.5 €	66.6 €	66.0 €	65.8 €	66.7 €	67.7 €	67.7 €	67.7 €	67.5 €
4 - Play	114.2 €	114.3 €	115.5 €	114.6 €	114.7 €	115.0 €	116.5 €	116.4 €	115.7 €	115.9 €
3 - Play	79.3 €	79.1 €	79.8 €	78.3 €	79.1 €	77.4 €	77.2 €	76.6 €	76.0 €	76.8 €
2 - Play	58.8 €	58.4 €	58.9 €	58.3 €	58.6 €	58.9 €	58.6 €	58.5 €	58.5 €	58.6 €
1 - Play	35.9 €	35.9 €	36.8 €	36.1 €	36.2 €	36.1 €	36.5 €	36.3 €	36.1 €	36.2 €
Average #RGUs per HH/SO - Total	2.61	2.62	2.63	2.66	2.66	2.69	2.71	2.73	2.74	2.74
4 - Play	4.83	4.83	4.83	4.84	4.84	4.85	4.86	4.86	4.86	4.86
3 - Play	3.34	3.34	3.34	3.33	3.33	3.33	3.32	3.32	3.32	3.32
2 - Play	2.21	2.21	2.21	2.21	2.21	2.20	2.20	2.20	2.19	2.19
1 - Play	1.23	1.23	1.24	1.24	1.24	1.24	1.24	1.24	1.24	1.24
Annualized full churn rate (HH/SO level) - Total	13.4%	12.0%	12.6%	13.5%	12.9%	13.7%	11.7%	13.5%	13.3%	13.1%
4 - Play	2.8%	2.7%	2.4%	2.7%	2.6%	2.8%	2.5%	3.1%	3.0%	2.8%
3 - Play	10.4%	9.6%	9.6%	10.3%	10.0%	10.2%	8.9%	10.1%	9.4%	9.6%
2 - Play	12.1%	10.3%	10.9%	11.6%	11.2%	12.3%	10.5%	11.7%	10.7%	11.3%
1 - Play	20.8%	18.7%	20.3%	21.9%	20.4%	22.6%	19.3%	22.7%	23.1%	21.9%
% Convergent HH/ O - Total *	53.2%	53.5%	54.2%	54.9%	54.9%	55.6%	56.1%	56.4%	56.8%	56.8%
4 - Play	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3 - Play	36.8%	37.1%	37.8%	36.9%	36.9%	35.9%	35.4%	35.2%	35.1%	35.1%
2 - Play	23.5%	23.4%	23.5%	23.7%	23.7%	23.7%	23.8%	23.7%	23.6%	23.6%

*i.e. % of HH/SO having Mobile + Fixed component

Product view

	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
From Fixed										
Number of access channels (thousands)	3,837	3,832	3,824	3,841	3,841	3,872	3,885	3,877	3,883	3,883
Voice	2,096	2,078	2,058	2,060	2,060	2,066	2,063	2,048	2,036	2,036
Broadband	1,741	1,754	1,767	1,781	1,781	1,806	1,821	1,829	1,847	1,847
TV unique customers (thousands)	1,440	1,458	1,472	1,489	1,489	1,516	1,533	1,543	1,560	1,560
ARPU (EUR)										
ARPU Voice	21.3	20.9	21.2	20.8	21.0	21.0	20.4	20.1	19.9	20.4
ARPU broadband	28.3	28.8	28.4	28.3	28.4	28.4	28.3	28.4	28.4	28.4
ARPU TV	20.2	20.2	20.7	21.1	20.6	20.9	20.8	20.9	21.0	20.9
From Mobile										
Number of active customers (thousands)	3,717	3,704	3,689	3,679	3,679	3,646	3,631	3,552	3,552	3,552
Prepaid	1,268	1,235	1,178	1,119	1,119	1,057	998	909	901	901
Postpaid	2,449	2,470	2,511	2,560	2,560	2,589	2,633	2,643	2,651	2,651
Annualized churn rate										
Prepaid	35.0%	35.0%	38.1%	37.7%	36.7%	39.0%	38.5%	n.r.	24.3%	n.r.
Postpaid	15.2%	14.0%	15.6%	16.5%	15.2%	15.1%	13.3%	16.3%	17.1%	15.6%
Blended	22.4%	21.5%	23.4%	23.6%	22.7%	22.7%	21.0%	32.5%	19.1%	23.9%
Net ARPU (EUR)										
Prepaid	9.8	10.1	9.3	8.8	9.5	8.1	9.0	8.7	8.2	8.5
Postpaid	28.7	28.8	29.2	28.4	28.8	27.9	28.0	28.3	27.8	28.0
Blended	22.1	22.5	22.7	22.3	22.4	22.0	22.6	23.1	22.8	22.6
Average Mobile data usage user/month (Mb)										
4G	1,039	1,090	1,107	1,197		1,303	1,407	1,546	1,625	
Blended	725	790	842	945		1,083	1,192	1,330	1,414	

8.3.4 Enterprise – Financials

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
REPORTED										
Revenues	333	349	338	357	1,376	348	342	339	370	1,399
UNDERLYING										
Revenues	333	349	338	357	1,376	348	342	339	370	1,399
Fixed	237	250	241	254	982	250	243	240	260	994
Voice	61	60	58	58	237	57	55	53	52	218
Data (Internet & Data Connectivity)	63	63	63	62	251	62	62	61	62	247
TV	0	0	0	0	0	0	0	0	0	0
Terminals (excl. TV)	5	5	5	5	19	5	5	5	5	19
ICT	108	123	115	129	475	126	121	121	141	509
Mobile Services	83	80	80	80	323	79	79	79	79	317
Mobile Terminals	4	5	5	7	21	6	5	6	11	28
Advanced Business Services	2	5	5	7	18	6	6	7	9	28
Subsidiaries (Tango)	4	4	4	5	16	4	4	3	6	16
Other Products	3	4	4	4	15	3	4	4	4	16
Of which Installation & Activation	1	1	1	1	3	1	1	2	1	4
Costs of materials and charges to revenues	-93	-106	-100	-113	-413	-110	-104	-105	-124	-444
Direct Margin	240	242	237	244	964	238	238	234	245	956
Direct Margin %	72.0%	69.6%	70.3%	68.3%	70.0%	68.4%	69.7%	68.9%	66.4%	68.3%

8.3.5 Enterprise – Operationals

	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
From Fixed										
Number of access channels (thousands)	784	774	768	758	758	746	735	724	715	715
Voice	647	637	630	620	620	609	599	589	580	580
Broadband	137	137	138	138	138	137	137	135	135	135
ARPU (EUR)										
ARPU Voice	31.1	31.1	30.7	30.8	30.9	31.2	30.5	29.9	29.8	30.4
ARPU Broadband	43.4	43.6	43.8	43.3	43.5	42.8	43.3	43.2	43.4	43.2
From Mobile										
Number of mobile cards (thousands)	1,881	2,006	2,084	2,108	2,108	2,132	2,155	2,173	2,197	2,197
Among which voice and data cards	903	911	926	939	939	952	965	975	988	988
Among which M2M	978	1,094	1,158	1,169	1,169	1,180	1,190	1,198	1,209	1,209
Annualized churn rate (blended)	10.8%	10.7%	8.9%	9.9%	10.0%	10.6%	10.5%	9.4%	10.4%	10.2%
Net ARPU (EUR)										
Postpaid	29.8	28.5	28.1	27.5	28.5	26.9	26.6	26.3	26.1	26.5
Average Mobile data usage user/month (Mb)										
4G	973	1,045	1,074	1,170		1,266	1,345	1,412	1,480	
Blended	756	833	880	982		1,094	1,180	1,254	1,328	

8.3.6 Wholesale – Financials

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
REPORTED										
Revenues	48	49	51	46	194	52	48	56	51	207
UNDERLYING										
Revenues	48	49	51	46	194	52	48	56	51	207
Direct Margin	43	43	44	40	169	45	41	46	43	175
Direct Margin %	88.4%	88.4%	85.8%	86.0%	87.1%	86.4%	86.2%	81.2%	85.4%	84.7%

8.3.7 Retail Operationals and MVNO customers reported in Wholesale

	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
From Fixed										
Number of access channels (thousands)										
Voice (1)	9	9	8	8	8	8	8	8	8	8
Broadband (1)	1	1	1	1	1	1	1	1	1	1
From Mobile										
Number of active Mobile customers (thousands)										
Retail (1)	10	10	9	9	9	9	9	9	8	8
MVNO	13	14	15	16	16	17	19	21	21	21

(1) i.e. Proximus retail products sold via Wholesale (OLO's own usage and reselling)

8.3.8 BICS – Financials

(EUR million)	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
REPORTED										
Revenues	356	359	382	363	1,460	332	312	336	339	1,320
Segment Result	35	38	40	37	149	31	33	37	37	139
UNDERLYING										
Revenues	356	359	382	363	1,460	332	312	336	339	1,320
Revenues from Voice	286	288	303	291	1,169	262	241	251	249	1,003
Revenues from non-Voice	70	71	79	72	292	70	71	85	90	317
Costs of materials and charges to revenues	-289	-292	-310	-296	-1,186	-268	-245	-266	-261	-1,041
Direct Margin	67	67	73	68	274	64	67	70	78	279
Direct Margin %	18.8%	18.6%	19.1%	18.6%	18.8%	19.4%	21.5%	20.8%	23.0%	21.2%
Total expenses before D&A	-32	-29	-33	-31	-125	-31	-33	-32	-41	-137
Workforce expenses	-13	-13	-14	-13	-53	-14	-14	-14	-17	-59
Non Workforce expenses	-19	-16	-20	-18	-72	-17	-19	-18	-24	-78
Segment result	35	38	40	36	149	33	34	38	37	143
Segment contribution margin %	9.9%	10.5%	10.3%	10.0%	10.2%	9.9%	11.0%	11.2%	11.0%	10.8%

8.3.9 BICS - Operationals

Volumes in million	Q116	Q216	Q316	Q416	2016	Q117	Q217	Q317	Q417	2017
Voice	6,034	6,575	6,948	6,667	26,224	6,118	5,907	6,241	6,118	24,385
Non-Voice (Messaging)	833	909	903	913	3,558	879	939	1,101	1,909	4,828



8.4 Definitions

Advanced Business Services : new solutions offered aside from traditional Telecom and ICT, such as Road User Charging, converging solutions, Big Data and smart mobility solutions.

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

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

ARPH: Average underlying revenue per household (including Small Offices).

ARPU: Average Revenue per Unit

Blended Mobile ARPU : total Mobile Voice and Mobile data revenues (inbound and outbound), of both Prepaid and Postpaid customers, divided by the average number of active Prepaid and Postpaid customers for that period, divided by the number of months of that same period. This also includes MVNO's but excludes M2M.

Broadband access channels: ADSL, VDSL and Fiber lines. For Consumer this also contains the Belgian residential lines of Scarlet.

Broadband ARPU: total Internet underlying revenue, excluding activation and installation fees, divided by the average number of Internet lines for the period considered, divided by the number of months in that same period.

BICS: international carrier activities, a joint venture of Proximus, Swisscom and MTN in which Proximus owns 57.6%

Capex: this corresponds to the acquisitions of intangible assets and property, plant and equipment

Consumer: addressing the residential and small businesses (less than 10 employees) market, including Customer Operations Unit.

Cost of Sales: the costs of materials and charges related to revenues

Direct margin: the result of cost of sales subtracted from the revenues, expressed in absolute value or in % of revenues.

Domestic: defined as the Proximus Group excluding BICS

EBITDA: Earnings Before Interest, Taxes, Depreciations and Amortization; corresponds to Revenue minus Cost of sales, workforce and non-workforce expenses and non-recurring expenses.

EBIT: Earnings Before Interest & Taxes, corresponds to EBITDA minus depreciations and amortizations

Enterprise: segment addressing the professional market including small businesses with more than 10 employees

Fixed Voice access channels: PSTN, ISDN and IP lines. For Enterprise specifically, this also contains the number of Business Trunking lines (solution for the integration of Voice and Data traffic on one single Data network.)

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

FCF : Free Cash Flow. This is cash flow before financing activities.

General and Administrative expenses (G&A): Domestic expenses excluding Marketing, Sales and Servicing and Network and IT expenses, i.e. mainly overhead.

ICT: Information and Communications Technology (ICT) is an extended term for information technology (IT) which stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers as well as necessary enterprise software, middleware, storage, and audio-visual systems, which enable users to access, store, transmit, and manipulate information. Proximus' ICT solutions include, but are not limited to, Security, Cloud, "Network & Unified Communication", "Enterprise Mobility Management" and "Servicing and Sourcing".

Incidental: adjustments for material(**) items including gains or losses on the disposal of consolidated companies, fines and penalties imposed by competition authorities or by the regulator, costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries and other items that are outside the scope of usual business operations. These other items include divestments of consolidated activities, gains and losses on disposal of buildings, transaction costs related to M&A (acquisitions, mergers, divestments etc.), deferred M&A purchase price, pre-identified one shot projects (such as rebranding costs), changes of accounting treatments (such as the application of IFRIC 21), financial impacts of litigation files, fines and penalties, financial impact of law changes (one-off impact relative to previous years), recognition of previously unrecognized assets and impairment losses.

(**) The materiality threshold is met when exceeding individually EUR 5 million. No materiality threshold is defined for costs of employee restructuring programs, the effect of settlements of post-employment benefit plans with impacts for the beneficiaries, divestments of consolidated companies, gains and losses on disposal of buildings and M&A-related transaction costs. No threshold is used for adjustments in a subsequent quarter of the same year if the threshold was met in a previous quarter.

Marketing, Sales and Servicing expenses: all expenses related to Consumer, Enterprise and Wholesale customers, including remote servicing.

Mobile customers: Voice and Data cards as well as Machine-to-Machine, and excludes all free Data cards. Active Prepaid customers are customers who have made or received at least one call and/or sent or received at least one SMS message in the last three months. A M2M card is considered active if at least one Data connection has been made in the last month. Postpaid customers paying a monthly subscription are per default active.

Mobile ARPU: Monthly ARPU is equal to total Mobile Voice and Mobile Data revenues (inbound and outbound), divided by the average number of Active Mobile Voice and Data customers for that period, divided by the number of months of that same period. This also includes MVNO's but excludes M2M.

Multi-play household (including Small Offices): two or more Plays, not necessarily in a Pack.

Net debt: refers to the total interest bearing debt (short term + long term) minus cash and cash equivalents.

Network and IT expenses: all IT and Network related expenses, including interventions at customer premises.

Non Workforce expenses: all operating expenses excluding workforce expenses, and excluding depreciation and amortization and non-recurring expenses.

Play: a subscription to either Fixed Voice, Fixed Internet, dTV or Mobile Postpaid (paying Mobile cards). A 4-Play customer subscribes to all four services.

Revenue-Generating Unit (RGU): for example, a household with Fixed Internet and 2 Mobile Postpaid cards is considered as a 2-play household with 3 RGUs.

Reported Revenues: this corresponds to the TOTAL INCOME.

TV ARPU: includes only customer-related underlying revenue and takes into account promotional offers, excluding activation and installation fees, divided by the number of households with Proximus or Scarlet TV.

Underlying: refers to adjusted Revenue and EBITDA (Total Income and Operating Income before Depreciation and Amortization) for incidentals in order to properly assess the ongoing business performance.

Wholesale: Proximus' unit addressing the telecom wholesale market including other telecom operators (incl. MVNO) and ISP's.

Workforce expenses: Expenses related to own employees (personnel expenses and pensions) as well as to external employees. For subsidiaries, Workforce expenses include internal personnel expenses and pensions only.

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

8.5 Management statement

The Proximus Executive Committee declares that to the best of its knowledge, the condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, give a true and fair view of the assets, financial position and results of Proximus and of the entities included in the consolidation. The financial report gives an accurate overview of the information that needs to be disclosed. The Executive Committee is represented by Dominique Leroy, Chief Executive Officer, Sandrine Dufour, Chief Financial Officer, Bart Van Den Meersche, Chief Enterprise Market Officer, Guillaume Boutin, Chief Consumer Market Officer, Geert Standaert, Chief Technology Officer, Renaud Tilmans, Chief Customer Operations Officer, Jan Van Acoleyen, Chief Human Resources Officer and Dirk Lybaert, Chief Corporate Affairs Officer.

8.6 Financial calendar

11 April 2018	Start of quiet period ahead of Q1 2018 results
18 April 2018	Annual Shareholders' meeting
4 May 2018	Announcement of Q1 2018 results
11 July 2018	Start quiet period ahead of Q2 2018 results
27 July 2018	Announcement of Q2 2018 results
8 October 2018	Start of quiet period ahead of Q3 2018 results
26 October 2018	Announcement of Q3 2018 results

Dates could be subject to change

8.7 Contact details

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8.8 Investor & analyst Conference Call & Webcast

Analyst conference call and webcast details

Proximus will host a conference call for investors and analysts on Friday 2nd March 2018.

Time: 02:00pm Brussels – 01:00pm London – 08:00am New York

Dial-in UK	+44 20 7194 3759
Dial-in USA	+1 844 286 0643
Dial-in Europe	+32 2 403 58 16
Code	46885529#

If you want to follow the webcast, [please register here](#).