



**Company:** Belgacom  
**Conference Title:** Q4 2014 Results  
**Presenter:** Nancy Goossens  
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**Operator:** Good afternoon ladies and gentlemen and welcome to today's Belgacom 2014 Q4 Results Conference Call. For your information this conference is being recorded. At this time I would like to turn the conference over to Nancy Goossens, Head of Investor Relations. Please go ahead.

**Nancy Goossens:** Thank you, good afternoon to you all and good morning to the people listening in from the United States. I trust you have all seen the report and the slides that we issued this morning, just note that these are also available on the website of the company. For the people that are new to this call note that we will not go through all these slides, so I hope you already have seen all the numbers in detail. We foresee about one hour for this call and we will dedicate as much possible of that time to your questions. I have here around me quite a few people of the Management Committee so first of all we have our CEO Dominique Leroy, we have Ray Stewart, our CFO, we have Phillip Vandervoort responsible for the Consumer Business Unit, we have Bart van den Meersche responsible for the Enterprise Business Unit, we also have Geert Standaert responsible for the Network and for the Wholesale department, Dirk Lybaert is here, he is the Chief Corporate Affairs and he will take any potential legal questions from you and we have also Daniel Kurgan, CEO of BICS. With this I'll pass on to Dominique for an opening statement.

**Dominique Leroy:** Good morning everyone and welcome to our Fourth Quarter Conference Call. I will not take too much time so we can go over to your questions as Nancy said, but just a few minutes to highlight the key elements of our Q4 results.

I believe we have closed the year 2014 on a strong note and I am proud to announce a set of results that puts the company well on track for the growth objective we set for 2016. I'm especially happy with the good commercial drivers of the last quarter. As part of our fit for



growth strategy we successfully launched our new Proximus brand end September. This was followed by an intensive end of year campaign. The success of this campaign but also the positive evolution of our brand image is what you see reflected in the reported customer numbers. Without going into too much detail, for me the main commercial realisations were the following. First, another good growth in mobile. On mobile we grew our customer base by no less than 96,000 post-paid cards while for pre-paid the loss continues to slow down. Also important is that we see an improving mix within our mobile customer base, more smartphone users, more 4G users and thanks to our tactical joint offers we are also enhancing the price tiering.

Secondly the fixed product did very well too in the last quarter. We had a good number of 35,000 TV set-up boxes and we grew our fixed internet customer base with 22,000 lines. Thanks to good commercial trends we have ended the year 2014 with slightly higher market shares in broadband, mobile and TV compared to the year before. These positive operational trends are also the basis for the sound underlying core revenue growth. For the fourth quarter the core revenue was up 3.5%. The consumer revenues from fixed internet and TV are increasing on the growing customer basis and on good upward trends while in the enterprise segment we saw exceptionally high ICT revenue. The strong revenue was also driven by the huge amount of mobile terminals sold in the fourth quarter as part of our year end promotions. Even though this is low margin revenue the benefit lies in the accelerated smartphone penetration that has now reached 50% of our customer base which is higher than the market average as well as the better priced tiering. The mobile service revenue trends continues to improve versus the mobile disruption of end 2012 and the fourth quarter shows a stable figure compared to the last quarter 2013. The positive revenue evolution led to a further improving core business growth margin, the lower underlying fourth quarter EBITDA of €380 million includes a provision for pylon taxes from the Walloon region which we provisioned for based on the fact that in the meantime the Walloon region took the execution legislation needed to alleviate the tax. This has in no way weakened our legal position and we continue to contest this tax. Included disposals and capital gains or net income has grown by 4% over 2014 and our free cash flow reached a healthy €711 million also boosted by a strong working capital management. To conclude on 2014 the business trends are very good. We are making good progress on our Fit for Growth strategy and are well on track to deliver our underlying revenue and EBITDA growth



objective of 2016. Taking into account current market conditions we believe 2015 will be the tipping point within our track to growth for our underlying core revenue and Group underlying EBITDA, we therefore expect to end the year 2015 stable to slightly positive versus the comparable base of 2014.

Now before going to your questions I want to give a quick comment on the news from the litigation started in 2003 related to the on-net tariff used by Proximus between 99 and 2004. BASE and later Mobistar claimed that the on-net tariff used by Proximus were too low and restricted competition, this for the year 99 until 2004. In the first judgement issued in 2007 the Brussels Commercial Court held that Proximus was dominant on the Belgian mobile phone market during the period and that there were indications of abuse. In the judgement of yesterday the Brussels Court of Appeal confirmed the dominant position of Proximus during those years and the indication of abuse. To confirm a possible abuse the Court of Appeal ordered expert proceedings and these to determine whether there were indeed factual grounds of abuse of a dominant position. This non-binding report is to be handed back to the court at the latest by end of March 2016 and at that time the various parties will be able to give their opinion on the expert reports and only afterwards, in case of abuse being confirmed, a discussion on damages can take place. So you see that this case has started many years ago and will probably also go on for some years.

I want with this to close my introduction and turn to the operators to open the line for Q&A, thank you.

Operator: Thank you. If you would like to ask a question at this time please press the \* or asterisk key followed by the digit 1 on your telephone. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. If you find that your question has already been answered you may remove yourself from the queue by pressing \*2. Again please press \*1 to ask a question. We will pause for just a moment to allow everyone to signal.

We will now take our first question from Vikram Karnany from UBS. Please go ahead your line is open.



Vikram Karnany: Yes, thanks I've a few questions. Firstly on mobile regarding the intensity that we have seen around promotions with the Proximus 3 branding in Q4, should we see that as more of a tactical push that you have made rather than assume that the next phase of competition is going to be around handset subsidies in the market as some of the competitors may have feared with regards to the push that you have made in Q4. The second one on pylon tax provision, it's a bit surprising that you have included that amount in underline EBITDA rather than treated it as an incidental, so can you clarify a bit, how should we think about provisions going to impact your financials as such in 2016 as well and what options you have ahead of the final report that will be submitted in 2016 and finally a quick clarification on the working capital as well in Q4, the positive impact of 100 million, what is driving that and should we think it should reverse in 2015? Thanks.

Dominique Leroy: I think the first question we will hand over to Phillip but I will probably start with the two following ones. So concerning the tax on pylon from the Walloon region we put it in underlying because this tax is not only for the year 2014 but it's a tax that will be a reoccurring tax and where currently the legislation is for 2014 and is also foreseen for 2015, so in that sense that's the reason why we didn't exclude it from underlying because it's something that will also happen next year, for the year after it's still dependent on what the Walloon region will decide but we assumed in our understanding that probably it will continue, so that's the reason why it's in underlying. On the working capital if you want more detail, I'll hand over to our CFO but I think the big element is that the working capital improves on the three elements of the working capital with the stronger ones being the inventory, we had indeed as you said a strong end of year period with a lot of sell out of our devices whereby our stock level was very low at the end of 2014 but we also did quite good management on account receivables and account payables that we intend to continue to do over the coming years, so certainly a big part of the improvement should be structural on accounts receivable and accounts payable but I hand it over now to Phillip for the questions on the mobile promotional activities.

Phillip Vandervoort: Yes, your question whether we saw the promotions at the end of the year as a promotional activity. The answer is no. Basically what happened was in Q3 we were quite quiet on the market prior to rebranding, we did not want to push the Belgacom brand too much in the



market, so we were quiet, then in the September time frame we rebranded and then we assumed normal rhythm of joint offers and communication and promotion. Joint offers at the end of the day are still a relatively small part of the handsets that we sell, we definitely want to avoid a fully subsidised market and we will be paying the utmost attention to avoid that. Our subsidised model remains very tactical for tactical drive of smartphone penetration where 70% of the handsets that we put in the market are smartphones and as you know 4G enabled smartphones and as you know the smartphone penetration in Belgium is still quite low, so we use our joint offers to really drive smartphone penetration 4G data consumption, so there's no plan to drive that market towards the subsidised model, quite the opposite.

Vikram Karnany: Okay, that's clear, thank you.

Operator: Thank you. We will now take our next question from Emmanuel Carlier from ING Bank, please go ahead, your line is open.

Emmanuel Carlier: Yes, hi, good afternoon. Two questions from my side. One on the capex and one on mobile. On capex if I remember well you guided for 900 million in capex also for the next couple of years, the question is do you believe this will be enough given that Telenet continues to invest in its network and given the fact that the fiber roll out is lagging compared to some other European countries? Secondly on mobile could you maybe give some details on how many percent of your customers are close to their data allowance and how many of them that are taking or willing to take a bigger bundle? Thank you.

Dominique Leroy: The first one on Capex I'll hand it over to Geert but I'll give a small intro. So our guidance indeed for next year is 900 million but it's a guidance excluding Spectrum, so you need to know that we will have a renewal of Spectrum in 2015 for the 2G Spectrum which will amount to 75 million so that needs to be added which means that for next year we will have a 900 million underlying capex plus 75 million for Spectrum and we indeed think that these amounts from 900 million is an amount that we should keep for the coming years but I'll hand over to Geert our CTO who can explain to you what we are doing to enhance the capacity and the quality of our network versus competition.



Geert Standaert: With respect to fixed networks, in fact we base our strategy on two pillars. That is first get the maximum capabilities out of our copper plant and there we are making good progress, so we're rolling out vectoring technology on our copper plant. We have a 90% coverage fiber to the curb. To give you an idea on our copper plant we have now copper lines, we have an average speed experience of 40 megabits but with vectoring we are pushing this now to 70 megabits dedicated. We have more than 360,000 lines already in our install base on 70 megabits running and we believe that there is still potential. We recently indicated that we could do a combination of this vectoring and dynamic line management and that we keep further pushing the speeds up to 100 megabits and that is 100 megabits dedicated per household.

With respect to our fiber plans there are in fact three messages. One is that we have done a lot to cover the enterprise business market, so what we did with respect to fiber was a fiber roll out in industrial zonings which we cover now for 80% and there we will continue to invest. Second thing we do on fiber is that now for all new residential zonings, they are being designed and deployed in fiber and as we speak we have now more than 100 zonings where we do this design and with respect to fiber in Brownfield this will be done as renewal of the copper network will take place. We believe that all these activities will allow us to bring higher speed experience towards our customers even more than you can each experience for the coming years and we can do this within the capex guidance that is given.

Phillip Vandervoort: So as I said before we drive the joint offers, we use the joint offers to drive data consumption and as I said before, also 71% of our sales devices and 100% of the smartphones are 4G enabled devices. You have to recognise that in Belgium the smartphone market is still relatively low compared to other countries. If you look at the 4G devices and the penetration and the evolution of the penetration 4G devices, on our Proximus network that evolved from 11% to 16% from Q3 to Q4 and that's driven by those joint offers. Now if you look at data consumption to come specifically to your question, today what we are seeing is approximately 8% out of bundle which is approximately 2€ and that is data driven. When you look at the data consumption to come to your question how much are we still off the limits of the packs, the average data consumption on the consumer side is 431 megabytes but that's the average, if you see a person switching from a 3G device to a 4G device you see the consumption triple, but that



triple is even on a 4G device, there the average consumption is around 750 megabytes and our lowest packs start at 1 Gigabyte Smart 15. So there's still some headroom before we reach that but already today we see 8% out of bundle and we expect that of course with the consumption that we drive to increase.

Emmanuel Carlier: Okay, that's very helpful, thank you.

Operator: Thank you. We will now take our next question from Paul Sidney from Credit Suisse, please go ahead your line is open.

Paul Sidney: Thank you very much, I just have two questions please. Just really following on from the first question we had on your campaigns and the rebranding in Q4, clearly you had a lot of success in Q4 with those campaigns and I was just wondering whether you thought it would actually make sense to maybe go more for growth given that success and actually do more of these promotions almost more sustained promotions to drive that top line and maybe even at the short term expense of EBITDA and just secondly Belgacom seems to be doing much better than its peers, its European peers in the enterprise segment in terms of growth. I was just wondering if you thought Belgacom was doing anything better than its peers in the enterprise segment or whether there was anything particularly different about the Belgian market. Thank you.

Dominique Leroy: I think some extra element on what Phillip has been saying on the Q4 success but I think indeed we had a very strong Q4 driven by promotion but to a certain extent I think the promotions we had in Q4 were not that more aggressive than the one we had in Q4 of 2013 but I think the success of these promotions can mainly probably because we did some rebranding but we also did probably some more communication, more advertising and in advertising that was probably more relevant, more accurate for the customer, so in that sense we didn't increase much our promotional aggressiveness, I think we increased our promotional effectiveness and that's certainly something we want to do further in 2015 and that's one of the elements where the rebranding has helped us but we will certainly continue to manage both the acquisitions and the bottom line as well because as you know it's also important to get new customers but it's also important to get new profitable customers.



Phillip Vandervoort: Maybe to add one thing to that it is important to know that Belgium is a relatively saturated market and whatever investment that we make to drive we basically will drive the gross gains but it will also trigger reactions from the competition, hence churn so a net acquisition is more expensive and we are really doing value based management and being very careful that we go for profitable growth and stickiness.

Bart Van Den Meersche: And then for the enterprise question I thank you for the questions, stating that we are doing much better than our peers in other countries in front of my boss, but all jokes apart, I think if you look into our results what we are doing very well especially in mobile. So actually in the second half of last year we have been able to turn back to growth and that thanks to a number of elements, one is gaining market share. So in total we have gained more than 183,000 cards of which more than 100,000 are voice and data cards. So by doing quite a lot in the market share and always based on quality. Quality of service but also added value services like mobile device management, mobile managed services we are very much focusing on those added value services in order to definitely differentiate ourselves in the market. Next to that, so next to gaining market share we are focusing on the better tier pricing, so as well as in retention as in acquisition we focus on the high tier acquisitions and we see this in our results that lower tier percentage is percentage wise going down and higher tier percentage wise going up and then of course we see the growth in mobile data driven by the, as Phillip already mentioned the penetration of smartphones and penetration of 4G. All those elements together mean that we are doing pretty well on mobile and I think that's a difference here against the other countries if you see how we are doing there. Next to that is we are doing pretty well as Dominique said in her introduction on ICT. Now you know ICT is a business where sometimes you have a large contract that is having an impact so we have a growth of 5.6% year over year, we're outgrowing the market. I have to say that one of the elements that fuelled this growth is a large outsourcing contract that has been signed end of 2013 and has had now of course a full year over year effect of twelve months and that's the outsourcing contract that we signed with Belfius. Next to that we have anyhow also in our other areas important growth. We have in Netherlands a very good result and also in our growth areas like security and cloud we have pretty good growth figures. So that's a little bit together the elements for enterprise.





Paul Sidney: That's great, thank you very much.

Operator: Thank you, we will now take our next question from Joshua Mills from Goldman Sachs, please go ahead your line is open.

Joshua Mills: Hi there, Joshua Mills here from Goldmans. Just two quick questions from me. First just related perhaps to the last question, given that Telenet has pushed through 4-5% price increases across their fixed base at the beginning of February, how do you think about inflationary pricing going forward for your own customers and the second point, more operational elements, you've laid out some statistics here on Slide 24 about your EAP technology, given that you're one of the first companies to be deploying this on a wide scale basis, I would be interested to hear how this is working in practice and also whether there's any discernible patterns in terms of usage in and out of the home and between your consumer and enterprise customers, if you could discuss. Thank you.

Dominique Leroy: For your first question on the pricing I think so far we have not announced any price increase, I think we are looking at what happens in the markets and depending on the market evolutions we will decide to do it or not but very often when we do price increase we also include some new features, new product in there so it will always be linked to innovation and product but I think it's too early today to give any indication on what we will do on that element.

Geert Standaert: On the EAP question, maybe give some more insights on, first maybe how it works. In fact what we have implemented is EAP SIM technology. It means that we use the authentication that is done towards our hotspots is going automatically because the authentication is SIM card based. It's an acquisition we did in end of November of last year so it's a bit early days to give there already some more educated figures but I can tell you overall year over year is that we have now more than one million Wi-Fi hotspots. We saw an increase year over year increase of the total data volume overall hotspots of about 50%, so we see growth on our hotspots. On our mobile data we saw a growth of 150% so there we were at times 2½. Another thing that you have with EAP is so you have EAP on SIM based devices but we also activated EAP on non-SIM based devices like tablets, if you look at the tablet



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penetration we're having a big part of the tablets is non-SIM based so there you have also EAP technology but it's one time set up that you have to do with a kind of certificate but then afterwards the authentication happens as well automatically, so also for our Wi-Fi hotspots we see that a lot of that traffic is also coming from tablets. As I said for EAP SIM and potential off load of that it's too early days as we only launched it end of November and I would like to watch more of it in the trends in the coming months.

Joshua Mills: Very clear, thank you.

Operator: Thank you we will now take our next question from Bart Jooris from Bank Degroof, please go ahead your line is open.

Bart Jooris: Yes, good afternoon, thank you for taking my questions. First question is on the evolution of mobile ARPU in EBU, you mentioned in the slide show that there is still an effect from mobile customer re-pricing. Could you give some more colour on that? How long do you still need that re-pricing, think that re-pricing will go on or is that a continuous competitive effect that is still playing there and is the same trend we see in data uptake in consumer also present in enterprise where we could see customer's going over to higher allowances of data and then a small question on the 900-1,800 MHz license, is there still a possibility that it's not tacitly extended that the government would decide to charge a higher price anyway and then final question. Could you give us already an idea of the success you're getting from what's called the Group purchase by some disgruntled Telenet customers with increase of their prices?

Bart Van Den Meersche: So maybe for your first question in terms of the evolution of mobile ARPU and the effect or re-pricing, I can say that for small and medium enterprise business we are now at 81% of re-pricing, so that's where we are. Corporate market is a bit different because they are normally those are negotiated contracts by customers so that's anyway a re-negotiation each time the contract is renewed. So then the data update, what was your question exactly on the



Bart Jooris: A little bit the same as we can see in the CBU of customers running into their data allowances and then go for let's say more expensive contracts with a higher allowance or is that also only in the SME markets?

Bart Van Den Meersche: Well, what I told you is that in terms of the tier pricing we see clearly an increase over higher tiers, so that's where we are focusing on as I mentioned as well in terms of retention as in terms of acquisition, so there we see an uptake in the higher tiers, in corporate again it's indeed more case by case and customer based negotiations. But we see of course the same growth in mobile data. You see the growth in mobile data enterprise happens the same way as it does in the consumer. You saw that, you might have seen that we had a growth of about 50% in Q3 and 20% in Q4.

Geert Standaert: On your question on the tacit extension of the 2G license. So that is done so we have a second tacit extension from 2015 until 2021 and so we have that unique fee of €75 million in 2015 for that. The discussion was about whether we had to pay for the tacit extension or not and that has been decided by the Constitutional Court which has rejected our arguments so indeed we have to pay for that.

Phillip Vandervoort: And on the Group purchases we do not disclose the numbers.

Bart Jooris: Okay, thank you very much.

Operator: Thank you, we will now take our next question from Matthijs Van Leijenhorst from Kepler Cheuvreux, please go ahead your line is open.

Matthijs Van Leijenhorst: Yes, good afternoon, first question is on the litigation issue, you seem quite relaxed about it but if I look at the press releases also from BASE and Mobistar they seem pretty confident that the outcome eventually will be positive and I was wondering from an accounting perspective how do you treat this potential issue? That's the first question. On top of that if I look at the newspaper, people are already saying that they are talking about 2 billion damages, so I was just wondering do you take any provision for that or have you already done that, how do you treat this issue?

Dirk Lybaert: To say that we are confident is a bit exaggerated so we are following this with full attention. What you need to understand is that the legal ground of this case is based on an article that requires three elements, it requires a fault on behalf of Proximus, it requires damages and it requires a causal link between the fault and the damages. The first court in 2007 had asked the expert to pronounce on fault and damages. What is new and what the Court of Brussels has done yesterday is to make a clear distinction between those three elements and so the procedure we have today and the decision we have yesterday only relates to the element of fault and there the question is whether yes or no, we have an abuse by Proximus between the years 99 and 2004. The court doesn't express itself on that element, only says that there are indications for such abuse and refers the case to the experts and the experts have to come out with a report only on that element by March 2016. It is only afterwards that if a fault would be established that a discussion on damages can start and the issue on the provision is that there are several calculation methods for such damages which go from zero to a few hundred millions and it's just not possible for us to have a clear assessment and because a clear assessment is not possible we do not have a provision at this time.

Matthijs Van Leijenhorst: Okay, second question is on the B to B market. If you look at ICT, that did fairly well in Q4 is this the same line to go forward, so is Q4 we'll see the same numbers approximately in 2015 or is this a one off?

Bart Van Den Meersche: Q4 is clearly a one off because it is linked to, in this case it's being linked to the Netherlands where they have done a lot of backlog cleaning I would say that creates this one off, so it's not that you will see this figure the same in the further quarters. We continue to go for growth of course.

Matthijs Van Leijenhorst: Okay, third question is does Q4 include some numbers, some fixed clients from KPN who stopped the fixed activities?

Dominique Leroy: No there is no number in Q4 from the transfer of the SNOW activity to the SCARLET activity. The first time you will see some of those numbers will be in the Q1 2015.



Matthijs Van Leijenhorst: And the final question is, if I look at quadruple play you see churn gradually coming up, what's the idea behind that, what's the reason for that?

Phillip Vandervoort: Quadruple play churn is and remains very, very low. What you also see is you see an increase of RGUs the revenue generating units, you see an increase of penetration of double digit growth again in the quarter, so I think with a further installed base you're likely to see a small increase of churn but I mean this is definitely not something that is worrying as we are still seeing it is a very low, 2.9%.

Matthijs Van Leijenhorst: I agree, it's not worrying. Okay, thanks.

Phillip Vandervoort: I would prefer to have everything at that rate.

Matthijs Van Leijenhorst: I can imagine. Thanks.

Operator: Thank you. We will not take our next question from Marc Hesselink from ABN, please go ahead your line is open.

Marc Hesselink: Thanks, also on the court case. If I am correct there is also like a mid-intermediate stage at six months, where there will be a first indication from the expert panel, can you imagine when they come out with some news that that will be a trigger for you to either look at provisions or have a different view of what can be the impact or potentially can also do the provisions in March 2016 despite the fact that we will have other court cases after that. Is that something that you are looking at? Then second, looking at the business cost savings potential with low inflation numbers what will be your impact on HR costs for this year and going forward and also probably for the non-major HR costs? Those are my questions.

Dirk Lybaert: So for the first question I've explained before the phase we are now in is just talking about potential fault and so the provision at the moment, we take a provision or not will be the moment where we have a reliable estimate on potential damages and so that will not be in the first phase so we don't expect to take a provision before that date but I confer to Ray.



Ray Stewart: Yes provision as Dirk mentioned earlier, there's two key pieces to it, first you have to be convinced or have a high probability that you're going to lose, number one, we're not there yet and then number two as Dirk says then you've got to have some method or some base for a calculation and I don't know about the six months, I thought it was a year from now before we get anything?

Marc Hesselink: Yes but the decision of the Court mentioned that there will be an intermediate report after six months and a full report on March 31 next year.

Dominique Leroy: So on cost savings I think you can see in the figures that we have done quite some progress on cost savings in HR cost even though there are some once off in there but even excluding those once off you have a good cost saving. You also have around 300 FTE that were natural attrition and not being replaced. If you look at the bare number it is much higher but of the 1500 people lower where we ended 2014 versus end 2013, 1200 are linked to disposals of business and 300 are really linked to natural attrition. Our objective remains the same is to go down by 100 million in the region of 2018 being a mixture of HR and non-HR cost. It is true that this year in 2014 we have been helped by the fact that there was no index. The same will be true in 2015 so in that sense we expect also in 2015 to have good cost savings both because our wage increases will be close to zero but also because of all of simplification initiatives that we have started now one and a half years ago and that really starts to kick in and whereby we reduce the workload and in that sense we can afford not to replace people leaving the company but we can also try and have the discussion we currently have with our unions is to see how we can increase flexibility and mobility of the people internally, where we can for instance re-insource some of the costs that are currently done by either outside parties or consultants and where we give these jobs to our own people so that we can globally decrease the workforce costs, so definitely we are on track for the 100 million and 2015 should also be a year where we should see further cost reduction helped by no index on the HR side.

Marc Hesselink: Okay, that's clear can I have one follow up on the first part? Just conceptually if you would have a large damage payment obviously you have a very strong balance sheet but how would you treat regarding your dividend, as I mean it's more or less a one off, your current



business is running low, would you pay that out of the balance sheet or would it impact on the dividend?

Dominique Leroy: I think on the dividend we have given a guidance last year for three years. It has been re-confirmed this year where we have the intention to give a dividend of €1.5 for 2014, 15 and 16 and I think today there is nothing that would give any indication today that we should deviate from that and I think if something happens on the case to be honest, the amounts that have been put forward are completely outrageous and if you look at cases in other countries which are around the same elements they are really much smaller amounts and I don't think that that would impact so much of financials that we would need to change our dividend policy. So the dividend policy is re-confirmed for the coming years and we stick to that.

Marc Hesselink: Very clear, thanks.

Operator: As a reminder to ask a question please press \*1. We will take our next question from Hassan Al-Wakeel from Deutsche Bank. Please go ahead, your line is open.

Hassan Al-Wakeel: Thank you very much. Two questions please. Just another one on the competitive environment, are you seeing a continuation of the higher intensity in Q4 over the last two months of 2015 and also I wonder if you could provide a divisional split of the positive pension impacting Q4 EBITDA across divisions please, thank you.

Phillip Vandervoort: So on the first one definitely the competition in Q4 anticipated our re-branding and they were expecting us to be quite vocal in the market as we did, but as myself and Dominique said earlier we did not do any more aggressive offers but I think we executed sharper and of course supported by the brand, but yes, there was very strong activity from the competition with competing joint offers and competing promotions in Q4. We did see in January some continuation of that, typically you see joint offers in the months of January/February, typically those are quieter periods but our competition was still there with joint offerings, we were not but we see it stabilising pretty much to business as usual. That being said of course we are always competing for more or less the same customers, Belgium is



not particularly growing so when we bring joint offers in the market, when we bring other promotions in the market there is increased competition and the other way around.

Ray Stewart: I think I understood the second part of your question, I mean, whether you're looking at our enterprise business unit or the consumer business unit they both had positive trends in the fourth quarter, so I don't quite, unless you had a different meaning of your question?

Hassan Al-Wakeel: Sure, I was just wondering if it was disproportionately in one division or another.

Ray Stewart: No, no.

Hassan Al-Wakeel: So is it more split within EBU and CBU?

Ray Stewart: Yes, because those are our two big sales units, yes, between CBU and EBU.

Hassan Al-Wakeel: Excellent, great, thank you.

Operator: Thank you, we will now take our next question from Usman Ghazi from Berenberg, please go ahead your line is open.

Usman Ghazi: Good afternoon gentlemen and ladies it's Usman from Berenberg. I just wanted to ask three or four questions please. The first one is just on bill ARPU, so the actual bill ARPU excluding SMS interconnection etcetera where is the level now, if you could just remind us versus what kind of targets are being targeted with these joint subsidy offers, that was the first question. The second question was just some clarification on this up front Spectrum fee of 75 million, I just wanted to make sure I understand so in the past you were paying around 50 million in kind of 2G license fee cost, is it that the 75 million that you are paying that you are going to pay now will allow you not to pay the 15 million per annum going forward. Then just on the guidance I wanted to understand does your guidance include any provision for price increases this year? Thanks.





Phillip Vandervoort: So on your first question around our mobile ARPU our blended ARPU went up in this quarter as you can see in the documents, whilst at the same time we continued improving our prepaid mix and that is I think a very positive evolution to offer blended ARPU increase. Now why is that, because we see a saving impact of that mobile re-pricing, we don't see as we discussed earlier, we do see out of bundle and that is nice and we are monitoring it but there's still some headroom before we really start reaching the end of our packs, which obviously we're definitely using them to gear up and that will drive into ARPU, so I hope that answers your question there.

Usman Ghazi: Sorry, just on that, sorry if I was unclear, I guess what I was asking for is what is the ARPU in the consumer segment if you exclude SMS interconnection, voice interconnection and roaming just to get an idea of what is the real monthly bill that customers are actually paying you today?

Phillip Vandervoort: Well that we don't disclose.

Usman Ghazi: Right, okay, okay.

Dominique Leroy: I think the ARPU you have is the ARPU we have always given. I mean we don't detail the composition of the ARPU. Coming back on your second question Spectrum fee, so the 75 million is the acquisition fee for using the 2G for the coming 7 years from 2015 to 2021. Of course if you pay, either you can pay it at once or you spread it over the year but it's one or the other, so that's something we will decide in the course of the year, depending on the price and the cash so you have always in Belgium the two possibilities you either pay it at once or you pay it across the year but we always account for it in capex the year that we accept or that we take the liabilities. Guidance, I would say the guidance is the guidance and you have a lot of element in the guidance, you have some elements which are promotional activities, pricing, value based management so on the price increase I cannot say more than what I said in the beginning so we will make sure that we hit the guidance, that is certainly our objective and we will need to manage our business according to what happens in the market accordingly.

Usman Ghazi: Okay, thank you.



Operator: We will now take our final question from Allan Nichols from Morningstar, please go ahead.

Allan Nichols: Hi thanks for taking my questions. First just wondering why you include real estate and other sales in revenues and what are your expectations for that for 2015 for those kinds of sales and also if the Brussels Court of Appeals confirming that Telenet needs to resell capacity, how do you decide whether you want to resell capacity from them versus building additional fiber yourself? Thank you.

Ray Stewart: On the real estate sells we've consistently shown they are just whatever the capital gain is and we always break it out and this year the guidance that we've given is the underlying excluding any capital gains on building so we're not providing because we don't know right now, how many buildings we might end up selling and what the price might actually be.

Geert Standaert: On the question of courts, well as I've said we have a coverage of about 90% of fiber to the curb. The remaining 10% we've having is various rural areas where we are evaluating all the options and one of the options is certainly to use the coax infrastructure and build our services diagnostically over different technologies whether they are copper fiber or coax for these type of regions.

Allan Nichols: Thank you.

Operator: As there are no further questions in the queue that will conclude today's question and answer session. I will now like to turn the call back over to the speaker for any additional or closing remarks.

Nancy Goossens: Okay, thank you all for your questions. If you would have any follow up questions you can obviously contact the Investor Relations team, so thank you again and have a good weekend. Bye bye.



Operator: Thank you that will conclude today's conference call. Thank you for your participation ladies and gentlemen you may now disconnect.