Third quarter 2009 results

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Group Highlights

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Group highlights

- **Solid Group revenue of €4,472m or +1% YoY**
- **Organic Group revenue +0.4% driven by ICS and CBU**
- **Group EBITDA of €1,488m or -2% YoY with margin at 33.3%**
- **Strong cost control**
  - Cost reduction focus mitigates pressure on cost of sales
  - Reported non-HR expenses -2.5% YoY; organic -4.9%
  - Personnel costs -1.3% as favorable headcount evolution more than offsets 2008 salary indexation impact
- **YTD September €405m invested or 9% of group revenue**
- **Sound financial position**
  - FCF of €681m
  - Net debt at €1.7 billion or 0.9x EBITDA
- **Board approved payment of an interim dividend of €0.40/share**

million €	Ytd Sep 08	Ytd Sep 09	*Var.*
Key group financials			
Revenue[1]	**4,427**	**4,472**	***1.0%***
CoGS	-1,435	-1,537	*7.1%*
HR costs	-843	-831	*-1.3%*
Non-HR costs	-630	-615	*-2.5%*
Costs	**-2,908**	**-2,984**	***2.6%***
EBITDA[1]	**1,519**	**1,488**	***-2.0%***
EBITDA margin[1]	*34.3%*	*33.3%*	
Non-recurring items	*8*	*-62*	
Capex	**-506**	**-405**	***-19.8%***
FCF	**457**	**681**	***49.0%***
Net debt	-1,522	-1,700	

[1] *Before non-recurring items*

From reported to organic revenue:

million €	Ytd Sep 08	Ytd Sep 09	*Var*	Reported in BU
Reported revenue[1]	**4,427**	**4,472**	***1.0%***	
acquisitions	-17	-141		CBU
divestments	-75	-5		EBU
inter-segment elimination	6	31		SDE, now eliminated at group
Organic revenue	**4,341**	**4,357**	***0.4%***	

[1] *Before non-recurring items*

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Group operational highlights

Solid set of operational results for Q309:

- All-time high **Belgacom TV** net adds: +75k in Q309
- New convergent offers lead to record number of **packs** sold: +70k in Q309
- **Fixed line** loss improved in Q3 (-40k) driven by success of packs and continued success of flat rate offers
- Solid number of **mobile** net adds (+40k)
  Excluding loss of MVNO customers, own customer base +52k and in line with Q308
- **Broadband** +11k new customers – impacted by small loss in Scarlet customers (CBU) and saturation in enterprise market (EBU)

(in '000)	Q108	Q208	Q308	Q408	Q109	Q209	Q309	*Var YoY*
Key group operationals								
Net adds								
Voice Access Lines (1)	-55	-49	-47	-45	-59	-51	-40	
Mobile Active customers	93	52	56	96	40	43	40	
Broadband lines (2)	48	10	20	30	22	1	11	
TV subscribers	44	42	52	63	49	33	75	
Packs	51	27	27	44	52	31	70	
Customers EOP								
Voice Access Lines (1)	3,851	3,802	3,755	3,710	3,652	3,601	3,561	-194
Mobile Active customers	4,713	4,765	4,821	4,916	4,956	5,000	5,039	219
Broadband lines (2)	1,285	1,295	1,315	1,345	1,487	1,487	1,499	184
TV subscribers	349	391	443	506	555	589	663	220
Packs	204	231	258	302	354	384	454	196
FTE	17,565	17,428	17,429	17,371	16,999	16,802	16,802	-627

(1) including VoIP
(2) Including Belgian residential customers of Scarlet as from Q109

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2009 guidance reaffirmed

So far, the residential segment of the Belgacom Group continued its resilient path, not experiencing any significant impact on its financial performance from the economic downturn. As expected, the enterprise business sees the impact mainly in the slowdown in mobile usage and large IT-projects.

Based on the reported results so far and its best estimate for Q409, Belgacom reaffirms its guidance and expects to end the year 2009, before non-recurring items, with:

- a revenue decline of about 1%
- an EBITDA margin between 32% and 33%
- capex levels between 10% and 11% of Group revenue

Reported results versus guided:

	Guided	Reported[1]			
	FY09	Q109	Q209	Q309	Ytd Sep 09
Group revenue	decline of about 1%	1.5%	1.3%	0.2%	1.0%
Group EBITDA margin	Between 32%-33%	33.0%	33.4%	33.5%	33.3%
CAPEX/Revenue	Between 10%-11%	9.0%	8.9%	9.2%	9.1%

[1] *Before non-recurring items*

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Shareholder return

The Belgacom Board of Directors approved the payment of an interim dividend of **€0.4 per share (gross), or a total amount of €128m.**
This brings the total shareholder return of 2009 on cash basis at €666m, including the 2008 ordinary dividend paid in April 2009.

- Payment date: 4 December 2009
- Record date: 3 December 2009
- Ex-dividend date: 1 December 2009

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Consumer Business Unit

(CBU)

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CBU - Highlights

Financial performance

- So far, resilient to economic crisis with no significant financial impact
- **Reported revenue of €1,797m, +€137m or +8.2%**
  - €124m from Tango & Scarlet; in Q309 YoY impact Tango fading
  - Organic revenue +0.8% with strong performance of Q309 (+2.6%)
  - €22m regulation impact
  - Underlying business growing 2.1% YoY driven by TV, mobile data and mobile terminals
- **Total operating expenses at €993m or +€168m YoY**
  - €100m contribution Scarlet & Tango
  - €68m due to higher cost of sales following changing revenue mix
  - Successful cost reduction program: organic non-HR costs -2.8% YoY
- **44.7% contribution margin**
  - Impacted by lower margin from Tango & Scarlet
  - Changing revenue mix
  - Organic contribution margin at 46.7%

Financial result (in million €)	Q108	Q208	Q308	Ytd Sep 2008	Q408	Q109	Q209	Q309	Ytd Sep 2009	Var. Q3/Q3	Var. Ytd
Total Revenue	548	553	560	**1,660**	593	591	604	602	**1,797**	*7.5%*	***8.2%***
Total Costs	-261	-277	-287	**-826**	-335	-323	-338	-332	**-993**	*15.8%*	***20.3%***
Total result CBU	**287**	**275**	**273**	**835**	**258**	**268**	**266**	**269**	**804**	***-1.2%***	***-3.7%***
Segment contribution margin	*52.3%*	*49.8%*	*48.7%*	***50.3%***	*43.6%*	*45.4%*	*44.1%*	*44.8%*	***44.7%***		

CBU - Highlights

Business performance

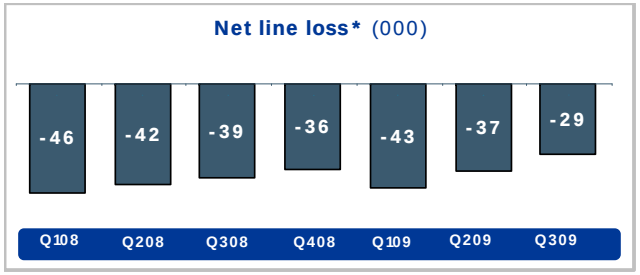
Strong Q309 operational results :

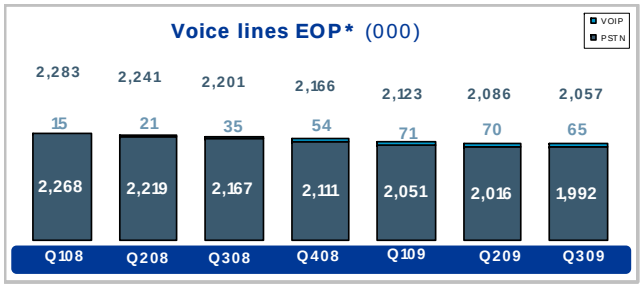
- +75k **TV** customers; all-time high number of net adds
  Pick-up in Q309 ARPU (€20.6) driven by increased sales & higher on demand usage
- Lowest level of **fixed line** loss (-29k)
  YoY ARPU increase driven by price indexations of 2008
- +12k **internet** customers with ARPU of €29.1
- +32k mobile net adds under own brands
  Net adds impacted by loss in MVNO (-13k)
  Q309 ARPU stable at €22.6, impact from MTR cuts stopped and offsetting roaming impact

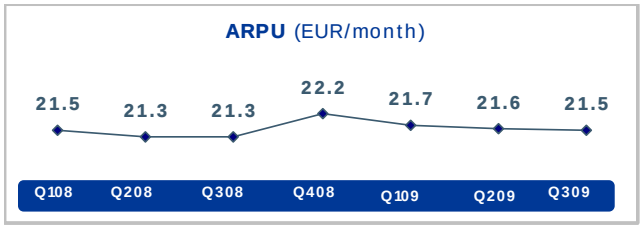
Operational result[3]	Q108	Q208	Q308	Ytd Sep 2008	Q408	Q109	Q209	Q309	Ytd Sep 2009	*Var. Q3/Q3*	*Var. Ytd*
Net adds (´000)											
Fixed Voice Access lines	-46	-42	-39	**-127**	-36	-43	-37	-29	**-109**	*10*	***18***
Mobile active customers	65	24	33	**123**	72	10	23	19	**52**	*-14*	***-70***
Broadband Lines	37	5	17	**60**	26	20	3	12	**35**	*-5*	***-25***
TV Subscribers	44	42	52	**138**	63	49	33	75	**157**	*23*	***19***
ARPU (EUR/month)											
Fixed Voice	21.5	21.3	21.3	**21.4**	22.2	21.7	21.6	21.5	**21.6**	*1.1%*	***1.1%***
Blended net ARPU - Mobile	23.5	23.5	22.5	**23.1**	22.4	21.6	22.7	22.6	22.3	*0.4%*	***-3.7%***
Broadband	29.8	31.0	29.7	**30.2**	29.7	28.6	28.1	29.1	**28.6**	*-2.2%*	***-5.2%***
Belgacom TV	19.3	19.6	20.2	**19.7**	18.5	20.4	19.2	20.6	**20.1**	*1.9%*	***1.8%***

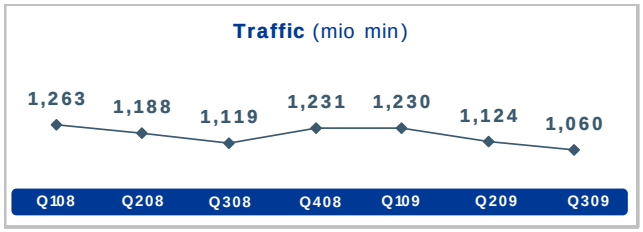
[1] As from Q109 ARPU is based on households instead of total customer base. 2008 figures have been restated
[2] Q108 net adds impacted by active migration of dial-up customers
[3] Tango operationals are not included

CBU - Voice - Fixed









- Line loss positively impacted by:
  - Success of packs including a fixed line
  - Flat rate offers like Together and Happy Time products
- YoY ARPU +1.1%
  - positively impacted by price indexations of 2008
  - Partly offset by lower retail tariffs due to lowered fixed termination rates
- Voice traffic
  - Seasonality impact in Q3
  - YoY traffic decrease driven by line loss

* Including VoIP lines

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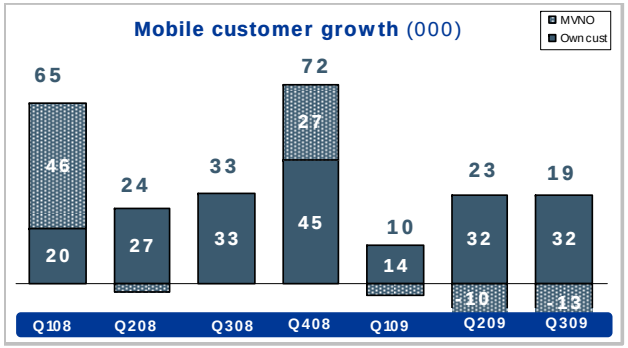
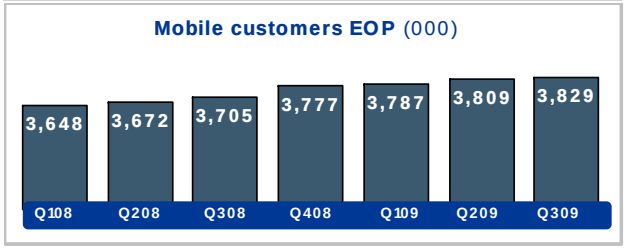
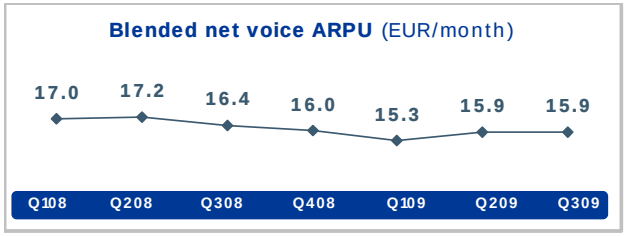
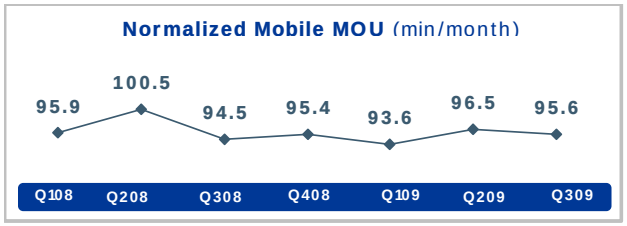
CBU - Voice – Mobile









- +32k customers added via own brands in Q309
  - Total net adds impacted by loss in low value MVNO customers
  - MVNO market very volatile with cards used as calling cards leading to high churn rates
  - YTD Sept'09 +78k net adds via own brands and in line with net adds of a year ago (+80k)
- Mobile Voice ARPU:
  - YoY ARPU evolution impacted by:
    - Regulation
    - Customers optimizing their mobile spending
  - Compared to previous quarter, Q309 ARPU stable:
    - no longer negative impact of MTR decreases
    - even offsetting impact of lower roaming tariffs
- Paying MoU impacted by:
  - Seasonality effect
  - Substitution towards SMS

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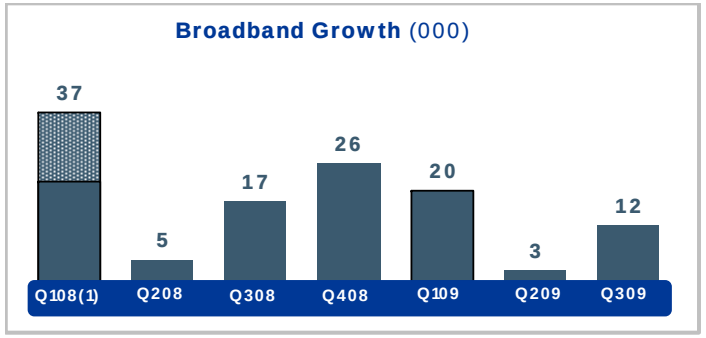
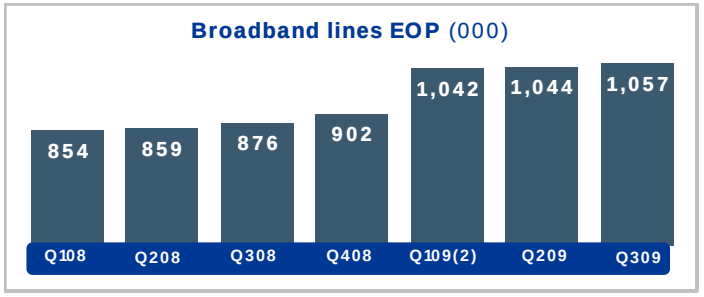
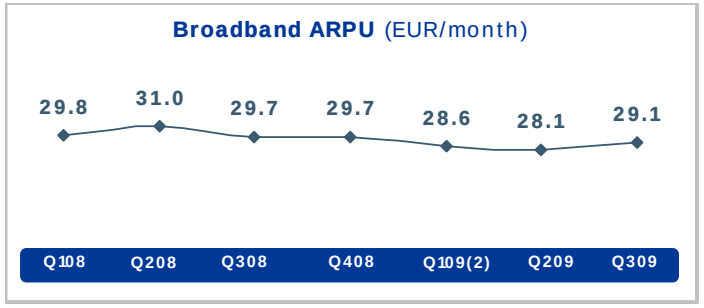
CBU - Data - Fixed







- +12k net adds in Q309
  - Pick-up since September driven by back to school promo's and packs
  - Impacted by small loss of Scarlet broadband customers
- Total customer base at 1,057k customers, including residential customers from Scarlet
- Broadband ARPU
  - YoY ARPU decline driven by success of packs
  - Q309 ARPU shows slight improvement compared to previous quarters due to lower impact of discounts

(1) Q108 net adds impacted by active migration dial-up customers
(2) As from Q109 including Belgian residential customers of Scarlet

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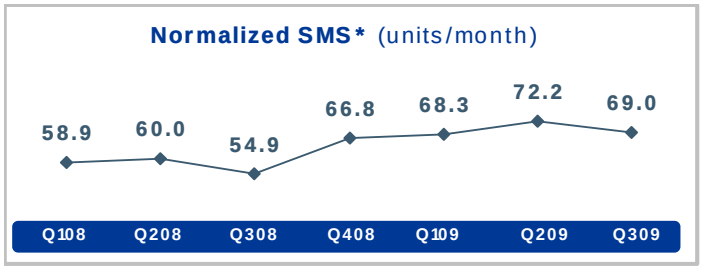
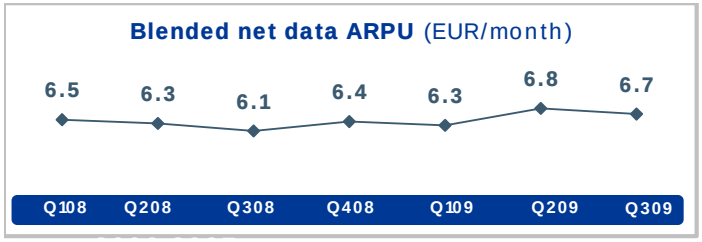
CBU - Data - Mobile



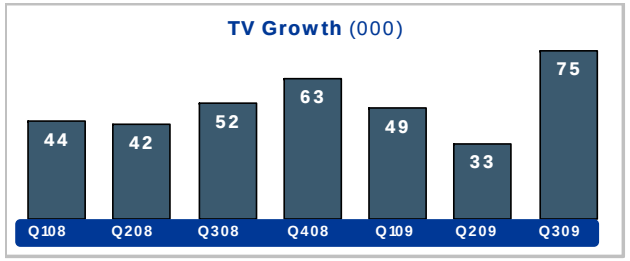


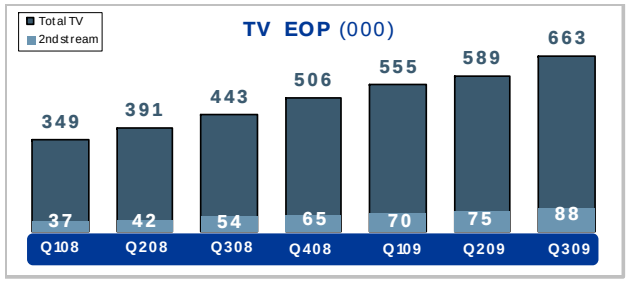
- Strong revenue performance +8.1% YoY driven by:
  - SMS revenue +7.5% YoY resulting from:
    - Increased inbound revenues resulting from pricing plans including free SMS
    - Substitution from voice towards SMS with paying SMS/user/month +22.7% to 71.2 SMS YTD September
    - Offsetting regulation impact of SMS roaming
  - Advanced data revenue +9.9% YoY with strong growth in Q309 of +27.9%:
    - Success 'Internet One' – combining fixed & mobile internet
    - No longer impact from rules on gaming & voting (Royal Decree April 2008)
- Blended net data ARPU** of €6.7 for Q309

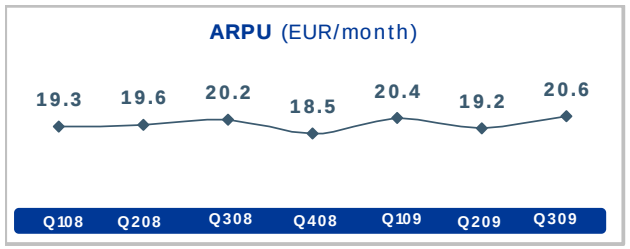
	Q308	Ytd Sep 08	Q309	Ytd Sep 09	Var. Q3/Q3	Var. Ytd
Mobile data revenue	**67**	**206**	**75**	**223**	**12.9%**	**8.1%**
SMS	51	156	55	168	8.4%	7.5%
Advanced data	16	50	20	55	27.9%	9.9%
%						
SMS	77%	76%	74%	75%		
Advanced data	23%	24%	26%	25%		

* Normalized SMS/per month per user: SMS excluding free usage
** Blended postpaid/prepaid and including credits & discounts

CBU - Belgacom TV







- +75k TV customers in Q309 or +220k in 1 year time
  - Customer growth stimulated by launch of FAIR;
    - Company wide program to address cable competition
    - "Free TV" offer is one of the FAIR initiatives
  - 'Scarlet One' launched mid-September and contributing to customer growth
- Total TV customer base at 663k, incl 88k second stream users
- TV ARPU* per household
  - YoY increase driven by lower impact of promotions
  - Q309 improvement due to:
    - Higher sales
    - Higher usage 'on demand'

* As from Q109 TV ARPU is reported on number of households instead of total subscriber base.
Figures for 2008 have been restated.

CBU – Tango

Solid YTD September 2009 results:

- Total Tango revenue YTD September of €69m
- 252k mobile customers with a blended mobile net ARPU of €24.2

	Nine months ended 30 September
	2009
Revenue[1] (in EUR mio)	69
Total active mobile customers (in '000)	252
Blended net ARPU (EUR/month)	24.2

(1) Revenue from Tango i.e. fixed and mobile revenue

CBU – Revenues

CBU resilient to crisis:

- Reported revenue +8.2% incl. Scarlet/Tango for €124m
- Organic revenue +0.8%
- Regulation impact of € 22m
- Underlying business +2.1%

➢ Voice revenue -4.6%

- Fixed voice YoY impacted by regulation, line loss & flat rate offers
- Mobile voice YTD revenue impacted by regulation & customers optimizing mobile spending. YoY Q3 improving as no longer impacted by MTR cut.

➢ Data revenue +5.1%

- Fixed data up driven by customer growth and lower discounts
- Mobile data revenue
  - ➢ SMS revenue growth driven by increased inbound revenues offsetting regulation impact SMS roaming
  - ➢ Advanced data increase driven by success of Internet One

➢ TV revenue +51.2%

- Growth driven by increased customer base
- Contributing for 5% to total CBU revenue

➢ Terminals revenue +9.2%

- Fixed terminal impacted by free modems due to promotions
- Mobile terminal driven by success of smart phones & touch screen devices

(EUR million)	Ytd Sep 08	Ytd Sep 09	Var	Var %
TOTAL CBU Revenue	**1,660**	**1,797**	**137**	**8.2%**
Voice	**997**	**951**	**-46**	**-4.6%**
Fixed	449	423	-26	-5.7%
Mobile	548	528	-20	-3.7%
Data	**439**	**462**	**22**	**5.1%**
Fixed	233	239	6	2.5%
Mobile	206	223	17	8.1%
TV	**62**	**94**	**32**	**51.2%**
Scarlet & Tango	**17**	**141**	**124**	
Terminals	**76**	**83**	**7**	**9.2%**
Fixed	44	37	-6	-14.4%
Mobile	33	46	13	40.7%
Other	**69**	**67**	**-2**	**-3.6%**
Fixed	58	57	-1	-2.5%
Mobile	11	10	-1	-9.1%

CBU – Costs

CBU operating expenses increased €168m or 20.3%

- €100m impact from Tango & Scarlet; YoY impact becoming less in Q309 as Tango consolidated as from August 2008
- Organic costs up 8.3% driven by increase cost of sales – trend stable

Cost of Goods Sold +33.3% or €130m

- €60m from Tango & Scarlet
- Organic costs +18% due to
  - Higher commissions as mix in sales channels changed
  - Higher TV sales and higher mobile handset sales impacting terminals costs
  - Higher interconnection costs driven by free SMS/free minutes

Personnel expenses +7.4%

- Fully driven by additional headcount Scarlet & Tango
- Organic costs slightly up as decrease in headcount due to restructuring programs & natural attrition did not fully offset 2008 salary indexations

Other operating costs +10.4% fully due to Scarlet & Tango

- Organic operating expenses -2.8% as a result of cost reduction program

(EUR million)	Ytd Sep 08	Ytd Sep 09	Var	Var %
TOTAL CBU Costs	**-826**	**-993**	**168**	**20.3%**
Cost of Goods Sold	-389	-519	129	33.3%
Personnel expenses	-240	-258	18	7.4%
Other operating expenses	-196	-216	20	10.4%

Enterprise Business Unit

(EBU)

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EBU - Highlights

Financial performance

- **As expected, crisis impact on financial result continued in Mobile and ICT, but trend not accelerating**
  - Reported revenue of €1,868m or -7.3% YoY
  - Organic revenue decline of 4%
  - Regulation negatively impacting revenue by €23m
    - fading negative MTR and F2M effect, but
    - impact lower roaming rates since 1 July and
    - SMS roaming hit by price cap at 11 €ct
  - Underlying business YTD September -2.8%
    - Mobile and IT-domain impacted by crisis
    - No acceleration in Q309
- **YTD September Operating expenses -10.5% due to divestments & strict cost control**
- **Segment contribution margin up from 47.3% to 49.1%**
  Organic contribution margin of 49.3%

Financial result (in million €)	Q108	Q208	Q308	Ytd Sep 2008	Q408	Q109	Q209	Q309	Ytd Sep 2009	Var. Q3/Q3	Var. Ytd
Total Revenue	675	690	651	**2,016**	680	640	626	602	**1,868**	-7.5%	**-7.3%**
Total Costs	-352	-370	-341	**-1,063**	-367	-335	-317	-301	**-952**	-11.9%	**-10.5%**
Total result EBU	**324**	**320**	**310**	**953**	**313**	**306**	**310**	**301**	**916**	**-2.8%**	**-3.8%**
Segment contribution margin	*47.9%*	*46.3%*	*47.6%*	***47.3%***	*46.1%*	*47.7%*	*49.4%*	*50.0%*	***49.1%***		

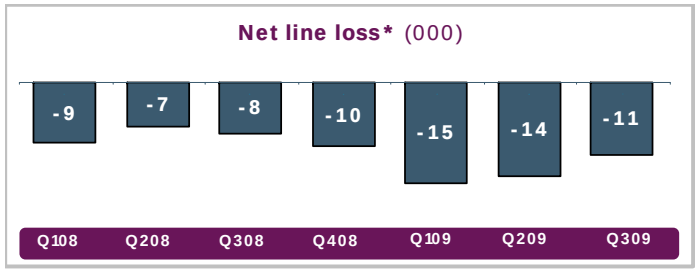
EBU - Highlights

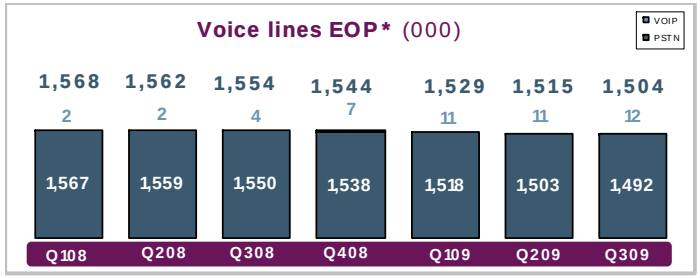
Business performance

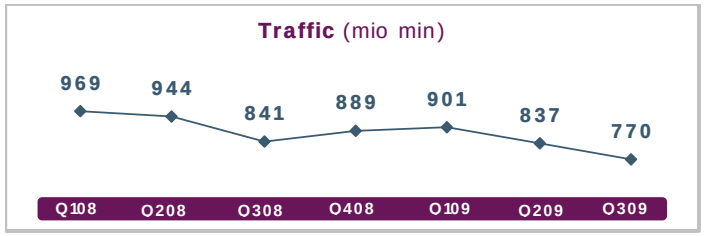
- **Economic downturn impacts operational results but trends did not accelerate**
  - Improved Fixed line loss in Q3 versus previous quarters
  - Mobile MoU trend for Q3 in line with previous year
    Paying MoU down 5% in Q3, whereas 8% in Q2
  - Mobile net adds +71k YTD Sept; +20k in Q3
  - Continued strong advanced data growth, Q3 > 33% YoY
- **Professional Broadband marked by saturation and continued competition**

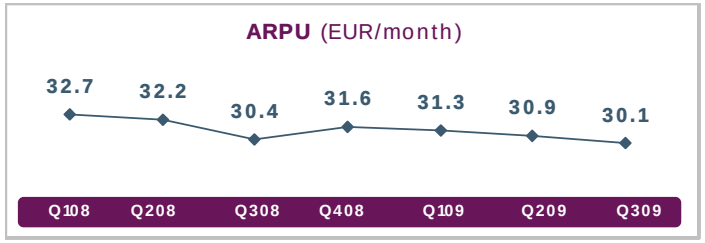
Operational result	Q108	Q208	Q308	Ytd Sep 2008	Q408	Q109	Q209	Q309	Ytd Sep 2009	*Var. Q3/Q3*	*Var. Ytd*
Net adds (´000)											
Fixed Voice Access lines	-9	-7	-8	**-24**	-10	-15	-14	-11	**-40**	*-3*	***-17***
Mobile active customers	27	28	23	**78**	23	30	21	20	**71**	*-3*	***-7***
Broadband Lines	11	5	3	**19**	4	2	-2	-1	**-1**	*-4*	***-19***
ARPU (EUR/month)											
Fixed Voice	32.7	32.2	30.4	**31.8**	31.6	31.3	30.9	30.1	**30.8**	*-1.1%*	***-3.2%***
Mobile net ARPU	62.6	62.9	58.8	**61.4**	56.1	54.5	53.6	51.1	**53.0**	*-13.1%*	***-13.6%***
ARPU broadband - Fixed	40.4	41.2	40.4	**40.7**	40.2	40.1	39.8	40.1	**40.0**	*-0.9%*	***-1.7%***

EBU - Voice - Fixed









- Line loss improved in Q3
  - Line cancels of customers in search for cost savings
  - Cancels due to bankruptcy
  - But trend somewhat improved in Q3
- Fixed voice traffic
  - Seasonality impact in Q3 (summer holidays)
  - YoY decrease in Q3 due to YoY line loss
- Q309 ARPU
  - seasonality impact
  - slightly down due to lower usage per line

* Including VoIP lines

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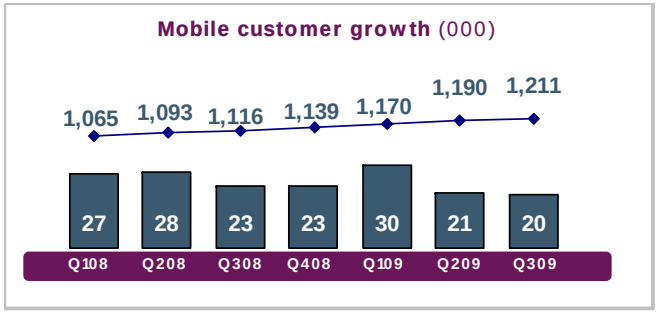
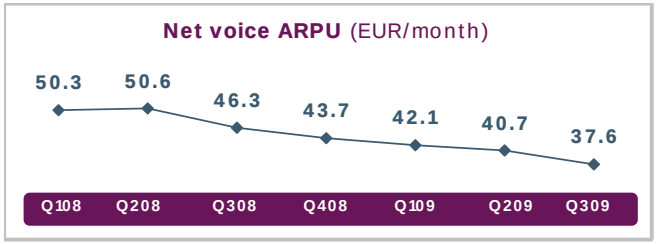
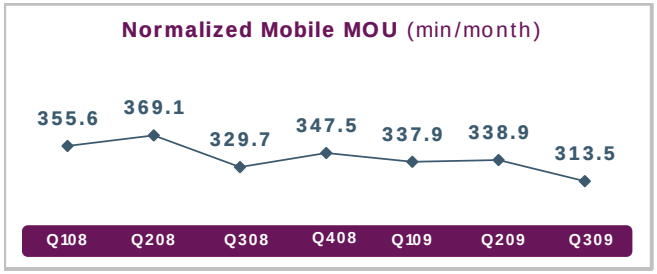
EBU - Voice - Mobile





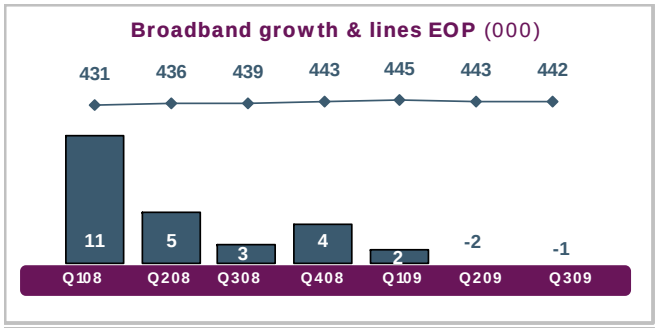


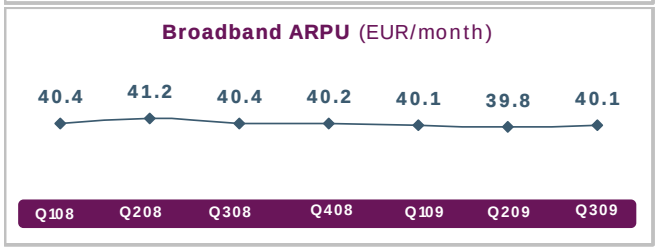
- Mobile customer growth continued
  - 71k net adds YTD Sept; 20k net adds in Q3
  - Successful promotions on calling packages for SME, including free minutes/SMS
  - Churn reduced to 9%
- Net voice ARPU decrease Q309:
  - Impact lowered roaming rates 1 July 09
  - Increased promotions SME market
  - Lower mobile usage (seasonality)
- Paying MoU
  - Seasonality effect in Q3 on mobile outbound
  - Lower MoU following crisis; but not accelerating

EBU - Data - Fixed

EBU Fixed data consists of:

- Internet products
- Data connectivity products





Internet:

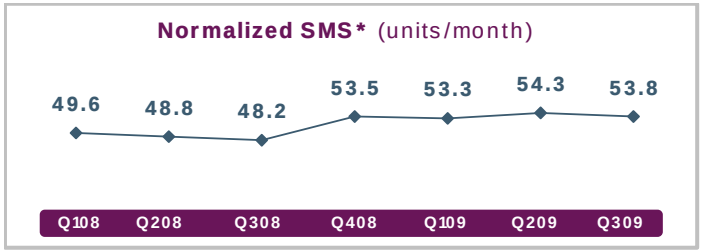
- Saturating and highly competitive enterprise Broadband market
- Broadband ARPU remains fairly stable

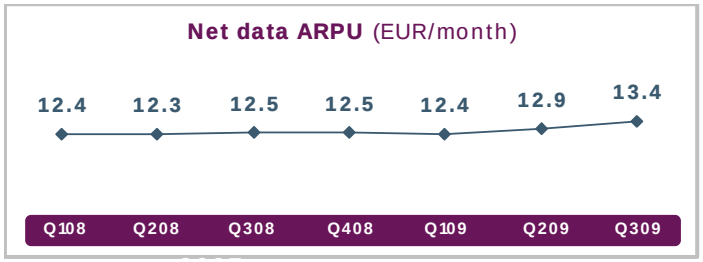
Data connectivity products:

- Ongoing migration to Managed Network Services[1] (Explore) from 'older' data connectivity products[2]
- 29,900 sites connected to the Explore platform end September 2009

[1] Shared security, CoS, Back-up and Reporting Service
[2] Leased lines, Frame Relay, ATM

EBU - Data - Mobile





- Solid mobile data revenue growth of 14.4% yoy
  - Advanced data revenue up 33.5% in Q309
    - Launch new concept 'Bizz Deal'
    - New promotions mobile internet on laptop
  - SMS
    - Revenue YTD Sept growing of 2.2%;
    - but drop in Q3 due to SMS roaming regulation
    - Paying number of SMS remains high at 54 SMS for Q3
- Net data ARPU growth driven by success of advanced data

	Q308	Ytd Sep 08	Q309	Ytd Sep 09	Var. Q3/Q3	Var. Ytd
Mobile data revenue	**41**	**120**	**48**	**137**	**17.4%**	**14.4%**
SMS	15	43	14	44	-9.8%	2.2%
Advanced data	26	77	35	93	33.5%	21.4%
%						
SMS	37%	36%	29%	32%		
Advanced data	63%	64%	71%	68%		

* SMS excluding free usage

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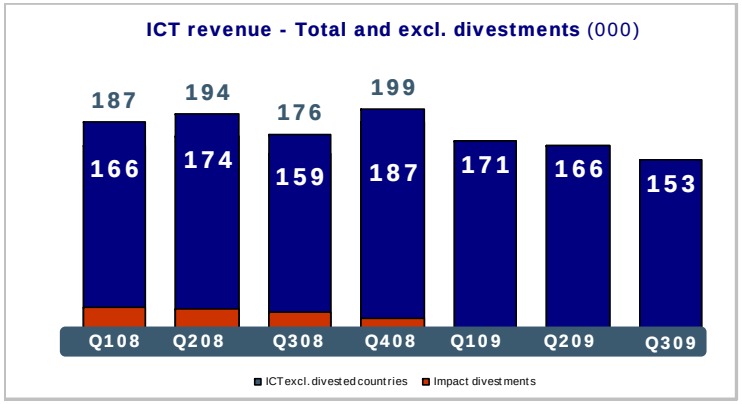
EBU – ICT

ICT feels pressure from economic crisis, but within expectation

- On comparable basis, YTD revenue decrease of 2.1%
- Telindus Belgium remains fairly stable while Telindus International shows weakness to the crisis; although partially due to unfavorable exchange rate
- Revenue impact not worsened: Q309 organic revenue -4.2%, vs. Q2 at -5.1%
- Indicators remain similar to previous quarters:
  - Large IT projects being delayed or spread in time
  - Decision process taking longer
  - Existing customers asking for contract renegotiations
- Impact EBITDA very small

On the other hand, some product in ICT portfolio do well in a crisis, e.g. datacenter products such as housing & hosting but not sufficiently large to fully compensate for Telindus revenue loss



EBU Financials - revenue

Crisis impacting results but within expectations

- Reported revenue of €1,868 or -7.3% YoY
- Including €69m revenue loss from divestments
- Organic revenue at €1,863m or -4% YoY
- Regulation impact of €23m
- Underlying business declining 2.8%

➢ Voice revenue -8.3%

- Fixed voice impacted by line loss and regulation
- Mobile voice impacted by regulation and ongoing pressure caused by economic crisis

➢ Data revenue +3.3%

- Fixed data impacted by saturating internet market
- Mobile data continued solid growth:
  - ➢ Driven by advanced data +21.4% (new launches & promo)
  - ➢ SMS revenue impacted by SMS roaming regulation

➢ ICT revenue -12.2%, organically -2.1%

- This part of business is vulnerable to economic crisis
- Especially Telindus International is showing weakness
- Trend did not get worse in Q3

(EUR million)	Ytd Sep 08	Ytd Sep 09	Var	Var %
TOTAL EBU Revenue	**2,016**	**1,868**	**-148**	**-7.3%**
Voice	**934**	**857**	**-77**	**-8.3%**
Fixed	458	432	-26	-5.7%
Mobile	476	425	-51	-10.7%
Data	**425**	**439**	**14**	**3.3%**
Fixed	304	301	-3	-1.1%
Mobile	120	137	17	14.4%
ICT	**557**	**489**	**-68**	**-12.2%**
Terminals	**72**	**66**	**-6**	**-8.0%**
Fixed	57	55	-2	-3.1%
Mobile	15	11	-4	-26.8%
Other	**29**	**18**	**-11**	**-37.7%**
Fixed	21	9	-12	-58.2%
Mobile	7	9	2	24.1%

EBU Financials - costs

Total operating costs decreased €111m driven by successful cost containment within EBU and realized divestments

- **Cost of Goods sold -11.7% YoY**
  - Partially driven by Telindus divestments
  - But organic cost of sales still down 4.4% driven by favorable impact on costs by regulation, due to lower volumes roaming and lower ICT revenues
- **Personnel costs -7.3% YoY**
  - Fully driven by decrease in headcount following divestments and headcount reduction programs
- **Other operating costs -12.1% yoy driven by divestment program and company wide cost reduction program. Organic other operating costs -4.3%.**

(EUR million)	Ytd Sep 08	Ytd Sep 09	Var	Var %
TOTAL EBU Costs	1,063	952	-111	-10.5%
Cost of Goods Sold	629	556	-74	-11.7%
Personnel expenses	306	283	-22	-7.3%
Other operating expenses	128	113	-15	-12.1%

Service Delivery Engine

(SDE)

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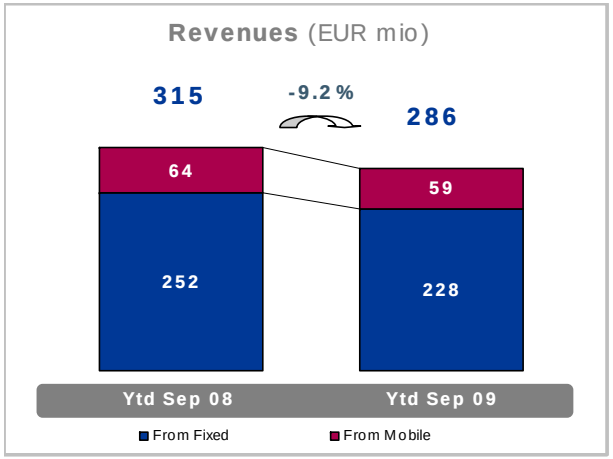
SDE – Summary financial result – revenue

Summary financial result

Financial result (in million €)	Q108	Q208	Q308	Ytd Sep 2008	Q408	Q109	Q209	Q309	Ytd Sep 2009	Var. Q3/Q3	Var. Ytd
Total Revenue	110	103	102	**315**	99	98	94	94	**286**	-8.3%	**-9.2%**
Total Costs	-129	-121	-113	**-364**	-118	-114	-112	-107	**-333**	-6.1%	**-8.6%**
Total result SDE	**-20**	**-18**	**-11**	**-49**	**-18**	**-16**	**-18**	**-13**	**-47**	**14.0%**	**-4.6%**
Segment contribution margin	*-18.0%*	*-17.3%*	*-11.0%*	***-15.5%***	*-18.4%*	*-16.5%*	*-18.7%*	*-13.6%*	***-16.3%***		



YTD revenue impacted by:

- Lower interconnect revenues from Pay services (Royal Decree April 2008) – YoY trend improving
- Lower Telindus wholesale revenues with other operators
- Lower transit traffic volumes to other operators
- Regulation impact due to decrease bitstream transport prices & Brotsoll regulation
- Slight decline in Roaming-in revenues

Partly offset by an increase in data & capacity revenues

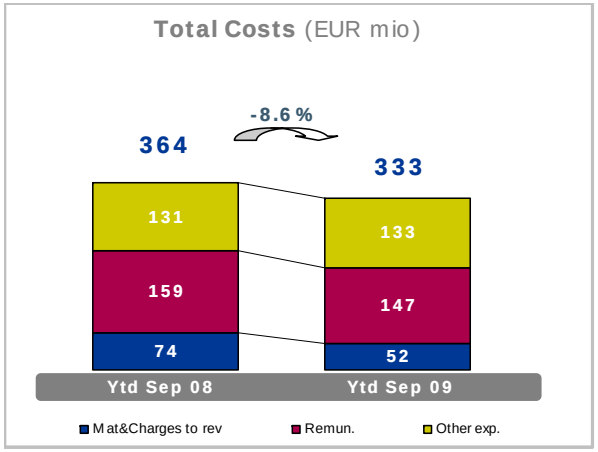
SDE costs & EBITDA

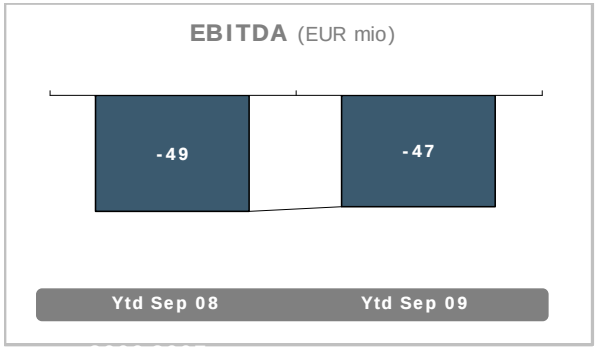
Total operating expenses -8.6% or -€31m driven by:

- Cost of sales -29.5% YoY due to :
  - Decline in low-margin transit traffic
  - Lower interconnection volumes
  - Less Telindus wholesale revenues
  - YoY favorable impact fading as low-margin YoY revenue evolution improves
- Personnel expenses -7.3% YoY:
  - Lower headcount (-242 FTEs)
  - Tax reduction on night shift/overtime/research

EBITDA slightly improved YoY as:

- Operational costs evolved favorably
- Lower YTD revenue had only limited impact on direct margin





Staff & Support

(S&S)

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S&S - Highlights and summary financials

Highlights

- **YoY revenue +3.2% to €25m including a small gain on the disposal of a building**
- **Other operating costs 14% down to €143m :**
  - Lower renting costs and provisions as result of vacated Proximus building
  - Company-wide cost reduction program

Summary financial result

Financial result (in million €)	Q108	Q208	Q308	Ytd Sep 2008	Q408	Q109	Q209	Q309	Ytd Sep 2009	Var. Q3/Q3	Var. Ytd
Total Revenue	**9**	**7**	**8**	**24**	**10**	**7**	**12**	**6**	**25**	**0**	**3.2%**
Costs of materials/charges to rev	*-1*	*-1*	*-1*	***-2***	*-1*	*0*	*-1*	*-1*	***-1***	*22.7%*	***-46.9%***
Personnel expenses & pensions	*-40*	*-41*	*-41*	***-121***	*-39*	*-41*	*-41*	*-42*	***-124***	*3.9%*	***2.1%***
Other operating expenses	*-55*	*-59*	*-52*	***-166***	*-71*	*-50*	*-49*	*-43*	***-143***	*-17.5%*	***-14.0%***
Total Costs	**-96**	**-101**	**-94**	**-290**	**-110**	**-91**	**-91**	**-86**	**-268**	***-8.0%***	***-7.5%***
Total result Staff & Support	**-86**	**-94**	**-86**	**-266**	**-100**	**-84**	**-79**	**-80**	**-243**	**-6.6%**	**-8.5%**

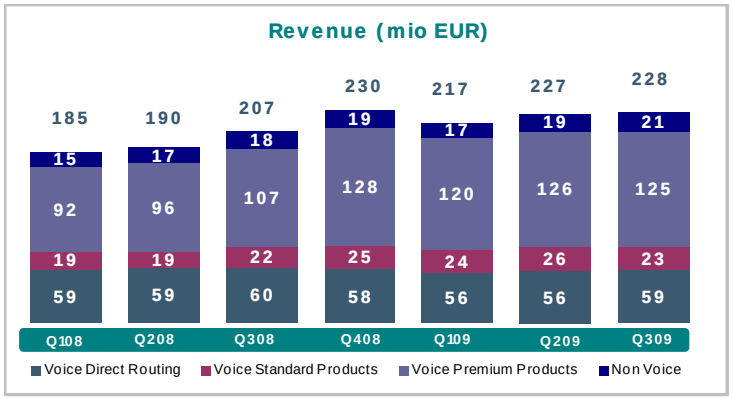
International Carrier Services (ICS)

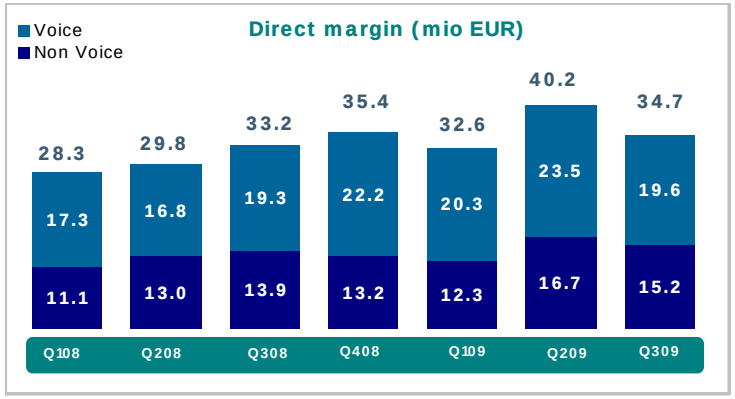
Highlights

- In view of the economic crisis ICS continued to deliver strong results
- YTD Revenue growth of 15.3%; EBITDA +26.8%
- Deceleration of voice growth in Q3 as anticipated
- Non-voice continues its growth path

Financial result (in million €)	Q108	Q208	Q308	Ytd Sep 2008	Q408	Q109	Q209	Q309	Ytd Sep 2009	Var. Q3/Q3	Var. Ytd
Revenues	185	190	207	**582**	230	217	227	228	**671**	10.3%	**15.3%**
Costs	-171	-176	-189	**-536**	-212	-198	-204	-211	**-613**	11.5%	**14.3%**
Total result ICS	14	14	18	**46**	18	19	23	17	**58**	**-3.2%**	**26.8%**
Segment EBITDA margin	7.6%	7.5%	8.5%	**7.9%**	7.8%	8.7%	10.0%	7.4%	**8.7%**		

Revenue & direct Margin

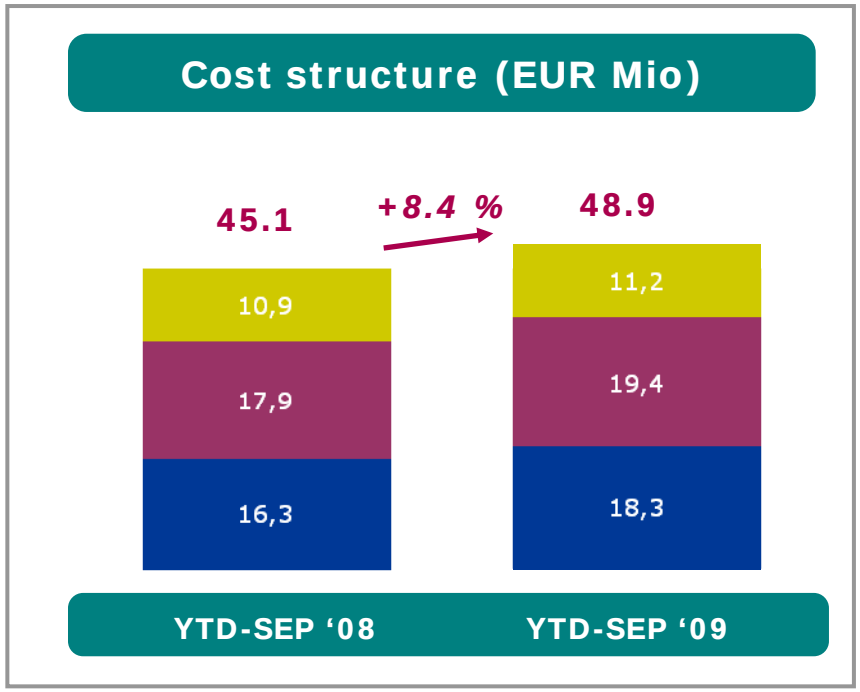




- Strong revenue increase of 15.3% YTD Sept driven by growth in higher margin premium products
  - Q309 Voice revenue growth decelerating as YoY impact fades
  - Continued strong growth for non-voice (17%) due to mobile and high-rate bandwidth products
- Increase in YTD direct margin driven by volume growth in voice and non-voice.
  - ICS business is rather cyclical with fluctuations between quarters

Cost structure*

- Increase in HR related expenses reflecting the headcount increase required to sustain the mobile data growth and the impact of the salary indexation at the beginning of the year
- Volume growth is explaining the increased network expenses



HR related expenses Network expenses IT & General Admin.

* Other than Costs of materials and charges to revenue

Group Financials

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Consolidated income statement

(EUR million)	Ytd Sep 08	Ytd Sep 09	% var
Total Revenue before non-recurring items	**4.427**	**4.472**	***1,0%***
Costs of materials and charges to revenue	-1.435	-1.537	*7,1%*
Personnel expenses and pensions	-843	-831	*-1,3%*
Other operating expenses	-630	-615	*-2,5%*
TOTAL OPERATING EXPENSES	**-2.908**	**-2.984**	***2,6%***
EBITDA before non-recurring items	**1.519**	**1.488**	***-2,0%***
Non-recurring items	8	-62	
Depreciation	-564	-521	*-7,7%*
EBIT	**962**	**905**	***-5,9%***
Financial Result	**-63**	**-90**	***42,5%***
NET INCOME	**685**	**616**	***-10,0%***
Basic earnings per share	**2,09**	**1,93**	***-7,9%***

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Operating expenses

SALES RELATED COSTS *in € million*	Ytd Sep 2008	Ytd Sep 2009	var.	%
GROUP	**-1435**	**-1537**	**-102**	**7.1%**
CBU	-389	-519	-129	33.3%
EBU	-629	-556	74	-11.7%
SDE	-74	-52	22	-29.5%
S&S	-2	-1	1	-46.9%
ICS	-491	-564	-73	14.9%
Inter elim	150	154	4	-2.6%

Cost of sales +7.1% YoY

- Increase due to changing revenue mix CBU & growing weight ICS in Group revenue
- Partly offset by decrease in cost of sales EBU & SDE

➢ Q309 shows improvement vs previous quarters:
  - ➢ impact of Tango fades
  - ➢ smaller ICS revenue growth

PERSONNEL EXPENSES & PENSIONS *in € million*	Ytd Sep 2008	Ytd Sep 2009	var.	%
GROUP	**-843**	**-831**	**11**	**-1.3%**
CBU	-240	-258	-18	7.4%
EBU	-306	-283	22	-7.3%
SDE	-159	-147	12	-7.3%
S&S	-121	-124	-3	2.1%
ICS	-16	-18	-2	12.3%

Personnel costs down 1.3% YoY

- Benefitting from past & ongoing headcount reduction programs
- Offsetting salary indexation impact

nr FTE	Ytd Sep 2008	FY08	Ytd Sep 2009	12mths VAR	9mths VAR
Group	**17,429**	**17,371**	**16,802**	**-627**	**-569**
CBU	5,625	5,979	5,821	196	-158
EBU	5,818	5,479	5,311	-507	-168
SDE	3,453	3,421	3,211	-242	-210
S&S	2,300	2,263	2,219	-81	-44
ICS	233	229	240	7	11

OTHER OPERATING EXPENSES *in € million*	Ytd Sep 2008	Ytd Sep 2009	var.	%
GROUP	**-630**	**-615**	**16**	**-2.5%**
CBU	-196	-216	-20	10.4%
EBU	-128	-113	15	-12.1%
SDE	-131	-133	-2	1.7%
S&S	-166	-143	23	-14.0%
ICS	-29	-31	-2	6.2%
Inter elim	20	22	1	-5.4%

Other operating expenses -2.5%; organically -4.9% YoY

- Result of cost reduction initiatives company wide
- Lower cost following divestments Telindus
- Cost savings linked to vacated Proximus building

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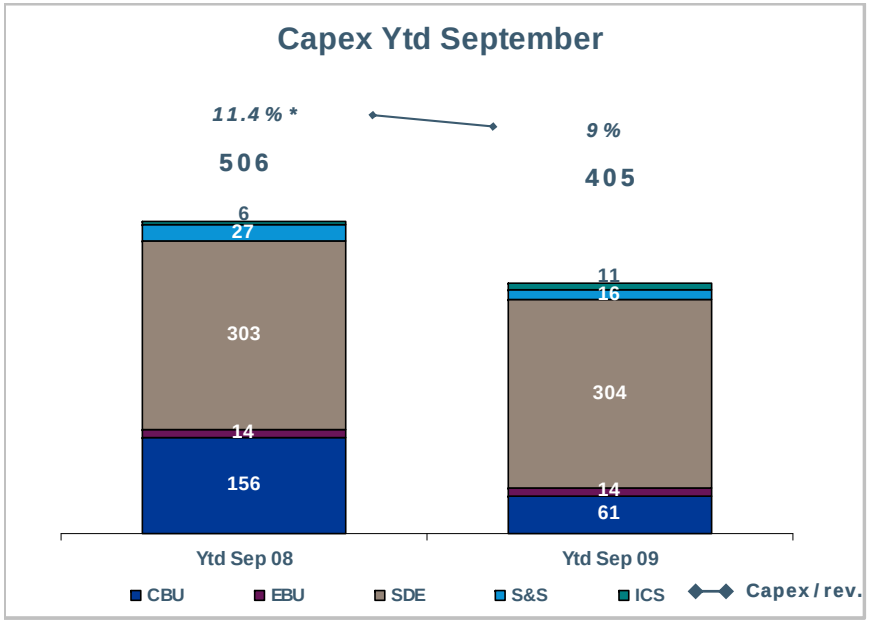
Investments per Business Unit

- €405m spent on Capex YTD September or 9% of Group revenue
  - €34m Broadway (VDSL & fibre to the street cabinet) to reach a population coverage of 71%
  - €28m MaIP
  - €30m on further roll out 3G to reach a coverage of > 91%
- 2008 capex impacted by renewal of football broadcasting rights (€105m for 3 seasons)
- Guidance range for FY09: 10%-11% of Group revenue



**including renewal football rights*

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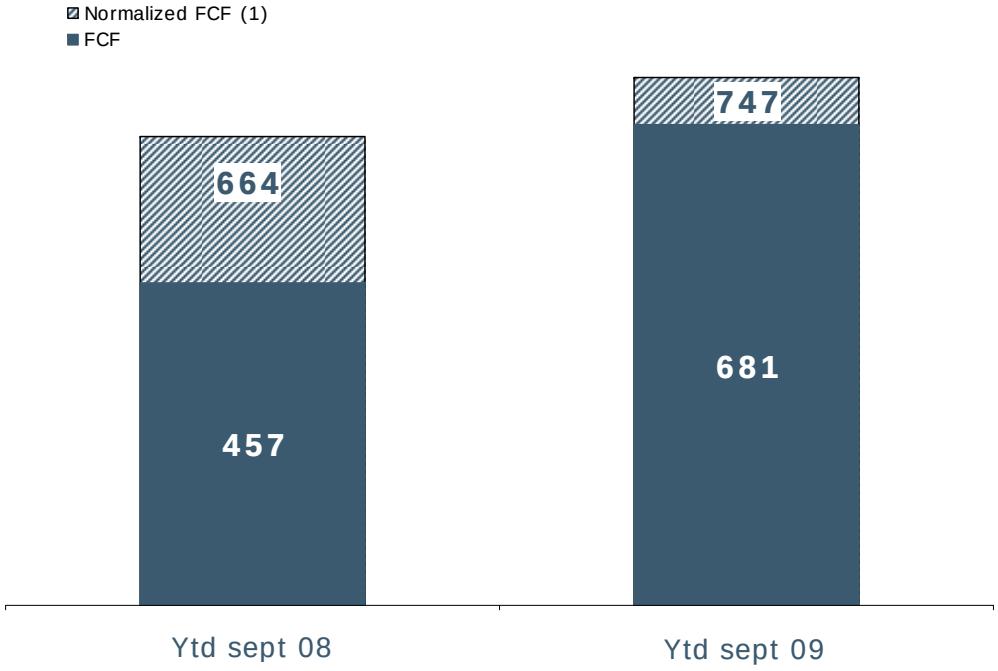
Free cash flow (in million €)

FCF YTD September 2009 amounted to €681m or €224m higher than same period of 2008 due to:

- FCF YTD'08 impacted by the acquisition of Tango for €207m net of cash
- FCF YTD'09 impacted by payment of fine to Belgian Competition Authority (€66m)



(1) Normalized FCF: FCF 08 corrected for Acquisition of Tango & FCF 09 corrected for Fine

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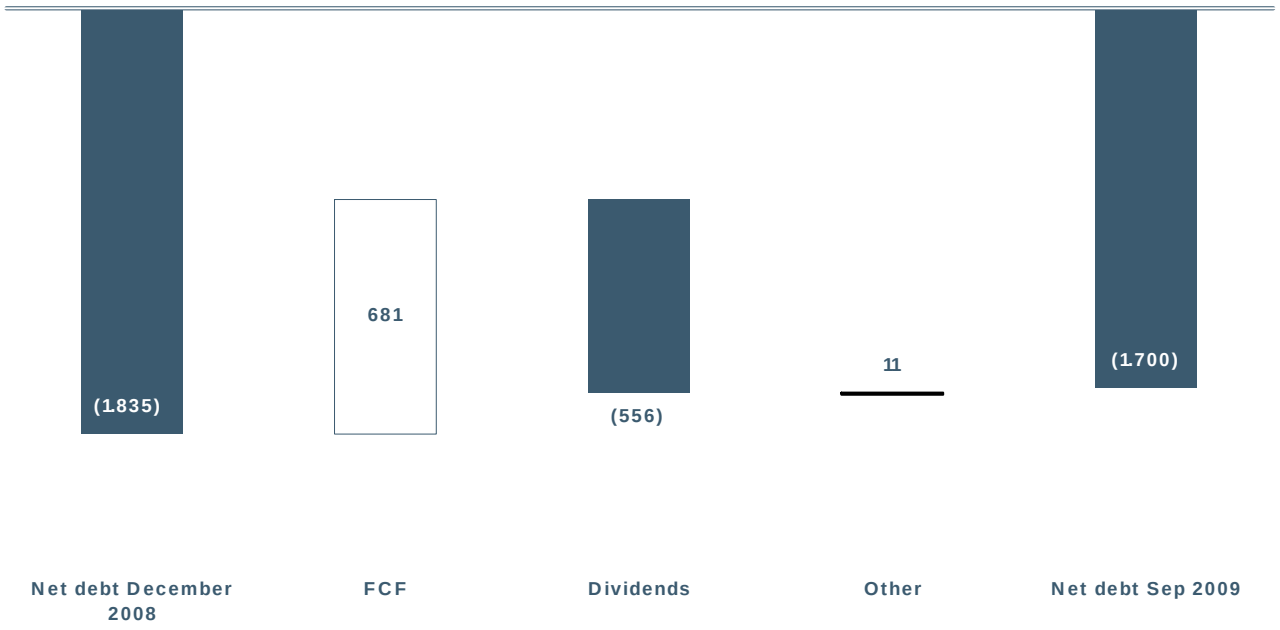
Net financial position (in million €)

- Sound financial position
- Net debt level of €1.7 billion; i.e. ratio of 0.9 x EBITDA
  Lower debt mainly results from FCF exceeding dividend payment



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Balance Sheet

(EUR million)	31-Dec 2008	30-Sep 2009
TOTAL ASSETS	**7,782**	**7,749**
Non-recurrent assets	**5,564**	**5,439**
Goodwill	2,111	2,100
Intangible assets with finite useful life	552	561
Property, plant and equipment	2,501	2,408
Enterprises accounted for under the equity method	0	2
Other participating interests	1	1
Deferred income tax assets	308	284
Pension and other non-current assets	91	83
Current assets	**2,218**	**2,310**
Inventories	100	91
Trade receivables	1,205	1,146
Current income tax assets & other current assets	295	353
Investments	53	90
Cash and cash equivalents	565	629
LIABILITIES AND EQUITY	**7,782**	**7,749**
Equity	**2,276**	**2,369**
Shareholders' equity	2,271	2,362
Minority interests	5	7
Non-current liabilities	**3,182**	**3,143**
Interest-bearing liabilities	2,128	2,132
Pensions and other post-employment benefits	777	699
Provisions	225	213
Deferred tax liabilities and other amounts payable	52	99
Current liabilities	**2,323**	**2,238**
Interest-bearing liabilities	393	353
Trade payables	1,239	1,108
Income tax payable	165	101
Other current payables	527	673

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Annex

- Regulation
- Macro economic environment
- Belgacom Shareholder structure

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Regulation: roaming

Roaming I regulation

June 2007: the European Commission introduced a regulation setting retail and wholesale caps on prices of voice call roaming for the period 2007-2010.
This regulation excludes SMS and Data Roaming

VOICE I

€ cent (excl. VAT)	Retail Outgoing	Retail Incoming	Wholesale Outgoing
Before Regulation*	95	43	44
End Aug/Sept '07	49	24	30
End Aug '08	46	22	28
Begin July '09	43	19	26

Roaming II regulation

VOICE
September 2008: European Commission released a proposal to amend the 2007 Regulation in order to extend the voice roaming regulation beyond its expiry date and to regulate SMS and data as from July 2009

VOICE II

€ cent (excl. VAT)	Retail Outgoing	Retail Incoming	Wholesale Outgoing
1 July '10	39	15	22
1 July '11	35	11	18

SMS
A retail cap of 11 cents (excl. VAT) combined with a wholesale cap of 4 cents has been imposed for SMS roaming as from 1 July 2009 for outgoing SMS.

SMS

€ cent (excl. VAT)	Retail	Wholesale
Before regulation*	39	21
1 July '09	11	4

DATA
Data roaming services are regulated at wholesale level based on a price cap, calculated on a kilobyte basis. Measures to prevent a "bill shock" as from 1 March 2010.

DATA ROAMING

€ cent per Mb (excl. VAT)	Wholesale
1 July '09	100
1 July '10	80
1 July '11	50

* Tariffs before regulation are indicative averages of European tariffs, mix of postpaid/prepaid and residential/business

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Regulation: MTR

- **MTR** rates excl VAT and incl. inflation as set by the BIPT on 29/04/08

€ct	1 Nov '06	1 May '07	1 Feb '08	1 May '08	1 Jul '08
Proximus	10.59	8.46	8.54	7.93	7.20
Mobistar	13.33	10.63	9.42	9.94	9.02
Base	16.53	13.35	11.03	12.52	11.43
% Change					
Proximus	-16.3%	-20.1%	0.9%	-7.2%	-9.1%
Mobistar	-16.6%	-20.3%	-11.4%	5.6%	-9.3%
Base	-15.7%	-19.2%	-17.3%	13.5%	-8.7%
Asymmetry					
Mobistar - Px	26%	26%	10%	25%	25%
Base - Px	56%	58%	29%	58%	59%

- Regulator has intention to notify new MTRs for 2010-2012 by end 2009
- Consequently to the lower MTRs, Fixed-to-mobile tariffs were lowered on: 1 May 2007, 1 April 2008, 1 July 2008

Roaming & MTR regulation: financial impact

Regulation impact YTD September 2009:

- Revenue:€ -55m
- EBITDA: € -38m

This includes :
Voice roaming, MTR & flow through to F2M tariffs.
Wholesale leased lines (Brotsoll), new transport tariffs for bitstream access

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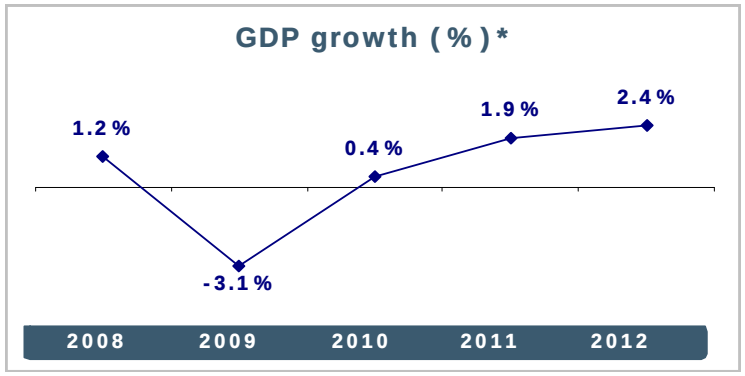
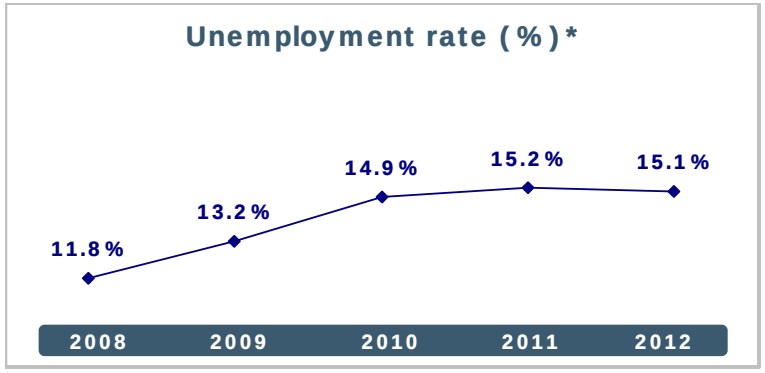
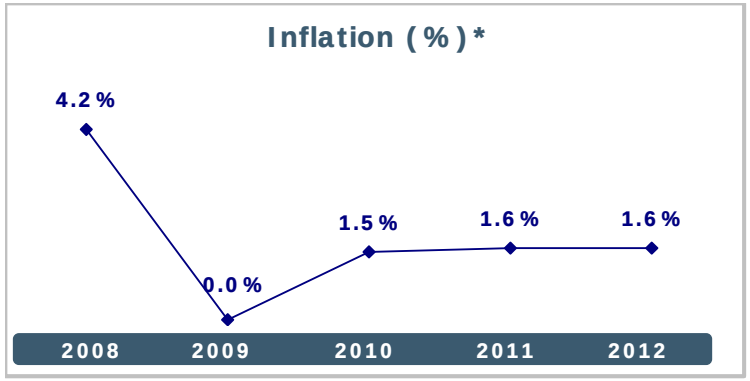
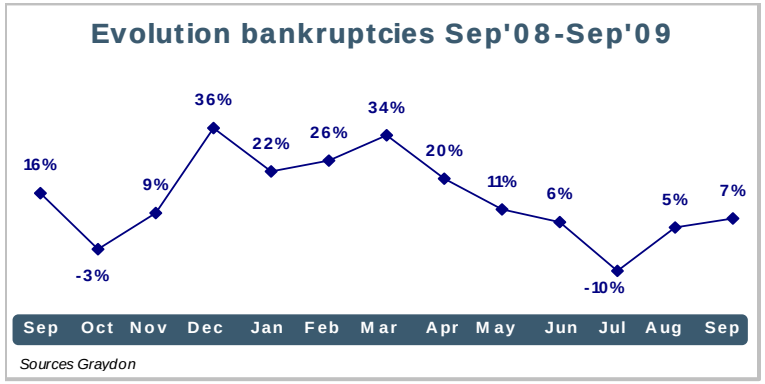
Macro economic environment









** Source: Federal Planning Bureau – publications of May & September 2009*

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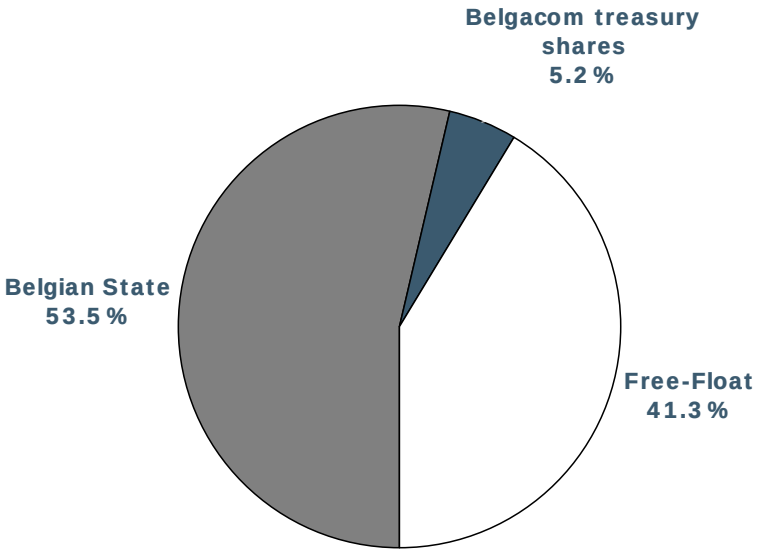
Belgacom Shareholder structure

End of September 2009, the Belgian State owns 53.5% of total shares

Belgacom ownership	Shares	% total shares	% voting rights	% dividend rights
Belgian State	180,887,569	53.5%	56.4%	55.9%
Belgacom treasury shares	17,419,617	5.2%	0.0%	1.0%
Free float	139,717,949	41.3%	43.6%	43.2%
Total shares	**338,025,135**	**100.0%**	**100.0%**	**100.0%**
Total shares outstanding	**320,605,518**			



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