quarterly report

Q4 2012

belgacom

Key figures

Income Statement (EUR million)	Full Year 2011	Full Year 2012
Total income	6,417	6,462
EBITDA (1) before non-recurring items	1,912	1,784
EBITDA (1)	1,897	1,766
Depreciation and amortization	-756	-748
Operating income (EBIT)	1,141	1,018
Net finance costs	-106	-111
Income before taxes	1,035	906
Tax expense	-262	-177
Non-controlling interests	17	19
Net income (Group share)	756	711

Cash flows and Capital Expenditures (EUR million)	2011	2012
Capital expenditure	-777	-753
Cash flows from operating activities	1,551	1,480
Cash paid for acquisitions of intangible assets and property, plant and equipment	-757	-773
Cash flows used in other investing activities	-7	-16
Free cash flow (2)	**788**	**691**
Net cash used in financing activities	-1,051	-809
Net decrease of cash and cash equivalents	**-264**	**-118**

Balance sheet (EUR million) - As of 31 December	2011	2012
Balance sheet total	8,312	8,211
Non-current assets	6,217	6,160
Investments, cash and cash equivalents	356	285
Shareholders' equity	3,078	3,016
Non-controlling interests	225	212
Liabilities for pensions, other post-employment benefits and termination benefits	479	402
Net financial position	-1,479	-1,601

Data per share	2011	2012
Basic earnings per share before non-recurring items (EUR)	2.39	2.29
Earnings per share (EUR) (3)	2.36	2.24
Weighted average number of outstanding shares	319,963,423	318,011,049

Data on employees	2011	2012
Number of employees (full-time equivalents)	15,788	15,859
Average number of employees over the period	15,699	15,952
Total income per employee (EUR)	408,760	405,084
EBITDA (1) before non-recurring items per employee (EUR)	121,764	111,863
EBITDA (1) per employee (EUR)	120,834	110,727

Ratios (before non-recurring items)	2011	2012
Return on Equity	24.9%	23.9%
Gross margin	60.7%	59.6%

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities.
(3) For 2011 and 2012 basic and diluted earnings per share are equivalent.
(4) The net income and the Shareholders' equity are adjusted to exclude the non-recurring income /expenses and the related tax impacts.
(5) The gross margin is adjusted to exclude non-recurring income.

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

The Belgacom Management Committee is represented by Didier Bellens, President and CEO, Dominique Leroy, Executive Vice-President Consumer, Bruno Chauvat, Executive Vice-President Strategy and Content, Bart Van Den Meersche, Executive Vice-President Enterprise, Ray Stewart, Executive Vice-President Finance and CFO, Geert Standaert, Executive Vice-President Service Delivery Engine and Michel Georgis, Executive Vice-President Human Resources.

Analyst and investor meeting

Belgacom will host a presentation for analysts and institutional investors on Friday 1 March 2013, at 1:00 PM CET. The event will take place at Belgacom's headquarters in Brussels. All presentations can be followed via Audio Webcast, accessible via Belgacom's website. http://www.belgacom.com/audiocast_20130301

Brussels, 1 March 2013 - 7:00 (CET)
Regulated Information as defined in the Royal Decree of 14 November 2007

Highlights – Q4 2012

- Belgacom meets its full-year 2012 guidance
- Solid financials in a volatile mobile market
- Strong fourth-quarter revenue up 1.7%; EBITDA 4.8% lower

- The Belgacom Group reported solid 2012 fourth-quarter **revenue of EUR 1,644 million,** up 1.7% from the last quarter of 2011. In the Consumer segment the revenue improvement of Fixed products and the contribution from The Phone House compensated for weaker Mobile revenues, while for BICS the positive revenue trend accelerated. The Business segment, for its part, continued to show growth in ICT, as such limiting its total revenue erosion. Net of M&A and regulatory effects, the Belgacom Group revenue was up 2.1%.

- Belgacom reported for the fourth quarter 2012 a **Group EBITDA of EUR 425 million**, before non-recurring expenses, or 4.8% lower than for the same period of 2011. The year-on-year variance was complicated by incidentals and M&A, in addition to the continued regulatory pressure. The underlying Group EBITDA erosion was limited to -0.9%.

- In the last quarter of 2012, **Belgacom invested EUR 234 million**. This brings the total invested amount over the full-year 2012 to EUR 753 million or 11.7% of Group revenue, in line with Belgacom's announced 2012 full-year capex guidance.

- In the fourth quarter 2012, Belgacom generated **EUR 154 million in Free Cash Flow,** up significantly versus the same period of 2011 as a result of a better core working capital outcome.

- Belgacom continues to have a sound financial position, with a **net financial debt of EUR 1,601 million** by year-end 2012 and outstanding long-term gross financial debt of EUR 1.9 billion.

- In the fourth quarter 2012, Belgacom's convergence strategy proved once more to be key to grow and protect its customer base. Belgacom's Fixed products did well, as attractive multi-play offers led to a solidly growing customer base for Belgacom TV and Fixed Internet, while it further contained the Fixed Voice erosion. Packs including mobile and Internet Everywhere continued their strong traction throughout the quarter, though could not offset the impact on the Mobile customer base by the intensified competition on the Belgian market.
  The Belgacom's customer base evolution over the fourth quarter and total customer base end 2012:
    - + 46,000[1] Belgacom TV subscriptions, increasing the total TV customer base to 1,386,000
    - + 11,000 Fixed Internet lines, with a total Internet customer base of 1,637,000
    - - 88,000 Mobile cards (-16,000 postpaid, -72,000 prepaid); total of 5,416,000[2] Mobile cards
    - + 23,000 multi-play Packs, with a total of 1,237,000 Packs
    - - 33,000 Fixed Voice lines, with a total Fixed Voice customer base of 3,085,000

- On 28 February 2013, Belgacom's Board of Directors decided to propose to the Annual Shareholders Meeting of 17 April 2013 to return to the Belgacom shareholders a **gross normal dividend of EUR 1.68 per share, on top of the EUR 0.81 per share paid in December 2012**. As a result, Belgacom exceptionally increased its dividend to a total of EUR 2.49 gross per share for the 2012 full-year results. Key dates for the normal dividend:
    - Ex-dividend date: 23 April 2013
    - Record date: 25 April 2013
    - Payment date: 26 April 2013

[1] Corresponds to total number of set-top boxes: 31,000 new households and 15,000 second-stream users
[2] Including Voice and Data mobile cards sold through CBU, EBU, Tango, MVNO and SDE&W segments

Comment by the CEO

I'm pleased to announce Belgacom has achieved its 2012 full-year financial target, especially in the light of the challenging operating context. Our fixed-line products performed well, counterbalancing the more difficult Belgian mobile market, which saw an unprecedented customer rotation following the change in contract rules under Belgium's new telecom law. Competition heated up and brought down mobile pricing considerably. We responded to the new market conditions and revisited our mobile offerings by pulling up the value substantially for our most successful pricing plans. The actions we have undertaken are showing their effect on our mobile customer churn, which is again coming down after the sharp rise seen in October 2012. In addition, we have been able to record a solid revenue growth in the last quarter 2012, in spite of the stiffened competitive environment and negative regulatory impacts. With the positive trends in our fixed business and an increasing number of multi-play Packs sold with mobile, we are bolstered in our belief that Belgacom is well placed to face this market change and that we should further invest in our strength of today: delivering true convergence, built on the foundations of a top-quality fixed and mobile network, ensuring the best customer experience at all times and being ready for future customer demand.

Didier Bellens, CEO Belgacom

Belgacom Group

- **Solid Q4 2012 Group revenue, up 1.7% year-on-year**
- **BICS revenue growth accelerated, Consumer Fixed revenue compensated for weaker mobile**
- **Group EBITDA -4.8%, YoY comparison complicated by one-off items, M&A and regulation**
- **Solid Q4 2012 FCF of EUR 154 million driven by better core working capital outcome**

Quarterly financials and explanation of 'underlying' results as of page 21

Revenue

	4th Quarter			Full Year		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Consumer Business Unit	572	581	1.5%	2,288	2,321	1.4%
Enterprise Business Unit	591	579	-2.1%	2,349	2,294	-2.3%
Service Delivery Engine & Wholesale	80	76	-5.0%	318	304	-4.4%
Staff & Support	8	11	44.2%	47	34	-27.2%
International Carrier Services	401	430	7.3%	1,562	1,645	5.3%
Inter-segment eliminations	-36	-33	-9.6%	-159	-137	-13.9%
Total	**1,616**	**1,644**	**1.7%**	**6,406**	**6,462**	**0.9%**

The Belgacom Group concluded the year 2012 positively, with ***fourth-quarter*** revenue at EUR 1,644 million, i.e. 1.7% higher compared to the last quarter of 2011. This is the combined result of:

- A **solid revenue contribution of the Consumer segment**, with reported revenue 1.5% higher year-on-year. This is mainly driven by further improvement in Fixed products, with growing revenue from Belgacom TV and Fixed Internet, coupled with lower Fixed Voice revenue erosion. This, combined with the revenue contribution from The Phone House, compensated for the deteriorating Mobile revenues triggered by heated Mobile price competition and the new telecom law.
- **Further improvement in the BICS revenue trend**, growing 7.3% year-over-year, mainly driven by a strong volume growth combined with a favorable destination mix and continued growth in Data revenue.
- A **stable, limited revenue erosion of 2.1% in the Business segment.** In the context of an unfavorable economy and stiff competition on the professional market, EBU grew its ICT revenue, compensating partially for the pressure on telecom revenue.

The reported revenue included a net positive impact from acquisitions and divestures[1]. Adjusted for this, Belgacom Group revenue still showed some growth, with **like-for-like[2] Group revenue up 0.7%** from the same period of 2011, in spite of regulatory measures[3] reducing the fourth-quarter revenue by EUR -23 million (-1.4%).
On an underlying basis, i.e. excluding M&A and regulation effects, the **Belgacom Group grew its revenue by 2.1%** in the fourth quarter.

For the ***full-year 2012***, the Belgacom Group reported EUR 6,462 million of revenue, slightly exceeding the company's guidance[4].
On a like-for-like basis the full-year 2012 revenue was up 0.5% from the previous year, in spite of regulatory measures reducing the revenue by EUR 90 million (-1.4%).

Operating expenses

	4th Quarter			Full Year		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Costs of materials and services related to revenue	655	680	3.9%	2,517	2,611	3.7%
Personnel expenses and pensions	283	282	-0.4%	1,117	1,141	2.2%
Other operating expenses	232	257	10.9%	860	925	7.6%
Total	**1,169**	**1,219**	**4.2%**	**4,494**	**4,677**	**4.1%**
Non-recurring expenses	7	4	-	26	18	-
Total	**1,177**	**1,223**	**3.9%**	**4,520**	**4,696**	**3.9%**

1 Net impact of the acquisition of The Phone House sales channel in January 2012 and divesture of Scarlet Curaçao in October 2011 along with Telindus Spain end of June 2011 for the full-year impact

2 Overview of reported, like-for-like and underlying Group variance on page 21

3 This is the combined year-over-year effect from lowered Mobile Termination Rates, regulated price caps on Voice and SMS roaming, and the capping of retail Data roaming prices since 1 July 2012.

4 See page 8 for comparative table of results versus guidance

Higher Cost of Sales driven by BICS
The Belgacom Group reported EUR 680 million Cost of Sales for the ***fourth quarter 2012***, or 3.9% higher versus the same period of 2011. This was driven by the higher Cost of Sales from BICS, whereas the Cost of Sales from both the Consumer and Business segment was slightly down.

Over the ***full-year 2012***, Belgacom reported EUR 2,611 million in Cost of Sales, an increase of 3.7% compared with the previous year. This includes a EUR 22 million one-off increase following an accounting adjustment recorded in the second quarter 2012 due to the passing of the new telecom law.

Fairly stable fourth quarter HR cost: favorable revision of year-end provisions, offsetting wage indexation and higher personnel base
With EUR 282 million for the last quarter of 2012, HR expenses remained fairly stable year-on-year. ***Fourth-quarter 2012*** HR expenses were positively impacted by year-end provisions, offsetting costs related to inflation-based salary increases and other wage drifts as well as the larger personnel base. Belgacom ended 2012 with 15,859 FTEs, which is 71 FTEs more than one year ago. The higher headcount resulted from the acquisition of The Phone House[1], increasing the personnel base for the Consumer segment, and from business-critical hiring in the Enterprise segment. This was for a large part offset by the employees that left in January 2012 in the framework of the 'Tutorship' headcount restructuring program.

Over the ***full-year 2012***, the Belgacom Group reported EUR 1,141 million in HR expenses, up 2.2% compared to 2011. The increase is mainly the consequence of the inflation-based salary indexation (June 2011 and March 2012) and the higher headcount.

Number of FTE	End 2011	September 2012	End 2012	3 months variance	12 months variance
Consumer Business Unit	5,229	5,475	5,273	-203	43
Enterprise Business Unit	5,144	5,274	5,298	24	154
Service Delivery Engine & Wholesale	3,193	3,104	3,125	20	-68
Staff & Support	1,831	1,776	1,772	-3	-59
International Carrier Services	391	385	391	6	1
Total	**15,788**	**16,015**	**15,859**	**-156**	**71**

Higher non-HR expenses
In the ***last quarter of 2012***, the Belgacom Group recorded EUR 257 million in non-HR expenses; this is EUR 25 million more than for the same period of 2011. This is in part explained by higher one-off expenses[2] and a year-end review of bad debt. Furthermore, non-HR expenses were impacted by costs related to The Phone House and some costs linked to Belgacom's efficiency project.

Over the ***full-year of 2012***, non-HR expenses totaled EUR 925 million, or a 7.6% increase compared to 2011.

Fourth-quarter 2012 non-recurring[3] expenses of EUR 4 million
Non-recurring expenses recorded in the fourth quarter 2012 for a total of EUR 4 million mainly results from a review of estimated liability for terminating benefits.

Operating income before depreciation and amortization (EBITDA)

	4th Quarter			Full Year		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Consumer Business Unit	233	241	3.5%	1,025	986	-3.8%
Enterprise Business Unit	296	274	-7.2%	1,185	1,108	-6.5%
Service Delivery Engine & Wholesale	-21	-26	20.4%	-92	-97	5.6%
Staff & Support	-95	-97	2.3%	-328	-341	4.1%
International Carrier Services	33	32	-5.4%	122	129	6.1%
Inter-segment eliminations	0	0	-0.3%	-1	-1	-0.0%
Total	**446**	**425**	**-4.8%**	**1,912**	**1,784**	**-6.7%**
Non-recurring income	11	0	-	11	0	-
Non-recurring expenses	-7	-4	-	-26	-18	-
Total	**450**	**421**	**-6.5%**	**1,897**	**1,766**	**-6.9%**

Belgacom reports for the ***fourth quarter 2012*** a Group EBITDA of EUR 425 million, before non-recurring expenses, or 4.8% lower than for the same period of 2011. The year-on-year variance was complicated by incidentals and M&A, with a

[1] Belgacom acquired The Phone House in January 2012, adding 518 FTEs. As part of the agreement with the Competition Council, Belgacom sold some of the Phone House shops in November 2012, which lowered the headcount accordingly.

[2] Year-on-year effect of one-off expenses, mainly related to provision reversals and impairments

[3] Belgacom defines income and expenses as non-recurring in the following cases: gains or losses on the disposal of consolidated companies exceeding individually EUR 5 million, fines and penalties imposed by competition authorities or by the regulator exceeding EUR 5 million, costs of employee restructuring programs including actuarial gains and losses, the effect of settlements of post-employment benefit plans and the impacts of changes in discount rates on long-term employee-related liabilities.

total impact of EUR -13 million[1]. Furthermore, regulatory measures reduced the 2012 fourth-quarter EBITDA by EUR -14 million (-3.2%), mainly related to reduced Voice and Data roaming prices since 1 July 2012. The underlying Belgacom Group EBITDA was slightly down (-0.9%) as a result of a year-on-year improvement of the underlying EBITDA level for the Consumer and Service Delivery & Wholesale segment, offset by the lower result for the Business segment.

For the full-year 2012, Belgacom Group reports EUR 1,784 million EBITDA (before non-recurring items), or -6.7% versus 2011 and in line with Belgacom's full-year guidance[2]. This includes the negative impact from regulatory measures for EUR -55 million (-2.9%) and an accounting adjustment for EUR -34 million at the EBITDA level triggered by the introduction of the new telecom law on 1 October 2012. The remaining decrease in EBITDA is mainly driven by higher HR and non-HR expenses, while direct margins are pressured by a changing product mix.

Depreciation and amortization

The **fourth-quarter 2012** depreciation and amortization was EUR 194 million, or EUR 12 million higher than the previous year.
Depreciation and amortization for the **full-year 2012** decreased to EUR 748 million from EUR 756 million in 2011. The 2011 depreciation was higher as a result of the shortened useful life of the Mobile Radio Access Network and the amortization of the exclusive football rights of the 2008-2011 period.

Net finance cost

The net finance costs for the ***full-year 2012*** increased slightly to EUR 111 million compared to EUR 106 million in 2011. This is largely due to the EUR 27 million impairment loss recorded on other participating interests, mainly on the investment in Onlive. This negative effect was partly offset by a decrease in net interest expenses and year-over-year favorable remeasurements to fair value of financial instruments.

Tax expense

The ***fourth- quarter 2012*** tax expenses amounted to EUR 30 million, whereas this was EUR 69 million for the same period of 2011. This brings the Group tax expense for full-year 2012 to EUR 177 million, i.e. EUR 85 million less than for 2011.

The effective tax rate resulting from the application of the general principles of Belgian tax law was 19.5% for ***full-year 2012.*** The decrease compared to 25.3% ETR for 2011, resulted from: lower earnings before tax with rather stable adjustment of the tax base, (accelerated) use of tax deductions and relative higher ETR in 2011 due to taxation on 5% of intra-group dividends.

Net income (Group share)

Fourth-quarter 2012 net income (Group share) of EUR 168 million was fairly stable to the same period of 2011, as the lower tax expenses nearly offset the decrease in EBITDA. This led to a ***full-year 2012*** net income (Group share) of EUR 711 million, EUR 45 million lower versus 2011.

Capital expenditure (Capex)

	4th Quarter			Full Year		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Consumer Business Unit	40	40	1.2%	134	164	22.0%
Enterprise Business Unit	8	5	-41.0%	18	15	-17.8%
Service Delivery Engine & Wholesale	193	158	-17.9%	552	514	-6.8%
Staff & Support	26	19	-27.3%	51	40	-21.3%
International Carrier Services	14	12	-11.2%	22	20	-8.6%
Total	**279**	**234**	**-16.4%**	**777**	**753**	**-3.1%**

In the ***last quarter of 2012***, Belgacom invested EUR 234 million. This is EUR 45 million less compared to the previous year, which included EUR 20 million for the 4G- license.

This brings the total invested amount over the ***full-year 2012*** to EUR 753 million or 11.7% of Group revenue, fully in line with Belgacom's announced full-year capex guidance.
The increase in Capex for the Consumer segment to EUR 164 million is mainly the result of the modem capitalization[3] since January 2012 and contract renewals for TV content.
Throughout 2012, Belgacom continued to invest in both its fixed and mobile network to guarantee the best service quality for its customers. Investments included amongst others the further extension of Belgacom's FttC (fiber up to the street cabinet) coverage, to reach 85% of the Belgian population by end-2012. Investments in 3G continued, though were lower

[1] Q4 2011 included a net positive contribution from one-offs for EUR 7 million, while Q4 2012 was negatively impacted by one-offs and M&A for EUR 6 million. See also page 21

[2] See page 8

[3] As a consequence of the gradual evolution to the current business model for modems, new Belgacom modems rented to customers are capitalized as from 1 January 2012 and have an estimated useful life time of 24 months.

compared to last year with the Radio Access Network upgrade completed, and outdoor coverage already being high. End 2012 3G-oudoor coverage reached over 97%. Belgacom was also first to launch LTE in 2012, covering 8 Belgian cities. Furthermore, Belgacom invested in its network transformation program and some IT renewal.

Cash flows

	4th Quarter			Full Year		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Cash flows from operating activities	291	380	30%	1,551	1,480	-5%
Cash paid for acquisitions of intangible assets and property, plant and equipment	-259	-234	-10%	-757	-773	2%
Cash flows from / (used in) other investing activities	-6	8	<-100%	-7	-16	>100%
Cash flow before financing activities	**26**	**154**	**491%**	**788**	**691**	**-12%**
Net cash used in financing activities	-521	-317	-39%	-1,051	-809	-23%
Net decrease of cash and cash equivalents	**-495**	**-163**	**-67%**	**-264**	**-118**	**-55%**

In the ***fourth quarter 2012***, Belgacom generated EUR 154 million in Free Cash Flow (FCF). This is significantly more than for the same period of 2011 as a result of a better core working capital outcome in the fourth quarter 2012, reversing the "unfavourable evolution of cash used for working capital " reported for the third quarter 2012.

This brings the ***total FCF by end of 2012*** to EUR 691 million. This is EUR 97 million lower than for 2011, explained by the lower EBITDA (adjusted for non-cash impacts), the acquisition of Wireless Technologies BVBA[1] for EUR 23 million, the payment of the 4G spectrum license for EUR 20 million and higher income tax payments for EUR 21 million.

The EUR 809 million of Cash Flow used in financing activities for 2012 is EUR 242 million lower compared to 2011, which included a net repayment of maturing loans.

Balance sheet and shareholders' equity

Compared to year-end 2012, the goodwill increased by EUR 15 million to EUR 2,339 million as a result of the acquisition of Wireless Technologies BVBA and finalization of the related purchase price allocation.

Intangible fixed assets and property, plant and equipment increased by EUR 9 million compared with year-end 2011, mainly as a consequence of new investments and fixed assets acquired in the business combination with Wireless Technologies BVBA which were higher than the depreciation and amortization.

The shareholders' equity decreased from EUR 3,078 million at year-end 2011 to EUR 3,016 million at year-end 2012, reflecting the dividend distribution as approved by the General Meeting of April 2012 and the interim dividend paid in December 2012, which was higher than the 2012 net income.

Compared to end-2011, the net financial debt increased by EUR 122 million to EUR 1,601 million by year-end 2012 as the cash returned to shareholders in the form of dividends exceeded the 2012 Free Cash Flow.
Outstanding long-term gross financial debt amounted to EUR 1.9 billion at the same date. Belgacom continues to have a sound financial position, with one of the lowest debt positions in the European telecom sector.

2012 Group performance versus guidance

Metrics	**Revised Guidance 2012**	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**FY 2012**
	(excl. accounting changes Telco Law)	**Reported**	**(excl. accounting changes Telco Law)**	**Reported**	**Reported**	**(excl. accounting changes Telco Law)**
Group revenue	Growing up to 1%	0.3%	0.7%	1.5%	1.7%	1.1%
Group EBITDA	Decline between '-4% and -5%'	-3.1%	-8.6%	-2.7%	-4.8%	-4.9%
Capex/Revenue	Upper-end of range 10%-12%	11.7%	10.7%	9.9%	14.2%	11.6%

[1] Owning the chain of The Phone House Belgium stores

		Estimated Impact			*Actuals*		
Regulation impacts (Decrease in EUR million)		***FY 2013***	**Q1 2012**	**Q2 2012**	**Q3 2012**	**Q4 2012**	**FY 2012**
MTR & flow-through Fix-to-Mob	Revenue	*~ €45m*	€10m	€12m	€13m	€12m	€46m
	EBITDA	*~ €5m*	€2m	€3m	€3m	€3m	€12m
Roaming (i.e. Voice, SMS and Data)	Revenue	*~ €48m*	€2m	€3m	€24m	€11m	€40m
	EBITDA	*~ €48m*	€2m	€3m	€24m	€11m	€40m
Other	Revenue	-	€2m	€2m	-	-	€4m
	EBITDA	-	€2m	€2m	-	-	€3m
Total	**Revenue**	***~ €93m***	**€14m**	**€16m**	**€36m**	**€23m**	**€90m**
	EBITDA	***~ €53m***	**€6m**	**€7m**	**€27m**	**€14m**	**€55m**

Mobile Termination Rates

On 1 January 2013, the last step of the MTR glide path set by the Belgian regulator (BIPT) in June 2010 for the period 2010-2013 entered into force. Since 1 January 2013, MTRs in Belgium are fully symmetric at a rate of 1.18 euro cents/min (incl. inflation).

MTR glide path	**Before***	**01-Aug-10***	**01-Jan-11***	**01-Jan-12***	**01-Jan-13***
In euro cent (excluding VAT)					
Proximus	*7.2*	4.62	3.94	2.62	1.18
Mobistar	*9.02*	5.05	4.29	2.79	1.18
Base	*11.43*	5.81	4.90	3.11	1.18
% change					
Proximus		-36%	-15%	-34%	-55%
Mobistar		-44%	-15%	-35%	-58%
Base		-49%	-16%	-36%	-62%
Asymmetry					
Mobistar-Prox	*25%*	9%	9%	6%	0%
Base-Prox	*59%*	26%	24%	19%	0%

*Including inflation

On 14 July 2010, Mobistar and KPN Group each filed a separate appeal against the BIPT decision of 29 June before the Brussels Court of Appeal, both asking the Court to suspend and annul the decision (especially regarding their own MTR tariffs). After rejecting the request for suspension on 15 February 2011, the Appeal Court also rejected on 16 May 2012 the substantial arguments in the case on the merits. However, the Court accepted the argument that BIPT failed to consult the regional regulators on the matter. Having no other choice than to annul the decision, the Court decided to ask to the Constitutional Court whether it has the powers to maintain temporarily the current regulation in place while BIPT consults the regional regulators and re-adopts its decision. Pending the judgment of the Constitutional Court, the current MTR rates remain fully valid.

4G Mobile license

On 28 November 2011, Belgacom acquired 2x20 MHz contiguous in the lowest part of the 2.6 GHz frequencies for an amount of EUR 20.22 million. The authorization was formally granted to Belgacom on 1 July 2012. The concession fee was paid on 16 July 2012. Belgacom has decided to make the payment in one shot.

In February 2013, the Government approved in first reading the draft conditions for the upcoming auction of the 800MHz band (resulting from the digital dividend). Three lots of 2x10 MHz will be auctioned for a minimum price of EUR 120 million per lot for 20 years. A spectrum cap of 2x10 MHz has been set. No spectrum will be reserved for new entrants. The licensees will have to comply with coverage obligations and national roaming may be imposed by BIPT. The auction process is expected to be completed by the end of 2013.

Roaming rates

The Roaming III Regulation entered into force on 1 July 2012. This new regulation covers a ten-year period until 30 June 2022. It imposes a further lowering of the existing regulated price caps and extended the roaming regulation to retail data as from July 2012.

EU roaming regulation	**01-Jul-11**	**01-Jul-12**	**01-Jul-13**	**01-Jul-14**
Voice roaming rates (in euro cent per minute)				
Retail Outgoing	35	29	24	19
Retail Incoming	11	8	7	5
Wholesale	18	14	10	5
SMS roaming rates (in euro cent per SMS)				
Retail SMS	11	9	8	6
Wholesale SMS	4	3	2	2
Data roaming rates (in euro cent per MB)				
Retail data	-	70	45	20
Wholesale data	50	25	15	5

In addition, two structural measures to encourage competition have been taken: (i) MVNO wholesale access from 1 July 2012 and (ii) decoupling, i.e. separate selling of roaming services from domestic mobile services, from 1 July 2014. The regulation also lays down rules aimed at increasing price transparency and improving the provision of information on charges to roaming customers.

Cable and Broadband regulation
In September 2011, all cable operators filed a procedure for suspension and annulment before the Appeal Court against the Belgian regulators' decision of 1 July 2011 to open the cable. The Court first took into consideration the suspension cases and rejected the claims of all the cable operators in the second half of 2012. These court rulings have paved the way for the effective implementation of the cable obligations. Regulators are preparing draft decisions approving the reference offers of the cable operators. The decisions on terms and conditions are expected in the first half of 2013, followed by an implementation period of six months for the cable operators. The Court will now treat the cases on the merits and a judgment is not expected before the second half of 2013. Belgacom also filed an annulment request against its exclusion as beneficiary from digital TV and broadband access in the broadcast decisions.

Concerning the broadband wholesale prices, the European Commission has announced its intention to stabilize the prices of the copper lines in a range between 8 and 10 EUR/month in real terms and to allow more pricing flexibility for fiber-based networks. The Commission will in 2013 submit draft guidelines that will apply at least until 2020.

The BIPT market analysis decision of 1 July 2011 on wholesale broadband obliges Belgacom to provide a "multicast" functionality in the bitstream offer (to be used for broadcasting). Belgacom's reference offer was approved by BIPT on 4 October 2012 for the non-pricing aspects. A decision on pricing is still pending. The multicast functionality will be operational by April 2013. Belgacom has appealed the broadband decision to challenge the multicast obligation.

Consumer protection
The new law transposing the revised EU telecom framework strengthened the consumer protection rules and introduced new measures related to contract regulation imposing (i) a contract duration of 24 months maximum for consumers and an obligation to propose a 12-month maximum contract to all customers, (ii) possibility of early termination of fixed-term contracts after 6 months (without any penalty except potential reimbursement of the residual value of a free device) for consumers and small enterprises and (iii) specific conditions applicable to the replacement of an existing contract by a new fixed-term contract (in particular after distance selling). The new provisions are applicable on both new and existing contracts.
Since July 2012, Belgacom decided to go a step further by offering the consumer the opportunity to discover the quality of its products and services with no strings attached. As such, all new fixed and mobile contracts, including promotional offers (but excluding joint offers), are non-binding as of July for the residential market. Some non-binding offers have also been designed for business customers having up to 5 numbers.

Accounting change with retrospective application: Revision of IAS rule on Employee Benefits

The accounting policies and methods of the Group that will be used in 2013 will be consistent with those applied in the 31 December 2012 consolidated financial statements, with the exception that the Group will adopt the new standards, interpretations and revisions that become mandatory for Belgacom Group on 1 January 2013. Only very limited impacts are expected from such adoptions except for the adoption of the revision of IAS 19 (IAS 19R) on Employee Benefits and more specifically on post-employment benefits. Also, IAS 19R requires a retrospective application, meaning that **the year 2012 (including the opening balance sheet of 2012) will be restated for 2013 reporting and comparison purposes, as from the first quarter 2013 release.**
The major changes relate to the recognition of actuarial gains and losses through Other Comprehensive Income (equity) and the alignment of the expected return of assets to the discount rate. When applying the revision, Belgacom will classify the net periodic pension cost in operating and financing activities for their respective components.

Concretely, the impacts will be the following :

- On the balance Sheet, cumulated actuarial gains and losses will be recognised through Other Comprehensive Income together with their related deferred taxes, if any.
- The Income Statement will be impacted as a result of (i) the removal of the amortization of actuarial gains and losses exceeding the corridor and (ii) the classification of the different components of the net periodic pension cost in operating and financing activities for their respective components.
- The free cash flow will not be impacted as the financing of such benefits is unchanged.

BALANCE SHEET RESTATEMENTS	As of 31 December 2012		
in EUR million	Opening	Restatements	Closing
Increase of liability for pensions and other post-employment benefits	99.1	70.9	170.0
Decrease of deferred tax liabilities	23.7	10.7	34.4
Decrease of shareholders equity	75.4	60.1	135.6

RESTATED INCOME STATEMENT	Year ended 31 December 2012		
in EUR million	Reported	Restatements	Restated
EBITDA (*) before non-recurring items	**1,784.4**	**16.9**	1,801.4
Non-recurring items	-18.1	3.0	-15.2
EBITDA (*) after non-recurring items	**1,766.3**	**19.9**	**1,786.2**
Depreciation and amortization	-748.4	0.0	-748.4
Operating income	**1,017.9**	**19.9**	**1,037.7**
Net finance costs	-111.3	-19.2	-130.5
Share of loss on associates	-0.1	0.0	-0.1
Income before taxes	**906.5**	**0.7**	**907.1**
Tax expense	-177.1	0.3	-176.8
Net income	**729.4**	**1.0**	**730.4**
Non-controlling interests	18.6	0.0	18.6
Net income (Group share)	710.8	1.0	711.8

(*) EBITDA : Operating income before depreciation & amortization

Outlook 2013

For the full-year 2013, Belgacom estimates its **Group revenue to be 1% to 2% lower than for 2012**. Furthermore Belgacom anticipates its **Group EBITDA to decline by 4% to 6% compared to the 2012 restated EBITDA of EUR 1,801 million** following the retrospective application of IAS 19R as explained in the above chapter.

The guidance for full-year 2013 reflects the current operating environment with lower visibility due to a more volatile competitive landscape and an unfavourable economy. Furthermore, the guidance takes into account an estimated negative impact from regulatory measures of about EUR -93 million on revenue and about EUR -53 million on EBITDA[1].

Belgacom wants to continue to guarantee its customers the best user experience and safeguard its competitive position by reinforcing its network strength in a convergent market. Therefore Belgacom accelerates its network investments to maintain network superiority on mobile speed and coverage, to substantially increase the bandwidth on its fixed network via the vectoring technology and to make its operations leaner through a simplified network. As a result Belgacom forecasts to end the year 2013 with a **capex to sales ratio between 13% and 14% for 2013**. This does not include capex for a potential bidding in the 800 Mhz spectrum auction that might occur before year-end.

Metrics	Reported FY 2012	Restated FY 2012	Guidance 2013 (based on the restated FY 2012 - due to the IAS19 revision)
Group revenue	6.462	6.462	Decline between '-1% and -2%'
Group EBITDA	1.784	1.801	Decline between '-4% and -6%'
Capex/Revenue	-	-	Between 13% and 14%

Shareholder return

On 28 February 2013, Belgacom's Board of Directors decided to propose to the Annual Shareholders Meeting of 17 April 2013 to return to the Belgacom shareholders a total gross normal dividend of EUR 1.68 per share, on top of the in December 2012 paid interim dividend of EUR 0.81 gross per share. As a result, Belgacom exceptionally increases its annual dividend to a total of EUR 2.49 gross per share for the 2012 full-year results.

The Board of Directors wants to underline their intent to ensure Belgacom's shareholders an attractive return. With the current limited visibility on the Belgian market due to competitive pressure and the unfavourable economy, the Board of Directors agreed to address the shareholder return over the result of 2013 at a later stage, and consider returning a EUR 0.50 interim dividend per share in December 2013 if Belgacom's financial performance for the year 2013 at that time proves to be in line with its full-year outlook.

[1] See page 9 for more detail

Consumer Business Unit – CBU

- **Solid fourth-quarter revenue growth, +1.5% YoY; underlying +0.7% YoY**
- **Strong continued Fixed business performance: TV & Fixed Internet steadily growing, Fixed Voice erosion further reduced**
- **Mobile customer base impacted by new telecom law and aggressive competition on mobile market**
- **Higher Q4 segment result: improved Direct Margin, driven by higher revenue and lower Cost of Sales**

P&L Consumer Business Unit

	4th Quarter			Full Year		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
TOTAL SEGMENT INCOME	**572**	**581**	**1.5%**	**2,288**	**2,321**	**1.4%**
Costs of materials and services related to revenue	-168	-166	-1.5%	-624	-666	6.8%
Personnel expenses and pensions	-87	-88	0.9%	-340	-359	5.5%
Other operating expenses	-84	-86	2.3%	-299	-310	3.7%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-339**	**-339**	**0.1%**	**-1,263**	**-1,335**	**5.7%**
TOTAL SEGMENT RESULT (1)	**233**	**241**	**3.5%**	**1,025**	**986**	**-3.8%**
Segment contribution margin	*40.8%*	*41.6%*	-	*44.8%*	*42.5%*	-
Depreciation and amortization	-29	-38	30.7%	-139	-139	0.3%
OPERATING INCOME	**204**	**203**	**-0.5%**	**887**	**847**	**-4.5%**

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

CBU quarterly financial and operational results: page 22

Revenue

For the ***fourth quarter 2012***, CBU reported revenue of EUR 581 million, i.e. 1.5% higher than for the same period of the previous year. The positive net contribution from acquisitions and divestments[1] more than offset the revenue shift from the customer re-segmentation[2] at the start of 2012. Excluding this, on a **like-for-like basis, the CBU revenue was down 1.0%**.
Regulatory measures had a combined impact of EUR -10 million (-1.7%) in the last quarter, including lowered regulated price caps for Mobile Termination Rates, Voice and SMS Roaming rates, and the capping of retail Data roaming tariffs since 1 July 2012. When excluding this, CBU's **underlying business grew with 0.7%** compared to the fourth quarter of 2011. The underlying growth was mainly driven by the strong growth of TV and growing Fixed Data revenues. Further support came from the solid performance of Tango and the Mobile Data products. The growth pillars, underbuilt by the success of the convergent Packs, more than offset the pressured Mobile Voice revenues and the slowing erosion of the Fixed Voice line revenues, ex-regulation.

CBU ends the ***full-year 2012*** with EUR 2,321 million, up 1.4% year-over-year. Like-for-like, the revenue was almost flat (-0.3%), including a negative impact from regulatory measures for a total amount of EUR -40 million (-1.8%) and a EUR -10 million one-off accounting adjustment following the passing of the new telecom law. This excluded, CBU's underlying business showed a 1.5% growth compared with the full-year 2011.

	4th Quarter			Year-to-date		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Revenues	**572**	**581**	**1.5%**	**2,288**	**2,321**	**1.4%**
From Fixed	**269**	**277**	**3.1%**	**1,099**	**1,096**	**-0.3%**
Voice	110	105	-4.3%	454	425	-6.5%
Data	82	85	4.1%	332	339	2.1%
TV	53	62	18.1%	208	235	13.5%
Terminals (excl. TV)	7	7	4.0%	26	25	-1.6%
Scarlet	18	18	-0.5%	79	71	-10.2%
From Mobile	**280**	**278**	**-0.9%**	**1,104**	**1,133**	**2.7%**
Voice	136	120	-12.1%	565	505	-10.5%
Data	97	100	2.7%	369	398	7.8%
Terminals	19	28	48.0%	63	116	84.5%
Tango	28	30	8.8%	107	114	6.5%
Other	**23**	**25**	**11.1%**	**86**	**92**	**7.0%**

[1] Acquisition of The Phone House (January 2012), partially divested mid-November 2012 as requested by the Competition Council. Full-year variance also impact by the divestment of Scarlet Curaçao (mid-October 2011)

[2] At the start of 2012, 18,000 Fixed Voice and 12,000 Fixed Data customers were re-segmented to EBU

Improved Fixed Voice line erosion confirmed; declining revenue trend further slowed

Fourth-quarter 2012 Fixed Voice revenues were down 4.3% year-over-year to EUR 105 million which was again a smaller decline compared to previous quarters. Though the year-on-year line loss reduced the Voice revenue, the maintained lower level of line erosion continued to show its benefit. Furthermore, the positive impact of the price indexation of January 2012 offset the cut in fixed-to-mobile rates (January 2012).

The Happy Time XL pricing plan continued to do well: combined with the support of the bundled Packs, this gave further relief to the Fixed line erosion with a loss of 18,000 lines in the fourth quarter 2012, which is the lowest since years. By end-December 2012, the CBU Fixed Voice customer base totaled 1,718,000 lines. Year-over-year, the Fixed Voice ARPU slightly grew to EUR 20.0, as well as the total Fixed Voice traffic being up 2.3% year-over-year, driven by a continued strong uptake in Happy Time XL, allowing free off-peak calls.

By ***end-December 2012***, the revenue from Fixed Voice totalled EUR 425 million, i.e. a 6.5% decline compared to last year.

Continued Fixed Internet revenue growth driven by growing customer base

CBU ended the ***last quarter 2012*** with a Fixed Data revenue of EUR 85 million, i.e. 4.1% higher compared with the same period of the year before. This was driven by the growing customer base and the price indexation of January 2012. Supported by the 'Internet Everywhere' broadband offers, mainly bought in a Pack, the broadband customer base grew soundly by 12,000 in the last quarter of 2012. This brings the total CBU Fixed Internet customer base to 1,193,000 by end-December 2012. The fourth-quarter Broadband ARPU was stable year-over-year at EUR 26.1.

Over ***2012***, CBU recorded EUR 339 million, up 2.1% versus the previous year.

Solid TV growth up 18.1%; Belgacom TV customer growth of +46,000 subscriptions

The ***fourth-quarter*** TV revenue grew by 18.1% to EUR 62 million, as a result of the continued sound subscriber growth. Driven by year-end campaigns, the CBU net TV customer gain in the last quarter was at +46,000 TV subscriptions (i.e. including +15,000 multiple set-top boxes). This resulted in a total TV customer base of 1,386,000 (+14% year-over-year), of which 230,000 were multiple streams. The last-quarter TV ARPU of EUR 18.2 saw a 3.9% growth year-over-year supported by a price increase for rented set-top boxes.

CBU's TV revenue over the ***full-year 2012*** totalled EUR 235 million, i.e. 13.5% higher than the previous year.

Augmented pressure on Mobile Voice revenue; new telecom law and competition leading to peak in subscriber churn despite growing Mobile in Pack

The ***fourth-quarter 2012*** Mobile Voice revenue was down 12.1% year-over-year. Besides the regulatory impacts, including the cut in MTR (January 2012) and Voice Roaming rates (July 2012), the lower usage and a lower customer base drove the revenue decline. The blended Voice ARPU declined with 9.2% year-on-year, with the impact of customer migration to lower or more abundant tariff plans starting to show.

Due to the new telecom law, along with the aggressive competitive pricing, the blended consumer churn rate rose significantly. Consequently, CBU saw a decline in Mobile Postpaid of 37,000 subscribers in the last quarter of 2012. The convergent Packs including mobile and the Internet Everywhere offer nevertheless continued their strong traction. Mobile Prepaid was impacted in the fourth quarter 2012 resulting in a net loss of 68,000 prepaid cards during the quarter in spite of better Mobisud results following a successful promotion. Accordingly, the Mobile customer base end-December 2012 numbered 3,643,000 cards.

For ***2012***, CBU's Mobile Voice revenue was EUR 505 million. This is 10.5% lower than in 2011, of which -1.8% was due to a one-off accounting adjustment in the second quarter 2012 following the passing of the new telecom law.

Mobile data revenue growth trend impacted by increased regulation; sustained growth in SMS usage

With a year-over-year revenue increase of 2.7% in the ***last quarter of 2012***, the Mobile Data revenue continued to grow, though the growth was restrained by regulation. The SMS revenue grew 2.4% in the fourth quarter 2012, with the average monthly SMS usage increasing by 7.7% year-over-year to 294 text messages. Advanced Mobile Data showed a revenue growth of 4.9%, generating EUR 13 million in the last quarter of 2012. This growth was again limited compared to the first half of the year due to the regulated price cap on retail Data roaming in July 2012.

The ARPU from Mobile Data increased year-over-year by 6.1% to EUR 9 for the fourth quarter 2012.

The ***2012*** total CBU Mobile Data revenue rose to EUR 398 million, i.e. a 7.8% increase compared with the previous year.

	4th Quarter			Year-to-date		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Mobile DATA revenue	**97**	**100**	**2.7%**	**369**	**398**	**7.8%**
SMS - incl Premium SMS	85	87	2.4%	320	342	6.9%
Advanced data	13	13	4.9%	49	56	14.3%

CBU operating expenses

Lower Cost of Sales, down 1.5% year-over-year
Fourth-quarter 2012 Cost of Sales continued the positive reversal from the third quarter, ending 1.5% lower year-over-year. The positive impact of the capitalization of modems, regulation and lower acquisition costs more than offset the cost increase due to The Phone House.

Cost of Sales increased 6.8% over ***the year 2012*** to EUR 666 million, including the EUR 16 million accounting one-off on commissions in the second quarter 2012 following the passing of the new telecom law.

HR expenses slightly up by 0.9%
HR expenses for the ***fourth quarter*** showed a limited increase to EUR 88 million, up 0.9 % year-over-year. The inflation-based salary indexation of March 2012 and the integration of The Phone House were nearly offset by a favorable year-over-year comparison of year-end HR provisions. Furthermore, since mid-November, half of The Phone House chain was divested as requested by the Competition Council.

Over ***2012***, the HR expenses increased 5.5% year-over-year to EUR 359 million.

Non-HR expenses up in fourth quarter
CBU's ***last-quarter*** non-HR expenses of EUR 86 million were up 2.3%, mainly driven by the cost contribution from The Phone House, and an update of year-end provisions.

Non-HR expenses over the ***full-year 2012*** increased by 3.7% to EUR 310 million.

CBU segment result

For the ***fourth quarter 2012***, CBU reported a segment result of EUR 241 million, i.e. a year-over-year growth of 3.5%. This positive result, includes a negative impact from regulation of EUR -5 million (-2.3%), mainly due to Voice and Data Roaming price caps. The contribution margin was 41.6%, up 0.8 p.p. versus the previous year.
The solid Consumer segment result was driven by its improved revenue trend for the Fixed products while the Cost of Sales was controlled and the HR expenses only showed a limited increased due to a favorable year-over-year comparison of year-end HR provisions. This led to better Gross Margin.

Over the ***year 2012***, the reported segment result was EUR 986 million, or 3.8% or (EUR 39 million) lower versus 2011, including a EUR 22 million (2.1%) regulation impact. Furthermore, CBU's segment result included a EUR -26 million one-off accounting adjustment following the new telecom law, recorded in the second quarter of 2012.

CBU operating result

	4th Quarter		
	2011	2012	YoY Variance (in abs. amount)
FROM FIXED			
Number of access channels (thousands)	2,974	2,912	-62
Voice	1,818	1,718	-100
Broadband	1,156	1,193	37
Traffic (millions of minutes)	1,036	1,060	24
National	821	768	-53
Fixed to Mobile	123	187	64
International	92	104	12
TV (thousands)	1,211	1,386	175
TV - households	1,021	1,156	135
Of which multiple settop boxes	190	230	40
ARPU (EUR)			
ARPU Voice	19.8	20.0	0.2
ARPU broadband	26.1	26.1	0.1
ARPU Belgacom TV	17.5	18.2	0.7
FROM MOBILE			
Number of active customers (thousands)	3,805	3,643	-162
Prepaid (1)	2,116	1,923	-192
Postpaid	1,690	1,720	30
Annualized churn rate (blended - variance in p.p.)	25.2%	36.0%	
Net ARPU (EUR)			
Prepaid	14.9	14.4	-0.6
Postpaid	28.6	26.6	-2.0
Blended	20.7	20.1	-0.6
Blended voice	12.2	11.1	-1.1
Blended data	8.5	9.0	0.5
UoU (units)	373.3	389.9	16.7
MoU (min)	103.8	101.7	-2.1
SMS (units)	273.0	294.2	21.1

(1) Prepaid includes Mobisud customers that were previously reported as MVNO customers

Tango

	4th Quarter			Year-to-date		
	2011	2012	% Change	2011	2012	% Change
Revenue (in EUR mio) (1)	28	30	8.8%	107	114	6.5%
Total active mobile customers (in '000)	264	271	2.7%	264	271	2.7%
Blended mobile net ARPU (EUR/month)	29.1	30.7	5.7%	28.1	29.5	5.1%

(1) Total Tango revenues, i.e. fixed and mobile revenues

In the ***fourth quarter***, Tango's revenue increased 8.8% year-over-year, generating EUR 30 million revenue. Postpaid revenues continued their growth, built on the success of the iPhone and Samsung smartphone offers. The migration from prepaid to postpaid also supported the revenue and ARPU increase. This growth was offset by a decline in roaming revenues due to the EU regulation.

Tango acquired 1000 new Mobile customers in the fourth quarter 2012. The customer base was impacted due to a clean-up of non-active customers during the last quarter of 2012.

In this same last quarter, Tango launched a quadruple play offer with the introduction of TV services branded Tango Generation. Meanwhile, Tango was also the first mobile player in Luxembourg to launch a complete 4G offer. This made it a key quarter for Tango with the strengthening of its Entertainment propositions through the launch of TV services and its mobile broadband leadership consolidation.

For the ***full-year 2012,*** Tango reported EUR 114 million of revenue, or a year-over-year increase of 6.5%

Enterprise Business Unit – EBU

- **Limited revenue erosion in unfavourable economic climate**
- **Solid volume growth in Mobile Data roaming not offsetting impact from regulated price caps**
- **In spite of adverse economy, ICT continued to show growth**
- **Lower segment result due to regulation and higher expenses**

P&L Enterprise Business Unit

	4th Quarter			Full Year		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
TOTAL SEGMENT INCOME	**591**	**579**	**-2.1%**	**2,349**	**2,294**	**-2.3%**
Costs of materials and services related to revenue	-164	-163	-0.9%	-639	-619	-3.1%
Personnel expenses and pensions	-96	-101	5.1%	-381	-407	6.7%
Other operating expenses	-36	-41	15.8%	-144	-160	11.3%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-296**	**-305**	**3.0%**	**-1,164**	**-1,186**	**1.9%**
TOTAL SEGMENT RESULT (1)	**296**	**274**	**-7.2%**	**1,185**	**1,108**	**-6.5%**
Segment contribution margin	*50.0%*	*47.4%*	-	*50.4%*	*48.3%*	-
Non-recurring expenses	0	0	-	-18	0	-
OPERATING INCOME before depreciation & amortization	**296**	**274**	**-7.2%**	**1,167**	**1,108**	**-5.0%**
Depreciation and amortization	-5	-4	-14.5%	-17	-16	-9.4%
OPERATING INCOME	**290**	**270**	**-7.1%**	**1,150**	**1,093**	**-5.0%**

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

EBU quarterly financial and operational results: page 23

Revenue

EBU's revenue remained under pressure in the ***fourth quarter 2012,*** in the context of an unfavorable economy and stiff competition on the professional market. In line with the previous quarter, the year-on-year decline continued, however, limited to 2.1%, resulting in a reported revenue of EUR 579 million. On a **like-for-like basis**, i.e. excluding a limited positive impact from the customer re-segmentation[1] at the start of 2012, the **EBU revenue decline was 2.4%**. Regulatory measures, more specifically the reduced Mobile Termination Rates, Voice and SMS Roaming rates, and the capping of retail Data roaming tariffs since 1 July 2012, have reduced EBU's revenue in the last quarter by EUR 12 million (-2.1%). The above impacts aside, EBU's fourth-quarter **underlying revenue was 0.3% lower compared to the same period of 2011**. The revenue contribution of ICT and mobile data nearly compensated for the eroding revenue from Fixed and Mobile Voice, ex-regulation.

Over the ***full-year 2012***, EBU generated EUR 2,294 million revenue or 2.3% less than for 2011. Like-for-like, the revenue decline was limited to -1.5%[2]. This includes a negative impact from regulatory measures for a total of EUR 46 million (-1.9%). Excluding this, EBU's underlying business showed a 0.4% growth compared with the prior year.

	4th Quarter			Year-to-date		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Revenues	**591**	**579**	**-2.1%**	**2,349**	**2,294**	**-2.3%**
From Fixed	**420**	**418**	**-0.4%**	**1,655**	**1,633**	**-1.3%**
Voice	122	119	-2.4%	496	481	-3.1%
Data	97	95	-2.3%	389	388	-0.2%
Terminals (excl. TV)	18	18	-0.3%	72	72	-0.7%
ICT	182	186	2.0%	697	692	-0.7%
From Mobile	**168**	**155**	**-7.7%**	**677**	**640**	**-5.5%**
Voice	108	96	-10.9%	448	403	-10.0%
Data	57	54	-4.9%	216	223	3.3%
Terminals	3	5	48.0%	13	14	4.1%
Other	**4**	**6**	**57.8%**	**17**	**21**	**23.7%**

Sequential improvement in Fixed Voice revenue trend continued in fourth quarter 2012
For the ***last quarter 2012***, EBU reported EUR 119 million revenue in Fixed Voice. The negative effect from reduced Fixed-to-Mobile rates since 1 January 2012 and the continued line erosion was partly offset by the price indexation at the start of 2012. This limited the year-over-year revenue decline to 2.4% for the fourth quarter of 2012, whereas this was -7.6% for the same period of 2011.

1 At the start of 2012, 18,000 Fixed Voice and 12,000 Fixed Data customers from CBU were re-segmented to EBU
2 Excluding the impact from acquisitions, divestments and customer re-segmentation

The Fixed Line erosion in the last quarter 2012 was kept fairly stable to -14,000 lines, bringing the EBU total Fixed Line customer base to 1,356,000 by end-2012. On a yearly basis, this is a 2% drop, while the fourth-quarter 2012 Fixed Voice ARPU of EUR 28.6 was flat year-over-year.

Over the ***full-year of 2012***, EBU generated EUR 481 million from Fixed Voice, down 3.1% year-on-year. On a quarterly basis, the negative trend somewhat improved and shows a significant recovery from the 7.9% revenue decrease in 2011.

Migrations to Explore platform eroded Fixed Data revenue, while Internet ARPU remains fairly stable

The ***fourth-quarter 2012 revenue*** from Fixed Data, consisting of Fixed Internet and data connectivity revenue, for a total of EUR 95 million, was 2.3% below that 2011. This is mainly due to a continued migration from older technologies to the Belgacom Explore platform, for which pricing is more favorable. Despite operating in a saturated and increasingly competitive professional Fixed Internet market, EBU ended 2012 with a fairly stable Fixed Internet customer base of 443,000, while maintaining over the last quarter a nearly stable ARPU of EUR 38.8 versus the same period of 2011.

EBU's Fixed Data revenue over the ***full-year 2012*** amounted to EUR 388 million, 0.2% less versus 2011.

ICT revenue showing 2% growth in challenging economic context

In the context of an unfavorable economy, EBU increased its ICT revenue to EUR 186 million in the fourth quarter 2012, 2% up from a high comparable base. The revenue growth in the seasonally strong quarter was somewhat contained due to customers delaying IT projects or opting for Cloud-based solutions, which triggers a shift from one-time revenue to monthly services fees. In line with the strategy to focus on higher-margin ICT business, EBU's split of Services versus Products further improved, positively impacting the ICT margin.

Over the ***full-year 2012***, EBU recorded EUR 692 million revenue in ICT, which was 0.7% lower than in 2011. The variance was, however, impacted by some M&A effects, mainly the divestment of Telindus Spain. On a like-for-like[1] basis, EBU saw its ICT revenue growing by 2.8% in 2012.

Continued pressure on Mobile Voice ARPU; customer base growing by 16,000 mobile cards

For the ***last quarter of 2012,*** EBU reports EUR 96 million revenue from Mobile Voice, down 10.9% year-over-year. This includes an impact from reduced rates for both Mobile Termination and Voice Roaming. These impacts explain in part the decline in Mobile net ARPU to 21.6 EUR. This is in addition to somewhat lower usage per customer with fourth-quarter 2012 MoU at 314 minutes/month, or 2.6% lower than for the same period of 2011. Furthermore, the ARPU remained pressured by the continued uptake of pricing plans including free Voice usage, and by an increasingly competitive corporate and SME mobile market.

Even though the new telecom law and aggressive competitor mobile pricing had some spill-over effect on the low-end of the professional market, EBU continued to grow its Mobile customer base. EBU added 16,000 mobile cards in the last quarter of 2012, including Mobile Voice, Mobile Data and Machine-to-Machine cards. By year-end 2012, EBU's total Mobile customer base numbered 1,486,000 cards.

Over the ***full-year 2012***, Mobile Voice revenue totalled EUR 403 million, or 10% below that of 2011. About half of the decline is driven by regulatory measures, the re-segmentation and the one-off accounting adjustment following the passing of the new telecom law (EUR -2.1 million in the second quarter 2012).

SMS continues growth, while advanced Mobile data revenue is pressured by regulated price caps

For the ***last quarter of 2012***, EBU reported EUR 54 million Mobile Data revenue, i.e. a 4.9% decline versus the same period of 2011. The strong volume growth of Mobile data was more than offset by a negative price effect, driven by regulatory price caps on SMS roaming, and especially by the capping of tariffs for retail Data roaming.

Notwithstanding the impact from regulated SMS roaming rates, **SMS** continued its revenue growth trend in the fourth quarter (+7.3%). This resulted from the continued uptake in SMS usage, growing 24% year-on-year to 118 text messages per user per month as the success of MTV Generation pricing plans, including unlimited SMS, continued to push the volume of both free and paying SMS.

The introduction of retail Data roaming price caps as from 1 July 2012 and aggressive competitor moves on the low-end of the business market, led to increased price pressure. The significant uptake of Data roaming, boosted by a higher adoption of smartphones and tablets versus one year ago, did not fully offset this negative price effect. As a result, **non-SMS Data** revenue for the last quarter of 2012 was EUR 26 million, 15.3% lower year-over-year.

For the same reason, the Mobile Data ARPU was down 10.5% year-over-year to EUR 12.2.

Over the ***full-year 2012***, EBU's total Mobile Data revenue was EUR 223 million, up 3.3% versus 2011.

	4th Quarter			Year-to-date		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Mobile DATA revenue	**57**	**54**	**-4.9%**	**216**	**223**	**3.3%**
SMS - incl Premium SMS	26	28	7.3%	98	108	10.3%
Advanced data	31	26	-15.3%	118	115	-2.5%

[1] Excluding the impact from the divesture of Telindus Spain since end-June 2011 and the acquisition of Eudasys by Telindus France.

EBU operating expenses

Lower Cost of Sales
For the ***fourth quarter 2012***, EBU reported EUR 163 million in Cost of Sales, i.e. 0.9% less than for the same period of 2011. This includes a positive effect from lower Mobile Termination Rates, more than offsetting the unfavorable evolution of EBU's overall product mix on the Cost of Sales.

Over the ***full-year 2012***, the Cost of Sales of EUR 619 million was 3.1% lower versus 2011. The decrease results from the Telindus Spain divestment since end-June 2011 and lower Mobile Termination Rates, more than offsetting the EUR 6 million negative impact from the accounting adjustment on commission recorded in the second quarter following the passing of the new telecom law.

HR expenses up year-on-year due to change in cost-allocation, higher headcount and salary indexation
Year-over-year the HR expenses increased by 5.1% to EUR 101 million for the ***last quarter of 2012***, mainly due to the changed cost allocation since January 2012 (Group neutral), more headcount to support the IT-business and inflation-based salary indexation.

The HR-expenses over the ***full-year 2012*** increased year-over-year by 6.7% to EUR 407 million.

Higher non-HR expenses driven by a change in cost allocation and bad debt revision
For the ***fourth quarter 2012,*** EBU reports EUR 41 million non-HR expenses, somewhat up compared to the first three quarters of 2012. The year-on-year increase is partly driven by the negative impact on EBU of the revised cost allocation (Group-neutral). Furthermore, fourth quarter bad debt compared unfavorably to a low basis in 2011, while it was only up slightly compared to the previous quarters.

For the ***full-year 2012*** EBU reported EUR 160 million non-HR expenses; this is EUR 16 million or 11% more than for 2011. An adverse currency effect partly explained the increase, while the remainder of the difference was mainly attributable by the change in cost allocation, without impacting the Group expenses.

EBU segment result

EBU's ***fourth-quarter 2012*** segment result of EUR 274 million is 7.2% or EUR 21 million lower than for the same period of 2011. Part of the lower segment result is due to a lower Direct margin, driven by a EUR -8 million impact from regulation and EBU's changing product mix. The remaining decrease in the segment result is due to the higher expenses (including some group neutral changes in cost allocation). The reported contribution margin was 47.4%, versus 50.0% for the same period of 2011.

The reported segment result over the ***full-year 2012*** was EUR 1,108 million, or 6.5% lower than for the prior year, including a EUR 30 million (-2.5%) impact from regulation. Furthermore, EBU's segment result included a EUR 8 million one-off accounting adjustment following the new telecom law, recorded in the second quarter 2012 and was negatively impacted by the revised cost allocation since 2012 (group neutral).

EBU operating result

	4th Quarter		
	2011	**2012**	**YoY Variance** (in abs. amount)
FROM FIXED			
Number of access channels (thousands)	1,820	1,799	-21
Voice	1,370	1,356	-14
Broadband	434	443	9
Traffic (millions of minutes)	716	686	-30
National	476	451	-25
Fixed to Mobile	160	160	0
International	80	75	-5
ARPU (EUR)			
ARPU Voice	28.6	28.6	0.0
ARPU Broadband	38.9	38.8	-0.2
FROM MOBILE			
Number of active customers (thousands)	1,408	1,486	78
Postpaid	1,408	1,486	78
Annualized churn rate (blended - variance in p.p.)	10.2%	16.8%	
Net ARPU (EUR)			
Postpaid	39.5	33.9	-5.7
Postpaid voice	25.9	21.6	-4.3
Postpaid data	13.7	12.2	-1.4
UoU (units)	363.4	366.8	3.5
MoU (min)	322.8	314.3	-8.5
SMS (units)	95.6	118.1	22.6

Service Delivery Engine & Wholesale – SDE&W

P&L Service Delivery Engine & Wholesale

	4th Quarter			Full Year		
(EUR million)	2011	2012	% Change	2011	2012	% Change
TOTAL SEGMENT INCOME	**80**	**76**	**-5.0%**	**318**	**304**	**-4.4%**
Costs of materials and services related to revenue	-9	-10	11.2%	-36	-37	3.3%
Personnel expenses and pensions	-50	-43	-14.1%	-199	-177	-11.0%
Other operating expenses	-42	-48	15.4%	-175	-187	6.9%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-101**	**-101**	**0.3%**	**-410**	**-401**	**-2.1%**
TOTAL SEGMENT RESULT (1)	**-21**	**-26**	20.4%	**-92**	**-97**	5.6%
Segment contribution margin	*-26.7%*	*-33.8%*	-	*-28.8%*	*-31.8%*	-
Depreciation and amortization	-110	-113	2.7%	-446	-440	-1.3%
OPERATING LOSS	**-131**	**-138**	**5.6%**	**-538**	**-537**	**-0.1%**

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

SDE&W quarterly financial and operational results: page 23

Revenue

For the ***last quarter of 2012***, SDE&W reported EUR 76 million revenue, a 5% year-on-year decline. The lower revenue is mainly driven by Carrier Wholesale Services due to lower leased line and broadband volumes, while the impact from decreasing Roaming prices was only partially offset by higher Roaming volumes. Regulatory measures reduced the SDE&W revenue by 1.3%.

The revenue ***for full-year 2012*** totaled EUR 304 million, a year-over-year decline of 4.4%, of which 1.2% resulted from regulatory measures.

Operating expenses

SDE&W reported EUR 43 million ***HR expenses*** for the fourth quarter 2012. The 14%year-on-year decrease in spite of the inflation-based salary increase of March 2012 is mainly explained by a favorable comparison for HR-related year-end provisions and lower headcount compared to the prior year. In addition, SDE&W benefitted from a positive effect of the changed cost allocation (Group-neutral).

The year-on-year variance of ***non-HR expenses*** is impacted by a one-off positive provision reversal booked in the fourth quarter 2011

Over the ***full-year 2012***, SDE&W's HR expenses of EUR 177 million were 11% below those of 2011, while non-HR expenses totaled EUR 187 million, up 6.9% from 2011.

Staff & Support – S&S

P&L Staff and Support

	4th Quarter			Full Year		
(EUR million)	2011	2012	% Change	2011	2012	% Change
TOTAL SEGMENT INCOME	**8**	**11**	**44.2%**	**47**	**34**	**-27.2%**
Costs of materials and services related to revenue	-1	-2	>100%	-1	-2	>100%
Personnel expenses and pensions	-40	-39	-4.8%	-160	-156	-2.1%
Other operating expenses	-61	-67	10.3%	-215	-218	1.3%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-102**	**-108**	**5.4%**	**-375**	**-376**	**0.2%**
TOTAL SEGMENT RESULT (1)	**-95**	**-97**	**2.3%**	**-328**	**-341**	**4.1%**
Segment contribution margin	-	-	-	-	-	-
Non-recurring income	11	0	-100.0%	11	0	-100.0%
Non-recurring expenses	-7	-4	-	-7	-18	-
OPERATING LOSS before depreciation & amortization	**-91**	**-101**	**11.1%**	**-324**	**-359**	**10.9%**
Depreciation and amortization	-18	-19	5.5%	-74	-74	0.0%
OPERATING LOSS	**-109**	**-120**	**10.1%**	**-398**	**-433**	**8.9%**

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

S&S quarterly financial results: page 24

In the ***fourth quarter 2012,*** Staff and Support recorded EUR 11 million revenues. This brings the ***full-year 2012*** revenue for Staff and Support to EUR 34 million. The decrease compared to the previous year is mainly explained by a positive one-off[1] recorded in the third quarter of 2011.

The non-HR expenses for the ***fourth quarter 2012*** were EUR 67 million, up versus last year due to a provision for environmentally driven soil works, a one-off impairment and costs related to the cost-efficiency project. For the ***full-year 2012***, S&S non-HR expenses amounted to EUR 218 million.

HR expenses in the fourth quarter 2012 were down 4.8% year-over-year to EUR 39 million. Over the ***full-year of 2012,*** total HR expenses for Staff and Support were down -2.1% to EUR 156 million, as the decline in headcount more than offset the impact of the inflation-based wage indexations.

[1] One-off related to the settlement in Q3 2011 of a real estate related litigation. The related expense in S&S was cross-charged to SDE&W, hence the increase in S&S revenue. EBITDA impact for S&S was neutral.

International Carrier Services – BICS

- **Solid sequential revenue growth continued in fourth quarter 2012**
- **Voice growth driven by strong volumes & better destination mix, partly offset by reduced European MTRs**
- **Mobile Data driving strong non-Voice revenue growth**
- **Fourth-quarter Gross Margin up 7.9% YoY, while higher expenses led to lower segment result**

P&L International Carrier Services

	4th Quarter			Full Year		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
TOTAL SEGMENT INCOME	**401**	**430**	**7.3%**	**1,562**	**1,645**	**5.3%**
Costs of materials and services related to revenue	-342	-367	7.1%	-1,338	-1,400	4.6%
Gross margin (1)	*58*	*63*	*7.9%*	*224*	*244*	*9.3%*
Personnel expenses and pensions	-9	-11	25.2%	-37	-43	16.2%
Other operating expenses	-16	-20	26.0%	-65	-73	11.3%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-367**	**-398**	**8.4%**	**-1,440**	**-1,516**	**5.2%**
TOTAL SEGMENT RESULT (2)	**33**	**32**	**-5.4%**	**122**	**129**	**6.1%**
Segment result margin	*8.3%*	*7.3%*	-	*7.8%*	*7.8%*	-
Non-recurring expenses	0	0	-	-1	0	-
OPERATING INCOME before depreciation & amortization	**33**	**32**	**-5.4%**	**121**	**129**	**6.7%**
Depreciation and amortization	-20	-20	-1.8%	-80	-80	-0.4%
OPERATING INCOME	**13**	**12**	**-11.0%**	**41**	**49**	**20.6%**

(1) Total segment income net of Costs of materials and services related to revenue
(2) Operating income before depreciation and amortization and before non-recurring income and expenses

ICS quarterly financial and operational results: page 24

Revenue

The revenue growth trend of BICS further improved over the ***fourth quarter 2012,*** with revenue up 7.3% year-over-year to EUR 430 million.
Compared to the last quarter of 2011, BICS generated EUR 20 million more revenue coming from Voice traffic. The positive evolution was driven by a strong increase in traffic to Asia and the African region, partly offset by the negative impact of the European-wide MTR reduction.
Data revenue, too, grew solidly in the fourth quarter, with revenue up nearly 21% or EUR 9 million more than the previous year.
In addition, since the average dollar rate in the fourth quarter slightly strengthened year-on-year, this positively impacted the BICS revenue, though in a limited way compared to previous quarters.

For the ***full-year 2012***, BICS reported EUR 1,645 million revenue, an increase of 5.3% versus 2011.

	4th Quarter			Year-to-date		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Voice	359.1	379.6	5.7%	1,406.6	1,457.0	3.6%
Non Voice	41.6	50.2	20.7%	155.2	187.7	21.0%
Total revenues	**400.8**	**429.8**	**7.3%**	**1,561.8**	**1,644.7**	**5.3%**

The positive year-over-year revenue evolution results in a solid Gross Margin for the ***last quarter 2012***, up 7.9% year-over-year to EUR 63 million. This brings the Gross Margin of BICS for the full-year 2012 to EUR 244 million, a 9.3% improvement on the prior year.

	4th Quarter			Year-to-date		
(EUR million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Voice	31.1	33.9	9.0%	119.7	129.8	8.4%
Non Voice	27.3	29.2	6.7%	104.0	114.7	10.2%
Total Gross Margin	**58.4**	**63.1**	**7.9%**	**223.7**	**244.5**	**9.3%**

Segment result

Fourth-quarter 2012 operating expenses for BICS were EUR 6.4 million higher than for the same period of 2011. This was mainly driven by a reassessment of bad debt provisions, and -to a smaller extend- a negative YoY currency effect.
HR expenses were impacted by inflation-based wage indexations and variable performance-related compensation. Consequently, the BICS segment result for the fourth quarter 2012 was down 5.4% from 2011, and the EBITDA margin ended 1pp lower at 7.3%.
Over the full-year 2012, BICS increased its segment result by 6.1% to EUR 129 million, as a result of a higher Gross Margin.

	4th Quarter			Year-to-date		
Volumes (in million)	**2011**	**2012**	**% Change**	**2011**	**2012**	**% Change**
Voice	7,018	7,556	7.7%	27,442	28,382	3.4%
Non-Voice (SMS/MMS)	315	445	41.2%	1,074	1,557	45.0%

Quarterly results

Note that reported results are impacted by one-off effects.

Group – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
Revenues (1)	**1,583**	**1,612**	**1,596**	**1,616**	**6,406**	**1,588**	**1,611**	**1,620**	**1,644**	**6,462**
Consumer Business Unit	565	579	571	572	2,288	577	575	587	581	2,321
Enterprise business unit	593	593	572	591	2,349	579	576	560	579	2,294
Service Delivery Engine & Wholesale	81	80	77	80	318	78	76	75	76	304
Staff&Support	8	7	25	8	47	9	7	7	11	34
International Carrier Services	372	388	401	401	1,562	382	409	424	430	1,645
Intersegment eliminations	-36	-36	-51	-36	-159	-37	-34	-33	-33	-137
Costs of materials and charges to revenues	**-609**	**-621**	**-633**	**-655**	**-2,517**	**-614**	**-667**	**-649**	**-680**	**-2,611**
Personnel expenses and pensions	**-274**	**-282**	**-278**	**-283**	**-1,117**	**-282**	**-285**	**-294**	**-282**	**-1,141**
Other operating expenses	**-220**	**-196**	**-213**	**-232**	**-860**	**-226**	**-224**	**-218**	**-257**	**-925**
EBITDA (1)	**480**	**512**	**472**	**446**	**1,912**	**466**	**434**	**460**	**425**	**1,784**
Segment EBITDA margin (1)	**30.3%**	**31.8%**	**29.6%**	**27.6%**	**29.8%**	**29.3%**	**27.0%**	**28.4%**	**25.9%**	**27.6%**
Non recurring items	**0**	**-18**	**0**	**4**	**-15**	**0**	**-10**	**-3**	**-4**	**-18**
Ebitda after non-recurring items	**480**	**494**	**472**	**450**	**1,897**	**466**	**424**	**456**	**421**	**1,766**

(1) before non-recurring items

Group from reported to underlying

	Q111	Q112	Var in %	Q211	Q212	Var in %	Q311	Q312	Var in %	Q411	Q412	Var in %	2011	2012	Var in %
GROUP - REVENUE															
Reported	**1,583**	**1,588**	**0.3%**	**1,612**	**1,611**	**-0.1%**	**1,596**	**1,620**	**1.5%**	**1,616**	**1,644**	**1.7%**	**6,406**	**6,462**	**0.9%**
One-offs	0	0		0	12		0	0		0	0		0	12	
M&A	-16	-19		-17	-16		-2	-19		0	-17		-35	-70	
Like-for-like	**1,567**	**1,569**	**0.1%**	**1,595**	**1,607**	**0.8%**	**1,594**	**1,601**	**0.4%**	**1,616**	**1,627**	**0.7%**	**6,371**	**6,404**	**0.5%**
Regulation		14			16			36			23		0	90	
Underlying	**1,567**	**1,583**	**1.0%**	**1,595**	**1,623**	**1.8%**	**1,594**	**1,637**	**2.7%**	**1,616**	**1,650**	**2.1%**	**6,371**	**6,493**	**1.9%**
GROUP - EBITDA															
Reported	**480**	**466**	**-3.1%**	**512**	**434**	**-15.3%**	**472**	**460**	**-2.7%**	**446**	**425**	**-4.8%**	**1,912**	**1,784**	**-6.7%**
One-offs	6	0		-17	34		6	-2		3	4		-2	36	
M&A	1	4		-1	3		-1	3		0	2		-1	12	
Like-for-like	**487**	**470**	**-3.6%**	**495**	**471**	**-4.7%**	**478**	**461**	**-3.5%**	**449**	**431**	**-4.0%**	**1,909**	**1,833**	**-4.0%**
Regulation		6			7			27			14		0	55	
Underlying	**487**	**476**	**-2.3%**	**495**	**479**	**-3.2%**	**478**	**488**	**2.1%**	**449**	**445**	**-0.9%**	**1,909**	**1,887**	**-1.1%**

One-offs: Accounting impact new Telecom Law in Q2 2012, capitalization of modems as of 2012, significant net impact of changes in exceptional provisions and a one off impairment in S&S in Q4 2012.
M&A: acquisiton of The Phone House, divesture of Telindus Spain and Scarlet Curaçao
Regulation: includes impact from lower Mobile Termination and Roaming rates, and other regulatory impacts

Revenue evolution in percentages

	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
GROUP										
Reported YoY variance	**-3.5%**	**-3.2%**	**-2.7%**	**-2.6%**	**-3.0%**	**0.3%**	**-0.1%**	**1.5%**	**1.7%**	**0.9%**
Like-for-like YoY variance	-3.5%	-3.3%	-2.0%	-1.6%	-2.6%	0.1%	0.8%	0.4%	0.7%	0.5%
Underlying YoY variance	-0.4%	-1.3%	-0.9%	-1.0%	-0.9%	1.0%	1.8%	2.7%	2.1%	1.9%
CBU										
Reported YoY variance	**-4.3%**	**-2.1%**	**-2.3%**	**-4.6%**	**-3.3%**	**2.1%**	**-0.7%**	**2.8%**	**1.5%**	**1.4%**
Like-for-like YoY variance	-4.3%	-2.1%	-2.3%	-4.0%	-3.2%	0.5%	-0.8%	0.3%	-1.0%	-0.3%
Underlying YoY variance	-0.1%	0.4%	-0.8%	-3.2%	-0.9%	1.7%	0.7%	2.8%	0.7%	1.5%
EBU										
Reported YoY variance	**-3.7%**	**-2.8%**	**-3.1%**	**-2.4%**	**-3.0%**	**-2.2%**	**-2.9%**	**-2.2%**	**-2.1%**	**-2.3%**
Like-for-like YoY variance	-3.7%	-3.1%	-1.1%	-0.2%	-2.1%	-1.0%	-0.3%	-2.5%	-2.4%	-1.5%
Underlying YoY variance	-0.8%	-0.7%	0.3%	0.6%	-0.2%	0.1%	0.8%	1.3%	-0.3%	0.4%
SDE&W										
Reported YoY variance	**-13.9%**	**-6.1%**	**-2.3%**	**-3.9%**	**-6.9%**	**-4.3%**	**-4.9%**	**-3.2%**	**-5.0%**	**-4.4%**
Like-for-like YoY variance	-13.9%	-6.1%	-2.3%	-3.9%	-6.9%	-5.1%	-6.1%	-4.5%	-6.3%	-5.5%
Underlying YoY variance	-3.6%	-2.9%	-0.8%	-3.4%	-2.7%	-4.3%	-4.9%	-3.3%	-5.0%	-4.4%
BICS										
Reported YoY variance	**-1.5%**	**-6.5%**	**-3.4%**	**-0.3%**	**-3.0%**	**2.6%**	**5.5%**	**5.7%**	**7.3%**	**5.3%**

Like-for-like: i.e. excluding impact from M&A, the re-segmentation and the new Telco Law accounting adjustments
Underlying: i.e. like-for-like excluding impact from regulatory measures

Group – Capex

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
Group Capex	**173**	**161**	**163**	**279**	**777**	**186**	**174**	**160**	**234**	**753**
Consumer Business Unit	44	27	24	40	134	61	33	30	42	164
Enterprise business unit	4	4	3	8	18	4	4	3	5	15
Service Delivery Engine & Wholesale	115	119	125	193	552	116	126	114	158	514
Staff&Support	7	9	9	26	51	5	8	8	19	40
International Carrier Services	3	2	3	14	22	1	3	5	12	20

CBU – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
Revenues	**565**	**579**	**571**	**572**	**2,288**	**577**	**575**	**587**	**581**	**2,321**
From Fixed	**281**	**278**	**271**	**269**	**1,099**	**274**	**270**	**274**	**277**	**1,096**
Voice	118	115	111	110	454	110	105	105	105	425
Data	85	83	82	82	332	85	84	85	85	339
TV	51	53	51	53	208	55	57	61	62	235
Terminals (excl. TV)	7	6	7	7	26	6	6	7	7	25
Scarlet	21	21	20	18	79	19	18	17	18	71
From Mobile	**265**	**279**	**279**	**280**	**1,104**	**281**	**282**	**292**	**278**	**1,133**
Voice	139	147	143	136	565	130	123	133	120	505
Data	87	92	93	97	369	97	102	98	100	398
Terminals (excl. TV)	14	14	16	19	63	27	29	32	28	116
Tango	25	26	28	28	107	27	28	28	30	114
Other	**19**	**23**	**21**	**23**	**86**	**22**	**23**	**22**	**25**	**92**
Costs of materials and charges to revenues	**-149**	**-149**	**-158**	**-168**	**-624**	**-162**	**-182**	**-157**	**-166**	**-666**
Personnel expenses and pensions	**-83**	**-85**	**-86**	**-87**	**-340**	**-90**	**-88**	**-92**	**-88**	**-359**
Other operating expenses	**-70**	**-74**	**-71**	**-84**	**-299**	**-74**	**-73**	**-77**	**-86**	**-310**
Segment result	**264**	**271**	**257**	**233**	**1,025**	**251**	**232**	**261**	**241**	**986**
Segment Contribution margin	**46.7%**	**46.8%**	**45.0%**	**40.8%**	**44.8%**	**43.5%**	**40.4%**	**44.5%**	**41.6%**	**42.5%**

CBU – Operationals

	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
FROM FIXED										
Number of access channels (thousands)	**3,028**	**3,006**	**2,977**	**2,974**	**2,974**	**2,938**	**2,926**	**2,918**	**2,912**	**2,912**
Voice	1,896	1,870	1,839	1,818	1,818	1,780	1,758	1,737	1,718	1,718
Broadband	1,131	1,136	1,138	1,156	1,156	1,159	1,169	1,181	1,193	1,193
Traffic (millions of minutes)	**1,061**	**977**	**936**	**1,036**	**4,011**	**1,086**	**1,027**	**965**	**1,060**	**4,138**
National	875	795	765	821	3,256	828	754	703	768	3,053
Fixed to Mobile	95	96	89	123	402	164	179	170	187	701
International	91	87	82	92	352	94	93	92	104	383
TV (thousands)	**1,029**	**1,087**	**1,139**	**1,211**	**1,211**	**1,254**	**1,301**	**1,340**	**1,386**	**1,386**
TV - households	879	925	963	1,021	1,021	1,057	1,093	1,125	1,156	1,156
of which multiple settop boxes	149	162	176	190	190	196	209	216	230	230
ARPU (EUR)										
ARPU Voice	20.2	20.0	19.7	19.8	19.9	20.2	19.7	19.7	20.0	19.9
ARPU broadband	27.6	27.0	26.7	26.1	26.8	26.9	26.4	26.5	26.1	26.5
ARPU Belgacom TV	19.4	19.2	17.8	17.5	18.4	17.6	17.6	18.1	18.2	17.9
FROM MOBILE										
Number of active customers (thousands)	**3,723**	**3,726**	**3,774**	**3,805**	**3,805**	**3,805**	**3,811**	**3,748**	**3,643**	**3,643**
Prepaid (1)	2,117	2,096	2,111	2,116	2,116	2,116	2,071	1,992	1,923	1,923
Postpaid	1,606	1,630	1,663	1,690	1,690	1,690	1,739	1,756	1,720	1,720
Annualized churn rate (blended - variance in p.p.) (2)	**21.3%**	**20.4%**	**20.4%**	**25.2%**	**21.8%**	**20.4%**	**19.9%**	**25.8%**	**36.0%**	**25.9%**
Net ARPU (EUR)										
Prepaid	14.1	15.3	14.4	14.9	14.7	14.0	14.2	13.6	14.4	14.0
Postpaid	29.2	30.0	30.0	28.6	29.5	27.9	27.3	28.9	26.6	27.7
Blended	20.5	21.6	21.1	20.7	21.0	20.1	20.1	20.8	20.1	20.3
Blended voice	12.7	13.4	12.9	12.2	12.8	11.6	11.1	12.0	11.1	11.5
Blended data	7.8	8.2	8.2	8.5	8.2	8.5	9.0	8.7	9.0	8.8
UoU (units)	**338.0**	**357.5**	**335.4**	**373.3**	**351.6**	**377.9**	**391.7**	**357.5**	**389.9**	**379.1**
MoU (min)	**102.2**	**106.6**	**103.6**	**103.8**	**104.3**	**101.5**	**104.7**	**100.5**	**101.7**	**102.1**
SMS (units)	**238.7**	**254.1**	**235.1**	**273.0**	**250.5**	**279.8**	**291.3**	**262.1**	**294.2**	**281.7**

(1) Prepaid includes Mobisud customers that were previously reported as MVNO customers
(2) Q4 2011 impacted by clean-up of inactive prepaid cards. This clean-up has no impact on the number of active customers & prepaid net adds.

EBU – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
Revenue	**593**	**593**	**572**	**591**	**2,349**	**579**	**576**	**560**	**579**	**2,294**
From Fixed	**420**	**417**	**398**	**420**	**1,655**	**408**	**409**	**398**	**418**	**1,633**
Voice	128	125	121	122	496	124	120	118	119	481
Data	98	97	96	97	389	99	99	96	95	388
Terminals	18	18	18	18	72	18	18	18	18	72
ICT	175	177	163	182	697	167	172	167	186	692
From Mobile	**169**	**171**	**169**	**168**	**677**	**166**	**162**	**158**	**155**	**640**
Voice	115	115	110	108	448	106	102	100	96	403
Data	50	53	56	57	216	56	58	55	54	223
Terminals	4	3	3	3	13	3	3	3	5	14
Other	**4**	**5**	**5**	**4**	**17**	**5**	**5**	**4**	**6**	**21**
Costs of materials and charges to revenues	**-162**	**-160**	**-154**	**-164**	**-639**	**-149**	**-157**	**-150**	**-163**	**-619**
Personnel expenses and pensions	**-94**	**-98**	**-93**	**-96**	**-381**	**-100**	**-103**	**-103**	**-101**	**-407**
Other operating expenses	**-37**	**-37**	**-34**	**-36**	**-144**	**-40**	**-39**	**-39**	**-41**	**-160**
Segment result	**300**	**298**	**291**	**296**	**1,185**	**289**	**277**	**267**	**274**	**1,108**
Segment Contribution margin	**50.6%**	**50.3%**	**50.9%**	**50.0%**	**50.4%**	**50.0%**	**48.1%**	**47.8%**	**47.4%**	**48.3%**

EBU- Operationals

	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
FROM FIXED										
Number of access channels (thousands)	**1,861**	**1,849**	**1,834**	**1,820**	**1,820**	**1,841**	**1,824**	**1,815**	**1,799**	**1,799**
Voice	1,425	1,412	1,400	1,385	1,385	1,394	1,379	1,370	1,356	1,356
Broadband	436	436	434	434	434	446	445	444	443	443
Traffic (millions of minutes)	**782**	**732**	**672**	**716**	**2,901**	**754**	**699**	**636**	**686**	**2,775**
National	526	485	445	476	1,932	502	459	416	451	1,828
Fixed to Mobile	165	160	147	160	633	167	161	147	160	635
International	90	86	80	80	336	84	79	73	75	311
ARPU (EUR)										
ARPU Voice	29.1	28.9	28.1	28.6	28.7	28.9	28.4	27.9	28.6	28.5
ARPU Broadband	39.6	39.3	39.1	38.9	39.2	39.5	39.0	39.1	38.8	39.1
FROM MOBILE										
Number of active customers (thousands)	**1,327**	**1,357**	**1,380**	**1,408**	**1,408**	**1,413**	**1,449**	**1,470**	**1,486**	**1,486**
Postpaid	1,327	1,357	1,380	1,408	1,408	1,413	1,449	1,470	1,486	1,486
Annualized churn rate (blended - variance in p.p.)	**11.1%**	**10.8%**	**9.4%**	**10.2%**	**10.3%**	**11.7%**	**11.0%**	**10.8%**	**16.8%**	**12.7%**
Net ARPU (EUR)										
Postpaid	41.8	41.9	40.6	39.5	41.0	38.7	37.2	35.5	33.9	36.3
Postpaid voice	29.2	28.7	26.9	25.9	27.6	25.3	23.7	22.9	21.6	23.3
Postpaid data	12.6	13.2	13.8	13.7	13.3	13.5	13.5	12.6	12.2	12.9
UoU (units)	**356.5**	**369.6**	**343.3**	**363.4**	**358.8**	**375.8**	**377.0**	**339.9**	**366.8**	**364.7**
MoU (min)	**317.1**	**328.3**	**305.0**	**322.8**	**318.9**	**327.8**	**326.6**	**293.3**	**314.3**	**315.4**
SMS (units)	**83.7**	**90.1**	**87.3**	**95.6**	**89.4**	**106.6**	**111.7**	**104.7**	**118.1**	**110.3**

SDE&W – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
Revenues	**81**	**80**	**77**	**80**	**318**	**78**	**76**	**75**	**76**	**304**
Costs of materials and charges to revenues	**-9**	**-9**	**-9**	**-9**	**-36**	**-9**	**-9**	**-9**	**-10**	**-37**
Personnel expenses and pensions	**-49**	**-50**	**-50**	**-50**	**-199**	**-43**	**-44**	**-47**	**-43**	**-177**
Other operating expenses	**-52**	**-33**	**-48**	**-42**	**-175**	**-48**	**-50**	**-41**	**-48**	**-187**
Segment result	**-29**	**-12**	**-30**	**-21**	**-92**	**-23**	**-26**	**-21**	**-26**	**-97**

SDE&W – Retail Operationals and MVNO customers

	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
FROM FIXED										
Number of access channels (thousands)										
Voice (1)	-	-	-	-	12	12	11	11	11	11
Broadband (1)	-	-	-	-	1	1	1	1	1	1
FROM MOBILE										
Number of active Mobile customers (thousands)										
Retail (1)	-	-	-	-	8	8	9	8	8	8
MVNO	-	-	-	-	-	5	7	8	8	8

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

S&S – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
Revenues	8	7	25	8	47	9	7	7	11	34
Costs of materials and charges to revenues	0	0	0	-1	-1	1	-1	0	-2	-2
Personnel expenses and pensions	-39	-40	-40	-40	-160	-38	-39	-41	-39	-156
Other operating expenses	-47	-41	-66	-61	-215	-51	-50	-49	-67	-218
Segment result	-79	-74	-81	-95	-328	-79	-83	-82	-97	-341

ICS – Financials

(EUR million)	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
Revenues	372	388	401	401	1,562	382	409	424	430	1,645
Costs of materials and charges to revenues	-320	-333	-342	-342	-1,338	-326	-347	-361	-367	-1,400
Personnel expenses and pensions	-10	-9	-9	-9	-37	-10	-10	-11	-11	-43
Other operating expenses	-18	-17	-15	-16	-65	-18	-17	-17	-20	-73
Segment result	24	29	35	33	122	28	34	35	32	129
Segment EBITDA margin	6.5%	7.5%	8.7%	8.3%	7.8%	7.3%	8.4%	8.3%	7.3%	7.8%

ICS – Operationals

Volumes (in million)	Q111	Q211	Q311	Q411	2011	Q112	Q212	Q312	Q412	2012
Voice	6,574	6,997	6,853	7,018	27,442	6,907	6,984	6,934	7,556	28,382
Non-Voice (SMS/MMS)	230	253	276	315	1,074	323	361	428	445	1,557

Acquisition of Wireless Technologies BVBA

Early January 2012, the Group acquired all outstanding shares of Wireless Technologies BVBA, the company owning the chain of The Phone House Belgium stores. Upon the Competition Council's request, a number of these points-of-sale were subsequently divested. They were sold and transferred to YourCall, a newly created company.

The total acquisition price net of cash acquired (EUR 1 million) amounted to EUR 23 million, including price adjustment. The fair value of the identified assets and liabilities of Wireless Technologies BVBA as of the date of acquisition amounted to EUR 9 million, of which EUR 11 million for non-current assets, EUR 27 million for current assets, and EUR 29 million for current liabilities. Such initial accounting led consequently to the recognition in the 2012 financial statements of EUR 15 million of goodwill.

As a result of this acquisition, early January 2012, the revenues and expenses of Wireless Technologies BVBA have been incorporated into the Belgacom Group financial statements starting 1 January 2012.

Consolidated income statements

(EUR million)	4th Quarter 2011	4th Quarter 2012	Full Year 2011	Full Year 2012
Net revenue	1,605	1,628	6,361	6,415
Other operating income	11	16	45	47
Non-recurring income	11	0	11	0
TOTAL INCOME	**1,627**	**1,644**	**6,417**	**6,462**
Costs of materials and services related to revenue	-655	-680	-2,517	-2,611
Personnel expenses and pensions	-283	-282	-1,117	-1,141
Other operating expenses	-232	-257	-860	-925
Non-recurring expenses	-7	-4	-26	-18
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,177**	**-1,223**	**-4,520**	**-4,696**
OPERATING INCOME before depreciation & amortization	**450**	**421**	**1,897**	**1,766**
Depreciation and amortization	-182	-194	-756	-748
OPERATING INCOME	**268**	**227**	**1,141**	**1,018**
Finance income	5	8	22	15
Finance costs	-29	-32	-128	-126
Net finance costs	**-25**	**-24**	**-106**	**-111**
INCOME BEFORE TAXES	**243**	**203**	**1,035**	**906**
Tax expense	-69	-30	-262	-177
NET INCOME	**174**	**173**	**773**	**729**
Non-controlling interests	5	5	17	19
Net income (Group share)	169	168	756	711
Basic earnings per share	0.53 EUR	0.53 EUR	2.36 EUR	2.24 EUR
Diluted earnings per share	0.53 EUR	0.53 EUR	2.36 EUR	2.23 EUR
Weighted average number of ordinary shares	317,592,393	318,285,245	319,963,423	318,011,049
Weighted average number of ordinary shares for diluted earnings per share	317,953,962	318,741,992	320,514,286	318,688,078

Consolidated statements of other comprehensive income

(EUR million)	As of 31 December 2011	As of 31 December 2012
Net income	**599**	**723**
Other comprehensive income:		
Cash flow hedges:		
Gain/(loss) taken to equity	1	1
Transfer to profit or loss for the period	-1	0
Exchange differences on translation of foreign operations	-2	-1
Other comprehensive income net of related tax effects	**-1**	**-1**
Total comprehensive income	**598**	**722**
Attributable to:		
Equity holders of the parent	585	703
Non-controlling interests	12	19

Consolidated balance sheets

(EUR million)	As of 31 December 2011	As of 31 December 2012
ASSETS		
NON-CURRENT ASSETS	**6,217**	**6,160**
Goodwill	2,323	2,339
Intangible assets with finite useful life	1,155	1,097
Property, plant and equipment	2,401	2,467
Investments in associates	3	1
Other participating interests	31	7
Deferred income tax assets	121	113
Pension assets	2	2
Other non-current assets	180	134
CURRENT ASSETS	**2,095**	**2,051**
Inventories	116	133
Trade receivables	1,328	1,341
Current tax assets	143	151
Other current assets	152	141
Investments	36	83
Cash and cash equivalents	320	202
TOTAL ASSETS	**8,312**	**8,211**
LIABILITIES AND EQUITY		
EQUITY	**3,303**	**3,228**
Shareholders' equity	**3,078**	**3,016**
Issued capital	1,000	1,000
Treasury shares	-570	-551
Restricted reserve	100	100
Stock compensation	13	14
Retained earnings	2,532	2,451
Foreign currency translation	2	1
Non-controlling interests	**225**	**212**
NON-CURRENT LIABILITIES	**2,749**	**2,512**
Interest-bearing liabilities	1,931	1,761
Liability for pensions, other post-employment benefits and termination benefits	479	402
Provisions	180	203
Deferred income tax liabilities	157	144
Other non-current payables	2	1
CURRENT LIABILITIES	**2,260**	**2,472**
Interest-bearing liabilities	41	215
Trade payables	1,343	1,310
Tax payables	229	236
Other current payables	647	711
TOTAL LIABILITIES AND EQUITY	**8,312**	**8,211**

Consolidated cash flow statements

(EUR million)	4th Quarter 2011	4th Quarter 2012	Full Year 2011	Full Year 2012
Cash flow from operating activities				
Net income (group share)	169	168	756	711
Adjustments for:				
Non-controlling interests	5	5	17	19
Depreciation and amortization on intangible assets and property, plant and equipment	182	194	756	748
Increase of impairment on intangible assets and property, plant and equipment	2	2	2	4
Increase / (decrease) in provisions	17	20	2	40
Deferred tax expense	14	-10	20	-6
Impairment on participating interests	0	3	0	27
Fair value adjustments on financial instruments	3	-2	4	-6
Loans amortization	-3	1	-1	5
(Gain) / loss on disposal of consolidated companies and remeasurement of previously held interest	-11	0	6	0
Gain on disposal of other participating interests and enterprises accounted for using the equity method	0	-1	0	-1
Gain on disposal of property, plant and equipment	0	-3	-3	-5
Other non-cash movements	2	2	9	9
Operating cash flow before working capital changes	**379**	**379**	**1,569**	**1,546**
Decrease / (increase) in inventories	5	6	-8	-10
Decrease / (increase) in trade receivables	-36	35	-103	-3
Decrease in current income tax assets	0	2	1	2
Decrease / (increase) in other current assets	14	-5	42	11
Decrease / (increase) in other non current assets	18	0	-34	0
Increase / (decrease) in trade payables	32	19	82	-31
Increase in income tax payables	23	33	86	7
Increase / (decrease) in other current payables	-120	-60	28	55
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-12	-18	-85	-77
Decrease in other non-current payables and provisions	-12	-12	-26	-19
Decrease / (increase) in working capital, net of acquisitions and disposals of subsidiaries	**-88**	**0**	**-17**	**-66**
Net cash flow provided by operating activities	**291**	**380**	**1,551**	**1,480**
Cash flow from investing activities				
Cash paid for acquisitions of intangible assets and property, plant and equipment	-259	-234	-757	-773
Cash paid for acquisitions of other participating interests	0	0	-6	-4
Cash paid for acquisition of consolidated companies, net of cash acquired	-3	1	-14	-23
Cash received from / (paid for) sales of consolidated companies, net of cash disposed of	-6	0	4	0
Cash received from sales of intangible assets and property, plant and equipment	0	4	7	7
Net cash received from other non-current assets	3	3	1	3
Net cash used in investing activities	**-265**	**-226**	**-764**	**-789**
Cash flow before financing activities	**26**	**154**	**788**	**691**
Cash flow from financing activities				
Dividends paid to shareholders	-160	-258	-701	-798
Dividends / capital paid to non-controlling interests	-24	-31	-24	-31
Net sale / (acquisition) of treasury shares	3	1	-86	19
Sale / (purchase) of investments	5	-57	8	-42
Increase of shareholders' equity	0	-1	-2	-3
Issuance of long term debt	-1	0	495	0
Repayment of long term debt	0	-1	-773	-4
Issuance / (repayment) of short term debt	30	29	32	50
Net cash used in financing activities	**-521**	**-317**	**-1,051**	**-809**
Net decrease of cash and cash equivalents	**-495**	**-163**	**-264**	**-118**
Cash and cash equivalents at 1 January			584	320
Cash and cash equivalents at 31 December			320	202

Consolidated statements of changes in equity

(EUR million)	Issued capital	Share premium	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Minority interests	Total Equity
Balance at 31 December 2010	**1,000**	**0**	**-484**	**100**	**0**	**4**	**11**	**2,476**	**3,108**	**235**	**3,342**
Currency translation differences	*0*	*0*	*0*	*0*	*0*	*-2*	*0*	*0*	***-2***	*0*	*-1*
Equity changes not recognised in the income statement	0	0	0	0	0	-2	0	0	**-2**	0	-2
Net income	0	0	0	0	0	0	0	756	**756**	17	773
Total comprehensive income and expense	**0**	**0**	**0**	**0**	**0**	**-2**	**0**	**756**	**755**	**17**	**772**
Dividends to shareholders (relating to 2010)	0	0	0	0	0	0	0	-540	**-540**	0	-540
Interim dividends to shareholders (relating to 2011)	0	0	0	0	0	0	0	-159	**-159**	0	-159
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	**0**	-24	-24
Non-controlling interests arising in a business combination	0	0	0	0	0	0	0	-1	**-1**	-3	-4
Treasury shares											
Exercise of stock options	0	0	5	0	0	0	0	0	**5**	0	5
Acquisition of treasury shares	0	0	-100	0	0	0	0	0	**-100**	0	-100
Sale of treasury shares under a discounted share purchase plan	0	0	8	0	0	0	0	-1	**7**	0	7
Stock options											
Stock options granted and accepted	0	0	0	0	0	0	3	0	**3**	0	3
Deferred stock compensation	0	0	0	0	0	0	-3	0	**-3**	0	-3
Amortization deferred stock compensation	0	0	0	0	0	0	3	0	**3**	0	3
Exercise of stock options	0	0	0	0	0	0	-1	1	**0**	0	0
Total transactions with equity holders	**0**	**0**	**-86**	**0**	**0**	**0**	**2**	**-700**	**-784**	**-27**	**-811**
Balance at 31 December 2011	**1,000**	**0**	**-570**	**100**	**0**	**2**	**13**	**2,532**	**3,078**	**225**	**3,303**
Currency translation differences	*0*	*0*	*0*	*0*	*0*	*-1*	*0*	*0*	***-1***	*0*	*-1*
Equity changes not recognised in the income statement	0	0	0	0	0	-1	0	0	**-1**	0	-1
Net income	0	0	0	0	0	0	0	711	**711**	19	729
Total comprehensive income and expense	**0**	**0**	**0**	**0**	**0**	**-1**	**0**	**711**	**710**	**19**	**728**
Dividends to shareholders (relating to 2011)	0	0	0	0	0	0	0	-534	**-534**	0	-534
Interim dividends to shareholders (relating to 2012)	0	0	0	0	0	0	0	-258	**-258**	0	-258
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	**0**	-31	-31
Treasury shares											
Exercise of stock options	0	0	13	0	0	0	0	0	**13**	0	13
Sale of treasury shares under a discounted share purchase plan	0	0	6	0	0	0	0	-1	**4**	0	4
Stock options											
Stock options granted and accepted	0	0	0	0	0	0	1	0	**1**	0	1
Deferred stock compensation	0	0	0	0	0	0	-1	0	**-1**	0	-1
Amortization deferred stock compensation	0	0	0	0	0	0	2	0	**2**	0	2
Exercise of stock options	0	0	0	0	0	0	-1	1	**0**	0	0
Total transactions with equity holders	**0**	**0**	**19**	**0**	**0**	**0**	**1**	**-792**	**-772**	**-31**	**-804**
Balance at 31 December 2012	**1,000**	**0**	**-551**	**100**	**0**	**1**	**14**	**2,451**	**3,016**	**212**	**3,228**

Segment reporting

Segment revenue and results

	Year ended 31 December 2011						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Net revenue	2,262	2,333	252	7	1,506	0	6,361
Other operating income	20	7	2	14	1	0	45
Intersegment income	6	9	64	26	54	-159	0
TOTAL SEGMENT INCOME	**2,288**	**2,349**	**318**	**47**	**1,562**	**-159**	**6,406**
Costs of materials and services related to revenue	-624	-639	-36	-1	-1,338	121	-2,517
Personnel expenses and pensions	-340	-381	-199	-160	-37	0	-1,117
Other operating expenses	-299	-144	-175	-215	-65	38	-860
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,263**	**-1,164**	**-410**	**-375**	**-1,440**	**158**	**-4,494**
TOTAL SEGMENT RESULT (1)	**1,025**	**1,185**	**-92**	**-328**	**122**	**-1**	**1,912**
Non-recurring income	0	0	0	11	0	0	**11**
Non-recurring expenses	0	-18	0	-7	-1	0	**-26**
OPERATING INCOME / (LOSS) before depreciation & amortization	**1,025**	**1,167**	**-92**	**-324**	**121**	**-1**	**1,897**
Depreciation and amortization	-139	-17	-446	-74	-80	1	-756
OPERATING INCOME / (LOSS)	**887**	**1,150**	**-538**	**-398**	**41**	**0**	**1,141**
Net finance costs							-106
INCOME BEFORE TAXES							**1,035**
Tax expense							-262
NET INCOME							**773**
Non-controlling interests							17
Net income (Group share)							756

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

	Year ended 31 December 2012						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Net revenue	2,298	2,278	240	7	1,592	0	6,415
Other operating income	19	9	3	16	1	0	47
Intersegment income	5	8	62	11	51	-137	0
TOTAL SEGMENT INCOME	**2,321**	**2,294**	**304**	**34**	**1,645**	**-137**	**6,462**
Costs of materials and services related to revenue	-666	-619	-37	-2	-1,400	114	-2,611
Personnel expenses and pensions	-359	-407	-177	-156	-43	0	-1,141
Other operating expenses	-310	-160	-187	-218	-73	22	-925
TOTAL OPERATING EXPENSES before depreciation & amortization	**-1,335**	**-1,186**	**-401**	**-376**	**-1,516**	**136**	**-4,677**
TOTAL SEGMENT RESULT (1)	**986**	**1,108**	**-97**	**-341**	**129**	**-1**	**1,784**
Non-recurring expenses	0	0	0	-18	0	0	-18
OPERATING INCOME / (LOSS) before depreciation & amortization	**986**	**1,108**	**-97**	**-359**	**129**	**-1**	**1,766**
Depreciation and amortization	-139	-16	-440	-74	-80	1	-748
OPERATING INCOME / (LOSS)	**847**	**1,093**	**-537**	**-433**	**49**	**0**	**1,018**
Net finance costs							-111
INCOME BEFORE TAXES							**906**
Tax expense							-177
NET INCOME							**729**
Non-controlling interests							19
Net income (Group share)							711

(1) Operating income before depreciation and amortization and before non-recurring income and expenses

Other segment information

	Year ended 31 December 2011						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Capital expenditure	134	18	552	51	22	0	777

	Year ended 31 December 2012						
(EUR million)	**Consumer Business Unit**	**Enterprise Business Unit**	**Service Delivery Engine & Wholesale**	**Staff & Support**	**International Carrier Services**	**Inter-segment eliminations**	**Total**
Capital expenditure	164	15	514	40	20	0	753

Contingent liabilities

Compared to the Consolidated Financial Statements of the year 2011, no changes occurred during 2012 in the contingent liabilities except the Court of Appeal decision dated 6 March 2012 stating that the experts committed several errors and refrained systematically from replying appropriately to Belgacom's observations, thus affecting the rights of defence. The Court thus decided that the experts should be replaced. On 1 October 2012 the Court appointed two new experts who have to restart the expertise from the beginning. Both Mobistar and KPN Group Belgium continue to contest the replacement of the former court experts through actions with the 'Cour de cassation'. These former court experts also started a procedure ("tierce opposition") against the judgment of 6 March 2012 replacing them. On 31 December 2012, the newly appointed court experts informed the Court of Appeal and the Commercial Court of their decision that, for various reasons, they would not pursue their assignment.

Post balance sheet events

In the scope of the work space optimization, the management of Belgacom has started the negotiation with the representative unions to leave the Haasrode site. If approved, the employees and technical installations in Haasrode will be relocated to other buildings of the Brussels Capital Region by the end of 2014. This regrouping of activities and teams will allow them to collaborate in a new and more efficient way and supports the efforts towards convergence and the consolidation of the company culture.

Others

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

Definitions

Fixed Voice access channels: total Fixed Voice access channels containing PSTN, ISDN and IP lines. For EBU specifically, this also contains the number of Business Trunking lines.

Trunking lines: Business Trunking offers a solution for the integration of voice and data traffic on one single data network. At the same time, it allows communication with the traditional switched-voice network (PSTN/ISDN).

Broadband access channels: total Broadband access channels containing both ADSL and VDSL lines. For CBU specifically, this also contains the Belgian residential lines of Scarlet.

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

Broadband ARPU: total ADSL revenue, including activation fees, divided by the average number of ADSL lines for the period considered, divided by the number of months in that same period.

Belgacom TV ARPU: includes only customer-related revenue and takes into account promotional offers, divided by the number of households with Belgacom TV.

Mobile active customers: includes voice and data cards as well as Machine-to-Machine (EBU). Active customers are customers who have made or received at least one call, sent or received at least one SMS message or made at least one data connection in the last three months. Prepaid customers are fully segmented as CBU customers.

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

Mobile net ARPU: calculated on the basis of monthly averages for the period indicated.
Monthly net ARPU is equal to total mobile voice and mobile data revenues, divided by the average number of active mobile customers for that period, divided by the number of months of that same period. This also includes MVNO.

MoU (Minutes of Use): duration of all calls from or to Proximus (corrected for intra-network double count), per active voice customer, per month, also including free minutes included in mobile pricing plans and including MVNO.

OLO: Other Licensed Operator

SMS: number of SMS messages sent or received (corrected for intra-network double count), per active customer per month, also including free SMS included in mobile pricing plans and including MVNO.

UoU (Units of Use): voice minutes of use + SMS messages (where one SMS message equals one minute) per active customer per month.

Financial Calendar

17 April 2013	Annual General Shareholder Meeting
3 May 2013	Announcement of Q1 2013 results
26 July 2013	Announcement of Q2 2013 results
25 October 2013	Announcement of Q3 2013 results

For further information

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