

2016 Q1

Quarterly Report

The Proximus Executive Committee declares that to the best of its knowledge, the interim 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 Proximus and of the entities included in the consolidation. The financial report gives an accurate overview of the information that needs to be disclosed. The Executive Committee is represented by Dominique Leroy, Chief Executive Officer, Sandrine Dufour, Chief Financial Officer, Phillip Vandervoort, Chief Consumer Market Officer, Bart Van Den Meersche, Chief Enterprise Market Officer, Geert Standaert, Chief Technology Officer, Renaud Tilmans, Chief Customer Operations Officer, Michel Georgis, Chief Human Resources Officer and Dirk Lybaert, Chief Corporate Affairs Officer.

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1. Highlights Q1 2016

Brussels, 04 May 2016
7.00 (CET)
Regulated Information

- Good customer acquisition in a more competitive market
- Solid revenue growth in Fixed and Mobile services. BICS revenue and device sales lower
- EBITDA growth sustained in Q1 2016, supported by direct margin and cost efficiencies
- Good Underlying Group EBITDA +2.5% YoY driven by a 3.8% growth in Domestic¹ EBITDA
- Strong first quarter free cash flow of EUR 133 million
- 2016 full-year guidance reiterated

In the **first quarter of 2016**, the Proximus Group generated underlying revenue of EUR 1,433 million, **-3.1%** compared to the same period of 2015, mainly driven by **lower revenue from BICS (-10.9%)**. The underlying **Domestic revenue of EUR 1,077 million remained nearly stable in relation to the prior year (-0.3%)**, with continued higher revenue from Fixed (+2.2%) and Mobile Services (+1.7%) nearly offsetting decreasing low-margin sales of mobile devices.

Proximus' value-based approach resulted in a continued growth in underlying **Group direct margin, increasing by 1.4% to a total of EUR 902 million** for the first quarter 2016. The Domestic direct margin was up by 1.2%, and BICS posted a 3.5% increase from the prior year.

In line with Proximus' ambition to lower its cost base, the **Domestic operating expenses for the first quarter 2016 were reduced by 0.9%**, benefitting from efficiency gains. This was offset by an increase in expenses for BICS which invested in new geographies and growth initiatives. This led to a **0.4% increase in operating expenses for the Proximus Group**.

Proximus' first-quarter 2016 underlying **Group EBITDA totaled EUR 418 million**, a 2.5% improvement compared to the same period of 2015. Domestic posted a **3.8% EBITDA improvement** on a higher Domestic direct margin, and on lower expenses. Proximus improved its Domestic EBITDA margin to 35.5%, +1.4pp from the prior year.

In line with the Fit for Growth strategy, Proximus continued to invest in improving its customer experience. For the **first quarter 2016, the capex totaled EUR 237 million**, EUR 10 million above that of the comparable period in 2015. Investments led to increasing Fixed and Mobile speeds and improved coverages: Vectoring at 49%, 4G outdoor coverage of 99.6%, indoor coverage of 96.9%. Proximus also continued to roll-out 4G+, with population coverage increasing to 33%.

In the first quarter 2016, Proximus posted a **strong free cash flow of EUR 133 million**. The improvement versus EUR 8 million the year before was largely due to structural actions to lower cash needs for working capital, higher underlying EBITDA and lower cash paid for capex.

¹ Domestic is defined as Proximus Group excluding BICS

Proximus continued to grow its customer base in the first quarter 2016 for Fixed Internet, TV and Mobile Postpaid, for both the Proximus and Scarlet brand. As a result, Proximus' market shares further improved to 46.2% for Fixed Internet, 35.4% for TV and 47.2% for Mobile Postpaid.

Consumer strengthened its portfolio further, shifting towards high value and low-churn triple and quad-play households/small offices.

Enterprise added new large contracts, supporting the revenue growth in Data connectivity and ICT.

With about 1 million SIM cards provisioned on our machine-to-machine platform, Proximus is now the leading M2M provider in Belgium.

+35,000² TV subscriptions, total of 1,795,000
+23,000 Fixed Internet lines, total of 1,879,000
-30,000 Fixed Voice Lines, total of 2,751,000 lines
+388,000 Mobile cards, total base at 6,397,000³
 +17,000 Mobile Postpaid Voice cards
 -45,000 Mobile Prepaid cards
 +416,000 M2M & Internet Everywhere
+21,000 3 & 4-Play HH/SO⁴, total of 1,323,000, i.e. 45% of total base
53.2% Convergent HH/SO, +1.5 p.p. year-on-year

Dominique Leroy, CEO of Proximus Group

BB *We continued to deliver strong customer acquisition results while enhancing profitability.*

For the first quarter 2016, we managed to sustain solid EBITDA growth, up by 3.8% for Domestic, and growing by 2.5% for the Group. This was driven by a continued growth in Fixed and Mobile Services, delivering a stronger direct margin. The sustained progress in our EBITDA comes from consistently executing on our Fit for Growth strategy, enhancing our customer experience and focusing on value-accretive customer growth.

Operating in a changing competitive market, we continued to grow our customer base as customers remain attracted by our differentiating mobile network quality, converged offers, high-quality content and innovative end-to-end solutions for our business customers.

We reconfirm our full-year guidance, with 2016 underlying Domestic revenue and Group EBITDA expected to grow slightly. Our EBITDA objective will be supported by the progress on our efforts to reduce cost. In this context, I am pleased to inform you that the social partners approved our proposal for a voluntary early leave plan prior to retirement, which comes into force on 1 July 2016.



Analyst conference call details

Proximus will host a conference call for investors and analysts on Wednesday 4th May 2016.

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

Dial-in UK	+44 20 3427 1909
Dial-in USA	+1 646 254 3361
Dial-in Europe	+32 2 404 0660
Code	9694017

² Total number of settop boxes.

³ Including Voice and Data Mobile cards sold through Consumer, and M2M cards in Enterprise. Mobile cards from the Tango, MVNO and Wholesale segment are included as well. Mobile base end 2015 adjusted for cleaning of inactive cards. 17,000 Internet Everywhere cards have been removed from the base for Consumer.

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

Reporting changes: The 2015 underlying EBITDA has been restated to allow for a like-for-like comparison with 2016. Furthermore, Proximus has applied some changes to its reporting structure, with restatements for 2014 and 2015. See page 32 of this release for more information.

2. Financial review Proximus Group

- Revenue growth from Fixed (+ 2.2%) and Mobile Services (+1.7%) offsetting lower revenue from Mobile devices and BICS
- Direct margin growth trend continued for Domestic and BICS
- Underlying group EBITDA +2.5% YoY driven by a 3.8% growth in Domestic EBITDA
- Strong free cash flow of EUR 133 million for the first quarter 2016

2.1. Group financials

Table 1: Group P&L

(EUR million)	1st Quarter		
	2015	2016	% Change
TOTAL REVENUES	1,479	1,433	-3.1%
Costs of materials and charges to revenues (*)	-590	-531	-10.0%
TOTAL DIRECT MARGIN	890	902	1.4%
Direct margin %	60.1%	63.0%	2.8 p.p.
TOTAL EXPENSES	-482	-484	0.4%
TOTAL EBITDA	408	418	2.5%
Segment EBITDA margin %	27.6%	29.2%	1.6 p.p.

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

From
underlying
Group
revenue to
EBITDA

2.1.1. Group revenue

In the first quarter of 2016, the **Proximus Group** generated **underlying revenue of EUR 1,433 million**. This is a 3.1% or EUR 47 million decline compared to the same period of 2015, mainly resulting from lower revenue from BICS (-10.9% or EUR -44 million). Underlying **Domestic revenue of EUR 1,077 million was fairly stable to the prior year (-0.3%)**, with higher revenue from Fixed Data (+6.5%), TV (+10.5%) and Mobile Services (+1.7%), almost fully offsetting lower mobile device sales (at low margin) and the Fixed Voice revenue erosion, illustrated in table 3.

Table 2: Group revenue by segment

(EUR million)	1st Quarter		
	2015	2016	% Change
Group Reported	1,482	1,433	-3.3%
Incidentals	-3	0	
Group underlying by Segment	1,479	1,433	-3.1%
Domestic	1,080	1,077	-0.3%
Consumer	712	710	-0.3%
Enterprise	328	329	0.1%
Wholesale	51	48	-4.9%
Other (incl. eliminations)	-11	-10	9.7%
International Carrier Services (BICS)	399	356	-10.9%

More precisely, the first-quarter 2016 Group revenue variance was the result of the following segment changes:

- **A fairly stable Consumer revenue (-0.3%) versus the previous year.** Revenue from Fixed (+3.9%) continued to grow and also the Mobile services revenue was up by +0.7%, with Postpaid mobile service revenue showing a solid 4.9% increase. Revenue from (low margin) mobile devices however declined from the prior year.
- **Stable underlying Enterprise revenue (+0.1%),** resulting from continued growth in Mobile Services (+5%) on the back of a larger Mobile customer base and ARPU, higher revenue from ICT (+1.1%) and Fixed Data (+1.1%), offset by the continued erosion of Fixed Voice revenue and lower sales of Mobile devices.
- **A 4.9% decline in Wholesale revenue,** impacted by a decline in traditional wholesale volumes, in part compensated for by higher roaming revenue.
- **A 10.9% decrease in BICS' first-quarter 2016 revenue, driven by the volatility of the voice business,** partly compensated for by non-Voice revenue which continued to show growth, up by 8.1% year-on-year, strengthened by the increase in Mobile data.

Table 3: Group revenue by product group

(EUR million)	1st Quarter		
	2015	2016	% Change
Revenues	1,479	1,433	-3.1%
Domestic	1,080	1,077	-0.3%
Fixed	602	616	2.2%
Voice	203	195	-3.8%
Data (Internet & Data Connectivity)	197	209	6.5%
TV	78	87	10.5%
Terminals (excl. TV)	10	9	-11.0%
ICT	115	116	1.1%
Mobile Services	325	331	1.7%
Postpaid	279	293	4.9%
Prepaid	46	38	-17.8%
Mobile Terminals	46	29	-37.4%
Subsidiaries (Tango)	31	31	0.1%
Other Products	36	33	-9.5%
Wholesale	51	48	-4.9%
Other segment (incl. eliminations)	-11	-10	9.7%
International Carrier Services (BICS)	399	356	-10.9%

2.1.2. Group direct margin

Table 4: Group direct margin by segment

(EUR million)	1st Quarter		
	2015	2016	% Change
Group Reported	893	902	1.0%
<i>Incidentals</i>	-3	0	
Group underlying by Segment	890	902	1.4%
Domestic	825	835	1.2%
Consumer	542	551	1.7%
Enterprise	235	237	0.9%
Wholesale	43	43	-1.7%
Other (incl. eliminations)	5	5	-8.3%
International Carrier Services (BICS)	65	67	3.5%

The underlying Group direct margin increased by 1.4% to a total of EUR 902 million for the first quarter 2016. This increase resulted mainly from an ongoing favorable evolution for the Domestic direct margin, up year-on-year by 1.2%. This was driven by the increase for Consumer, up by 1.7%, and a 0.9% increase in Enterprise direct margin.

The Domestic direct margin as percent of revenue was 77.5%, i.e. up by 1.1 p.p. from the prior year.

In spite of the lower recorded revenue, BICS posted a 3.5% increase in direct margin for the first quarter 2016. This is in line with BICS' value approach, with its main focus on direct margin rather than revenue.

For the first quarter 2016, BICS' direct margin as percent of revenue increased by 2.6 p.p. to 18.8%, subsequent to the growth in higher-margin non-voice revenue.

2.1.3. Group expenses⁵

Proximus has a strong focus on decreasing its Domestic cost structure. In this view, the first quarter 2016 Domestic operating expenses were reduced by 0.9%. This was mainly driven by efficiency gains following the deflation of 'bad' volumes in call centers, and increased productivity. The operating costs of BICS were up from last year, including higher staffing needs for geographical expansion and to develop growth domains. As a result, the Proximus Group operating expenses were slightly up by 0.4% from the prior year, including a negative year-on-year foreign currency impact.

Proximus' Internal headcount evolved favorably, totaling end-March 2016 14,038 FTEs, 73 FTEs less compared to one year ago.

Table 5: Workforce versus non-workforce

(EUR million)	1st Quarter		
	2015	2016	% Change
Group Underlying	482	484	0.4%
Workforce expenses	302	295	-2.2%
Non Workforce expenses	180	189	4.8%
Domestic Underlying	457	453	-0.9%
Workforce expenses	290	282	-2.7%
Non Workforce expenses	167	170	2.1%
BICS Underlying	25	32	24.5%
Workforce expenses *	12	13	9.9%
Non Workforce expenses	14	19	37.2%

*For subsidiaries, Workforce expenses include internal HR expenses only.

The first quarter operating expenses of the Proximus Group include the recognition of the full liability of taxes as required by IFRIC 21, mainly related to the still contested regional pylon taxes. Expenses for 2015 were restated accordingly to allow for a comparable basis.

Table 6: Opex by nature

(EUR million)	1st Quarter		
	2015	2016	% Change
Group Underlying by nature	482	484	0.4%
Domestic by nature	457	453	-0.9%
Marketing Sales & Servicing	226	219	-3.0%
Network & IT	162	161	-0.8%
General and Administrative (G&A)	69	73	5.8%
BICS	25	32	24.5%

⁵ Excluding Cost of Sales

2.1.4. Group EBITDA

Table 7: Operating income before depreciation and amortization

(EUR million)	1st Quarter		
	2015	2016	% Change
Group Reported	425	417	-1.8%
Incidentals	-17	1	
Group underlying	408	418	2.5%
Domestic	369	383	3.8%
International Carrier Services (BICS)	39	35	-10.0%

Proximus' first-quarter 2016 underlying Group EBITDA totaled EUR 418 million, a EUR 10 million or 2.5% improvement compared to the same period of 2015. This increase was entirely driven by Domestic, up by 3.8% from the prior year to EUR 383 million driven by a higher Domestic direct margin, and lower expenses. This was partly offset by BICS, for which the first quarter segment result was down by 10% to EUR 35 million. This was due to higher BICS expenses to support new growth initiatives and geographies. The year-on-year variance included also a foreign currency impact which lowered the first quarter 2015 expenses.

Incidentals included, the Proximus Group reported EUR 417 million EBITDA for the first quarter 2016, compared to EUR 425 million for the year before. The year-on-year decrease is mainly explained by the recognition of the full liability for the regional pylon tax, whereas this was spread over the year in 2015. Furthermore, the first quarter 2015 included a EUR 3 million capital gain. See page 33 for more details on incidentals.

2.1.5. Net income

Depreciation and amortization

The first quarter 2016 depreciation and amortization totaled EUR 226 million. This compares to EUR 214 million for 2015, with the increase mainly due to a higher asset base to depreciate.

Net finance cost

The first-quarter 2016 net finance cost totaled EUR 25 million, up EUR 4 million year-on-year mainly due to the positive impact in 2015 of the premium received from the partial buyback of the JPY loan maturing in 2026. This was partly offset by a lower effective interest rate in 2016 on a fairly stable net finance debt.

Tax expenses

The first quarter 2016 tax expenses amounted to EUR 48 million, representing an effective tax rate of 29%, similar to the 28.3% effective tax rate of the first quarter 2015. In interim reports, IAS rules require the usage of the effective tax rate expected at year-end, excluding one-off events. Therefore, Proximus expects the effective tax rate will decrease before year-end including one-offs such as the non-recurring expense of early-leave plans.

Net income (Group share)

Proximus reported net income (Group share) of EUR 112 million for the first quarter 2016. The year-on-year decline versus EUR 129 million for the comparable period of 2015, is mainly explained by lower reported EBITDA (incidentals included), and higher depreciation & amortization. This was partly offset by a lower tax expense.

Table 8: From EBITDA as reported to net income

(EUR million)	1st Quarter		
	2015	2016	% Change
EBITDA	425	417	-1.8%
Depreciation and amortization	-214	-226	5.7%
Operating income (EBIT)	211	191	-9.4%
Net finance costs	-21	-25	18.2%
Income before taxes	188	166	-11.9%
Tax expense	-53	-48	-9.9%
Non-controlling interests	6	5	-10.0%
Net income (Group share)	129	112	-12.9%

2.1.6. Investments

In line with the announced investment strategy, the Proximus **first-quarter 2016 capex totaled EUR 237 million**, EUR 10 million above that of the comparable period in 2015.

Proximus continued improving its customer experience through network investments

In the first quarter 2016, Proximus continued to invest in providing its customers the best mobile experience. The mobile network was further improved by building additional mobile sites, by increasing capacity to support the mobile data growth and by further rolling-out the 4G technology. This improved the 4G outdoor coverage to 99.6% and indoor coverage to 96.9%⁶ in the first quarter 2016.

Bringing the best mobile experience translates in bringing the highest speeds where and when it matters across technologies. A Proximus customer with a 4G device gets on average 29Mbps⁷ downlink speed, this is 25% more compared to the second operator in line, and even 60% higher versus number three. Therefore, Proximus continues to deliver its customers a premium quality, combining a ubiquitous footprint with a great mobile surfing experience.

The smartphone penetration on the Proximus network reached 60% by end-March 2016, with a 4G-device penetration accelerating to 35%, up by 15pp from one year ago. These trends resulted in a 53% year-on-year increase in the usage of mobile data, now at an average of 731 Mb/month/user, across the Proximus base. For a 4G-device user, the average usage exceeded the 1GB threshold

Proximus, as first operator in Belgium, launched the 4G+ technology, with a population coverage now reaching 33%. With an increasing number of compatible devices on the market today, more and more customers will have access to Mobile data speeds of up to 225 Mbps.

Proximus also continued the roll-out the vectoring technology on its Fixed network, bringing its coverage to 49%. This has a direct impact on the speed experience of the customer who has now 54Mbps on average on a VDSL Line. Through the combination of DLM and vectoring, Proximus can connect more than one-third of the Belgian population to 100 Mbps on copper.

⁶ Based on Q1 2016 Comm Square drive tests

⁷ Based on Q1 2016 Comm Square drive tests

2.1.7. Cash flows

Table 9:
cash flow

(EUR million)	1st Quarter		
	2015 restated	2016	% Change
Cash flows from operating activities	293	413	41%
Cash paid for Capex (*)	-287	-277	-3.5%
Cash flows from other investing activities	2	-3	-
Cash flow before financing activities (FCF)	8	133	>100%
Net cash provided by / (used in) financing activities (**)	5	3	-42%
Net increase / (decrease) of cash and cash equivalents	14	136	>100%

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

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

The transversal cash management initiative launched mid-2015 in view of optimizing a long-term sustainable level of free cash, contributed to a strong **first quarter 2016 Group free cash of EUR 133 million**. This is significantly more than the EUR 8 million of FCF for the comparable period of 2015 and is largely due to lower cash needs for working capital driven by a favorable evolution in trade receivables and in payables. In addition the FCF was supported by higher underlying EBITDA and lower cash paid for capex.

2.1.8. Balance sheet and shareholders' equity

The goodwill increased by EUR 10 million to EUR 2,283 million due to the preliminary purchase price allocation as a result of the acquisition of Flow NV and Be-Mobile NV.⁸

The intangible and tangible fixed assets increased by EUR 12 million to EUR 3,983 million as a consequence of the invested capex which was higher than the amount of depreciation and amortization.

The shareholders' equity increased from EUR 2,801 million end-2015 to EUR 2,899 million end-March 2016, as the net income Group share (EUR 112 million) and the disposal of treasury shares (EUR 5 million) exceeded the preliminary impacts of the Flow NV and Be-Mobile NV transaction.

The outstanding long-term debt amounted to EUR 2,438 million. The net debt decreased to EUR 1,784 million by end-March 2016 as a result of the positive free cash flow.

Table 10: Net financial position

(EUR million)	As of 31 December 2015	As of 31 March 2016
Cash and cash equivalents (*)	510	648
Derivatives	6	6
Assets	516	654
Non-current liabilities (**)	-1,761	-1,763
Current liabilities (**)	-674	-675
Liabilities	-2,435	-2,438
Net financial position	-1,919	-1,784

(*) investments included

(**) LT bonds related derivatives included

2.2. Regulation

International Roaming

The Telecom Single Market Regulation of 25 November 2015 lays down new rules for roaming.

As from 30 April 2016, the transitory period towards 'Roam-like-at Home' started, which is estimated to have a negative impact on Proximus' 2016 revenue and EBITDA for an amount of EUR -28 million. It is however expected that the net impact will be lower due to a positive elasticity effect on usage.

⁸ See page 23

As from 15 June 2017, 'Roam-Like-At-Home' will be implemented in the EU zone with the obligation to charge retail roaming within the EU at domestic retail price, except for the consumption beyond the Fair Use Policy to be defined by December 2016 by the European Commission. For roaming that goes beyond Fair Use, a small surcharge that cannot be higher than the maximum regulated wholesale rates may be applied. The wholesale rates are planned to be reviewed by the Commission before 15 June 2016.

Since the start of the transitory period on 30 April 2016 and until 14 June 2017, operators can apply a surcharge up to the current regulated wholesale rates. For calls received, the (retail) price was set by the Commission at 1.14 eurocent/min (calculated based the weighted average of maximum mobile termination rates across the EU). As of 30 April 2016, Proximus has lowered its rates in Europe significantly for calling, mobile texting and mobile surfing and also made roaming options more interesting for its customers. Scarlet, Proximus' low-cost telecom provider, completely abolishes its roaming costs for all EU countries as of 29 April 2016. This action fits in with the company's philosophy of offering simple packages at the best price:

Cable wholesale prices

Pursuant the judgments of the Brussels court of appeal of November 2014 and May 2015, Proximus has a principle authorization to use coax access, be it that regulation foresees that Proximus request must be 'reasonable'. In November 2014 (Telenet) and May 2015 (Brutélé/Nethys), we have requested access to complement our own extensive reach and efforts in network investment. Cable operators have refused access arguing that our request is "not reasonable". This refusal is not justified, as it is simply an economic reality that we cannot cover certain areas, while cable is present there. The file is currently in the hands of the regulators. We hope them to be able to give us certainty on this file by this summer.

Consumer protection

On 29 March 2016, the BIPT submitted to a public consultation the draft law and the draft Royal Decree (RD) defining the conditions of **the identification of the prepaid SIM cards**. The RD provides also rules regarding the identification methods, the prohibition to transfer an active card to a third person (except to the family or another identified user), the notification to the operator within 24 hours in case of theft or loss and the prohibition for an operator to activate a card for a user who has not been duly identified.

2.3. Outlook 2016

The execution of our Fit-for-Growth strategy in 2016, aimed at delivering sustainable growth for Proximus, has delivered a good progress in EBITDA for the first quarter.

For the full-year 2016 we reconfirm our expectation to end the year with slightly growing Domestic⁹ underlying revenue, and a slightly growing Group EBITDA, despite BICS' high comparable base in 2015.

The 2016 capex level is expected to be around EUR 950 million. This includes investments in the Fixed network, with special focus on Fiber to the Business.

We expect to return over 2016 a total gross dividend per share of €1.50, in line with our previously announced 3-year commitment.

Guidance metrics	Actuals Q1'16	Outlook 2016
Domestic underlying revenue	-0.3%	Slight growth
Group underlying EBITDA	+2.5%	Slight growth
Capex (excl. Spectrum)	€ 237m	Around €950m

⁹ Group excluding BICS

3. Consumer

- Q1 revenue nearly stable driven by growth for TV (10.5%), Fixed Data (+9%) and Mobile postpaid service revenue (+4.9%)
- Customer mix continued to improve in Q1'16. 21.000 3&4-Play added, 45% of HH/SO base
- Value-driven customer growth leading to 1.7% direct margin increase
- Direct margin as % of revenue up 1.5pp to 77.5%

Table 11: Consumer revenue and direct margin

(EUR million)	1st Quarter		
	2015	2016	% Change
TOTAL SEGMENT INCOME	712	710	-0.3%
Costs of materials and charges to revenues	-171	-160	-6.4%
TOTAL SEGMENT DIRECT MARGIN	542	551	1.7%
<i>Direct margin %</i>	<i>76.0%</i>	<i>77.5%</i>	<i>1.5 p.p.</i>

Consumer Revenue

Consumer posted EUR 710 million revenue for the first quarter 2016, nearly stable (-0.3%) to the comparable period of 2015. Revenue from Fixed (+3.9%) continued to grow and also the Mobile services revenue was up by +0.7%, with Postpaid mobile service revenue showing a solid 4.9% increase. Revenue from (low-margin) mobile devices however declined from the prior year.

Through its convergence strategy, Consumer continued to improve its customers mix, moving to a more valuable and loyal base. By end-March 2016, the Consumer segment serviced 2,951,000 HH/SO. This is 23,000 more than one year ago, including an increase of 91,000 for 3- and 4 Play HH/SO. By end-March 2016, the number of HH/SO having 3- or 4 Plays increased to 45% of the total, which is a 2.7pp improvement from the previous year.

3.1. Consumer reporting by product group

Table 12: Consumer revenue by product group

(EUR million)	1st Quarter		
	2015	2016	% Change
Revenues	712	710	-0.3%
Fixed	365	379	3.9%
Voice	139	134	-3.5%
Data (Internet & Data Connectivity)	135	147	9.0%
TV	78	87	10.5%
Terminals (excl. TV)	5	4	-21.6%
ICT	7	7	0.4%
Mobile Services	246	248	0.7%
Postpaid	200	210	4.9%
Prepaid	46	38	-17.8%
Mobile Terminals	40	25	-37.8%
Subsidiaries (Tango)	31	31	0.1%
Other Products	30	28	-9.5%
<i>Of which Installation & Activation</i>	<i>6</i>	<i>5</i>	<i>-17.3%</i>

In line with Proximus' strategy, most products are sold through multi-play Packs. Therefore, the revenue and ARPU of standalone products are largely the result of the allocation of revenue and discounts to the respective products included in the Packs, as required by IFRS rules.

+23,000 Internet customers in Q1, revenue growth of +9.0%

Consumer revenue from **Fixed Data in the first quarter 2016** totaled **EUR 147 million, a 9.0% growth** compared with the prior year. The continued positive Fixed Data revenue trend was driven by the growing customer base, up by 92,000 or 5.6% in a one-year period to reach a total of 1,741,000 Fixed Internet customers by end-March 2016. Following strong net-adds in the prior quarter from a successful year-end campaign, Consumer added another 23,000 Internet lines in the first quarter 2016 for its two main brands Proximus and Scarlet.

The first quarter Broadband ARPU of EUR 28.3 was a 2.3% improvement compared to the same period in 2015, and slightly up from the prior quarter, including the effect of the 1 July 2015 and 1 January 2016 price adjustments. This more than offset the impact of discounts following a higher Pack penetration.

+35,000 TV net adds in Q1, revenue up 10.5% from prior year.

Revenue from **TV totaled EUR 87 million for the first quarter of 2016**, 10.5% up from the same period of 2015. Consumer's TV revenue continued to do well, driven by the continued subscriber growth, with both the Proximus and Scarlet brands increasing their customer base. Consumer ended March 2016 with a total TV customer base of 1,795,000¹⁰, up by 137,000 customers or +8.3% from the prior year. In the first quarter 2016, a total of 35,000 TV subscribers were added, of which 26,000 unique customers and 9,000 multi settop boxes. The recurring TV ARPU showed a stable year-on-year growth of 1.3% to EUR 20.2 driven by the increased uptake of TV options.

-16,000 Consumer Fixed Voice lines in Q1, revenue -3.5%

By end-March 2016, the Consumer **Fixed Voice** customer base totaled 2,096,000, i.e. equating to a net loss of 16,000 lines in the **first quarter of 2016**. The same period of 2015 showed a net increase of 14,000 lines, due to a positive impact from the migration of former Snow customers, mainly to the Scarlet TRIO offer.

The Fixed Voice ARPU for the first quarter 2016 was EUR 21.3, i.e. 2.3% down from the prior year, due to a higher multi-play Pack penetration, with customers benefiting from a discount. This was in part offset by the price adjustments on 1 July 2015¹¹ and 1 January 2016¹².

The lower Fixed Voice customer base combined with the lower ARPU resulted in a **-3.5% year-on-year revenue decline for Fixed Voice**, ending the first quarter of 2016 with EUR 134 million.

+ 11,000 Postpaid net adds in Q1. Mobile service revenue +0.7%, Postpaid Service revenue +4.9%.

For the first quarter 2016, Consumer posted EUR 248 million Mobile Service revenue, up by 0.7% from the prior year. The service revenue increase from Mobile postpaid (+4.9%) driven by a higher customer base, more than offset the lower Prepaid revenue.

After a strong and highly commercial driven fourth quarter 2015, Proximus added another 11,000 Postpaid cards in the first quarter of 2016, or +7,000 excluding Internet Everywhere data cards. By end-March 2016, Consumer counted a total of 2,934,000¹³ Postpaid cards, up by 4.2% from the previous year.

While the revamped mobile pricing has supported customer growth since its launch mid-August 2015, it also provides more data abundance and hence slightly lowers the Postpaid ARPU. For the first quarter 2016, the Postpaid ARPU of EUR 28.8 was down year-on-year by 0.4%.

At the same time, the loss in Prepaid cards for the first quarter amounted to -39,000. The revenue from Prepaid was also pressured by a 8.6% decrease in Prepaid ARPU to EUR 9.8, mainly due to lower year-on-year SMS usage.

When combining Prepaid and Postpaid, Consumer's Mobile customer base ended the first quarter of 2016 with a total of 4,202,000 cards, and a blended ARPU of 22.2 or 1.2% higher versus one year ago.

The Postpaid/Prepaid customer mix improved to 70%/30% from 67%/33% one year ago.

The growth in average data usage per customer persisted, resulting from a higher smartphone penetration, and in particular an increasing number of customers with a 4G-device. 4G users used 1.039Mb¹⁴ per month on average, up by 22%. This increased the blended data usage to 725 Mb, up 53% from one year ago. The average data consumption of 4G users was nearly 4 times greater than that of non-4G users.

¹⁰ Incl. multi-settop boxes

¹¹ On 1 July 2015 prices increased for standalone Fixed Voice and Internet, as well as for old Packs.

¹² On 1 January 2016 prices increased for some of the Proximus Packs

¹³ Mobile base end 2015 adjusted for cleaning of inactive cards. 17,000 Internet Everywhere cards have been removed from the base.

¹⁴ on the 4G and 3G networks

Revenue Tango fairly stable

Tango's revenue for the first quarter 2016 remained stable at EUR 31 million, +0.1% from the previous year. This changed from the growth trend posted for the prior four quarters due to a decrease in Prepaid stock and less devices sales.

Over a one-year period, Tango added 10,000 active postpaid cards, out of which 2,000 in the first quarter 2016. This was however offset by an accelerated loss of 7,000 prepaid cards over the first three months of 2016, due to the end of anonymity on prepaid users. Thanks to a growth of smartphone subscriptions, the first quarter ARPU sustained a year-on-year increase of 3.3 %. This compensated for a lower volume of mobile devices sold compared to the first quarter 2015.

Table 13: Tango

(EUR million)	1st Quarter		
	2015	2016	% Change
Revenue (in EUR mio) (1)	31	31	0.1%
Total active mobile customers (in '000)	286	283	-1.2%
Blended mobile net ARPU (EUR/month)	27.5	28.4	3.3%

(1) Total Tango revenues (i.e. Fixed and Mobile revenues)

Table 14: Consumer operationals by product group

	Q1'15	Q1'16	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	3,789	3,837	48
Voice	2,140	2,096	-44
Broadband	1,649	1,741	92
TV (thousands)	1,657	1,795	137
Unique Customers	1,340	1,440	100
of which multiple settop boxes	317	354	37
ARPU (EUR)			
ARPU Voice	21.8	21.3	-0.5
ARPU broadband	27.6	28.3	0.6
ARPU TV	19.9	20.2	0.3
From Mobile			
Number of active customers (thousands)	4,230	4,202	-28
Prepaid	1,416	1,268	-147
Postpaid	2,815	2,934	119
Among Which Paying cards	2,333	2,437	104
Among Which Internet Everywhere cards	482	496	14
Annualized churn rate			
Prepaid	33.7%	35.0%	1.3 p.p.
Postpaid	15.4%	15.2%	-0.2 p.p.
Blended	22.7%	22.4%	-0.3 p.p.
Net ARPU (EUR)			
Prepaid	10.7	9.8	-0.9
Postpaid	29.0	28.8	-0.1
Blended	22.0	22.2	0.3
Average Mobile data usage user/month (Mb)			
4G	855	1,039	184
Blended	474	725	251

3.2. Consumer reporting by X-Play

Table 15: Consumer revenue by X-Play

(EUR million)	1st Quarter		
	2015	2016	% Change
Revenues	712	710	-0.3%
Revenues X-Play	556	580	4.4%
4-Play	172	190	10.1%
3-Play	171	182	6.6%
2-Play	83	80	-3.0%
1-Play	130	128	-1.5%
Prepaid	46	38	-17.8%
Terminals sales	46	32	-30.3%
Tango	31	31	0.1%
Other	33	29	-11.9%

In line with its convergence strategy, Proximus also reports its consumer revenue and ARPU per Household/Small Office. As of 2016, Scarlet revenue and operational costs have been integrated. The 2015 figures have been restated accordingly.

+4.4%

Revenue from X-Play

Over the first three months of 2016, Consumer generated EUR 580 million revenue from HH/SO, a 4.4% or EUR 24 million increase compared to the same period of 2015. This was driven by the year-on-year increase (+23,000) of HH/SO, reaching 2,951,000 end-March 2016.

The improved customer mix in particular contributed to the revenue growth, with Proximus' strategy to focus on attractive multi-play offers resulting in a more valuable and stickier customer base. The average ARPH increased by 3.2% to EUR 65.5, including a favorable impact from the July 2015 and January 2016 price increases. At the same time, the average annualized full-churn rate decreased 1p.p. to 13.4%. The average RGU¹⁵ per HH/SO progressed to 2.61 for the first quarter 2016, up from 2.54 one year ago.

+10.1%

**4-Play revenue.
+8,000 4-Play HH/SO added in Q1.**

The continued volume increase in 4-Play HH/SO was Consumer's main revenue growth driver. For the first quarter 2016, Consumer posted EUR 190 million revenue from 4-Play, which is 27% of the total Consumer revenue. The increase by 10.1% from the previous year resulted from the ongoing expansion of the 4-Play HH/SO base, increasing by 45,000 in one year's time, to reach 555,000 HH/SO by end-March 2016. In the first quarter 2016, 8,000 4-Play HH/SO were added. On average, a 4-Play HH/SO generates a fairly stable ARPH of EUR 114.9/month. The first-quarter 2016 annualized full-churn rate was 2.8%.

+6.6%

**3-Play revenue.
+13,000 3-Play HH/SO in Q1**

The second-largest revenue driver for Consumer is the growth in 3-Play. The first-quarter 2016 revenue for 3-Play grew by 6.6% to a total of EUR 182 million. This is driven by a volume increase, up by 46,000 in one year, of which 13,000 in the first quarter 2016. The ARPH in the first quarter 2016 was EUR 79.6, stable relative to the prior quarter, and slightly lower (-1.3%) versus the comparable period of 2015, reflecting a higher proportion of Scarlet TRIO customers after the migration of former SNOW customers in the first half of 2015.

¹⁵ Revenue generating Units

Table 16: Consumer operationals by X-Play

	Q115	Q116	val	%
Households/Small Offices per Play - Total (thousands)	2,928	2,951	23	0.8%
4 - Play	510	555	45	8.8%
3 - Play	722	768	46	6.3%
2 - Play	472	451	-21	-4.5%
1 - Play	1,224	1,177	-46	-3.8%
Fixed Voice	458	398	-60	-13.0%
Fixed Internet	112	122	9	8.3%
TV	N/A	N/A		0.0%
Mobile Postpaid	653	657	4	0.6%
Average revenue x - play (in EUR)	63.4 €	65.5 €	2.1 €	3.2%
4 - Play	115.0 €	114.9 €	-0.1 €	-0.1%
3 - Play	80.6 €	79.6 €	-1.0 €	-1.3%
2 - Play	57.8 €	58.9 €	1.1 €	1.8%
1 - Play	35.0 €	36.0 €	1.0 €	2.9%
Average #RGUs per household/Small Office - Total	2.54	2.61	0.07	2.7%
4 - Play	4.83	4.83	0.00	0.0%
3 - Play	3.35	3.34	-0.01	-0.3%
2 - Play	2.22	2.21	-0.01	-0.3%
1 - Play	1.22	1.23	0.01	0.5%
Annualized full churn rate (household/Small Office level) - Total	14.4%	13.4%	-1.0p.p.	
4 - Play	2.9%	2.8%	-0.1p.p.	
3 - Play	10.6%	10.4%	-0.2p.p.	
2 - Play	12.4%	12.1%	-0.2p.p.	
1 - Play	22.1%	20.8%	-1.3p.p.	
% Convergent HH / SO - Total	51.7%	53.2%	1.5 p.p.	
(i.e. % of HH/SO having Mobile + Fixed component)				
4 - Play	100.0%	100.0%	0.0%	
3 - Play	36.2%	36.8%	0.6p.p.	
2 - Play	23.3%	23.5%	0.2p.p.	
1 - Play				

Consumer direct margin

1.7% year-on-year segment direct margin growth

The revenue growth for Consumer's Fixed and Mobile services in the first quarter of 2016 resulted in a continued positive direct margin evolution compared with last year. For the **first quarter of 2016 the direct margin totaled EUR 551 million, i.e. 1.7% more** than for the same period in 2015. The cost of sales for the first quarter was EUR 160 million. This is 6.4% lower year-on-year, mainly as a result of a lower volume of Mobile devices (at low margin) sold in the first quarter 2016.

In the first quarter 2016, the underlying direct margin was 77.5% of revenue, a 1.5 p.p. increase year-on-year due to an overall better Fixed and Mobile product mix.

4. Enterprise

- 2016 first quarter revenue stable year-on-year
- Revenue growth from Mobile services and Fixed Data offsetting revenue erosion from Fixed Voice and from lower mobile device sales.
- Enterprise direct margin +0.9%, driven by Mobile Services and better ICT revenue mix

Table 17: Enterprise revenue and direct margin

(EUR million)	1st Quarter		
	2015	2016	% Change
TOTAL SEGMENT INCOME	328	329	0.1%
Costs of materials and charges to revenues	-93	-91	-1.8%
TOTAL SEGMENT DIRECT MARGIN	235	237	0.9%
Direct margin %	71.7%	72.2%	0.5 p.p.

Enterprise Revenue

For the first quarter 2016, the underlying Enterprise revenue totaled EUR 329 million, fairly stable to the comparable period of 2015.

During the first three months of 2016, revenue from Mobile Services remained solid at EUR 83 million, 5% above the previous year, driven by a larger customer base and higher ARPU.

Furthermore, both revenue from Fixed Data and ICT were up by 1.1% from the prior year. These favorable variances offset the continued erosion in Fixed Voice revenue and lower Mobile device sales in the first quarter 2016.

Table 18: Enterprise revenue by product group

(EUR million)	1st Quarter		
	2015	2016	% Change
Revenues	328	329	0.1%
Fixed	238	237	-0.4%
Voice	64	61	-4.4%
Data (Internet & Data Connectivity)	62	63	1.1%
Terminals (excl. TV)	5	5	-0.2%
ICT	107	108	1.1%
Mobile Services	79	83	5.0%
Mobile Terminals	6	4	-35.1%
Other	6	5	-9.4%
Of which Installation & Activation	1	1	-20.0%

Lower Fixed Voice revenue due to Fixed Voice customer base erosion

For the **first quarter 2016**, Enterprise reported EUR 61 million revenue in Fixed Voice, showing a year-on-year decline of 4.4%, though remained stable to the prior two quarters. The first quarter 2016 Fixed Line erosion totaled 14,000 lines triggered by continued rationalization of Fixed line connections, technology migrations to VoIP, competitive pressure, and included some exceptional cancellations in January 2016. This brought the Enterprise

total Fixed Voice Line customer base to 647,000 by end- March 2016, i.e. a year-on-year line loss of -5.8%.

The first quarter Fixed Voice ARPU of EUR 31.1 was up 1.1% from the previous year strengthened by price changes since 1 July 2015.

Fixed Data revenue up 1.1% driven by continued growth from data connectivity services

The **first-quarter 2016** revenue from Fixed Data, consisting of Fixed Internet and, for a greater part, Data Connectivity, totaled EUR 63 million, 1.1% higher than the same period of 2015.

This was driven by the favorable revenue trend from Data Connectivity services following a continuous growing park. Especially the roll-out of a number of large customer projects on the Proximus Explore platform and newly acquired large customers in the last quarter of 2015 for fiber projects contribute to the favorable revenue evolution.

The first-quarter revenue from Fixed Internet was slightly down on a somewhat lower customer base. End-March 2016, Enterprise counted 137,000 internet lines, i.e. 1.3% lower versus one year ago. The ARPU for the first quarter of 2016 was EUR 43.4, -0.2% compared to the first quarter 2015, impacted by the outphasing and migration of legacy products in the context of simplification programs towards new solutions at more attractive pricing for the customers. This was partly offset by the positive effect from the 1 July 2015 price adjustments.

ICT revenue 1.1% up from the prior year

In the first quarter 2016, Enterprise generated EUR 108 million revenue from ICT, 1.1% more than for the same period of 2015 which included some large product deals. With more revenue from ICT services compared to previous quarters, the first quarter 2016 revenue mix and hence the ICT margin were improved.

Solid Mobile Service revenue, up 5.0% driven by a growing customer base and ARPU

In the **first quarter 2016**, Enterprise's Mobile Service revenue of EUR 83 million was up by 5.0% from the prior year, continuing the positive trend seen in prior quarters. An important driver is Enterprise's higher customer base, which grew in a one-year timeframe by 3.7%, M2M cards excluded, to total of 901,000 cards. In the first quarter 2016, 7,000 mobile cards other than M2M were added.

In addition, 412,000 M2M cards were activated, mainly as part of the Road User Charging project¹⁶ that became effective on 1 April 2016. This brought the total number of M2M cards to 988,000 by end-March 2016.

The first-quarter Mobile churn remained well under control at 10.8%, reflecting customers' good experience of the Proximus mobile network and service levels, increasing customer satisfaction and stickiness.

Besides a positive customer impact, the Mobile Service revenue continues to benefit from an improved tiering in the Medium Enterprise segment, high-end pricing plans gaining traction, and increased data usage. This results from a greater smartphone penetration and a growing number of 4G-users, up by 60% compared to one year ago. In the first quarter 2016, Enterprise customers with a 4G-device had an average monthly data consumption of 973 Mb, 35% more versus the same period of 2015. Customers with a 4G device use 3 times as much data per month than customers with a non-4G device.

With these beneficial usage evolutions, the uptake of Roaming options (e.g. travel mobile Internet), and the absence of a roaming regulation impact, the ARPU¹⁷ grew 1.7% year-on-year to EUR 29.8, however in an environment of growing pressure on prices from competition.

¹⁶ Road User Charging is a project in which Proximus acts as a subcontractor for "Satellic" offering data center, M2M and Explore services to implement distance-based road charging in Flanders, Wallonia and Brussels for trucks as from April 2016.

¹⁷ ARPU excludes M2M and free data cards

Enterprise direct margin

For the **first quarter 2016**, Enterprise posted a direct margin of EUR 237 million, i.e. a 0.9% improvement over the same period of 2015. This was mainly attributable to the higher revenue from Mobile Services, and a better margin from ICT.

+0.9%
direct margin YOY

Table 19: Enterprise operational

	Q1'15	Q1'16	Change (in abs. Amount)
From Fixed			
Number of access channels (thousands)	825	784	-41
Voice	686	647	-40
Broadband	139	137	-2
ARPU (EUR)			
ARPU Voice	30.8	31.1	0.3
ARPU Broadband	43.5	43.4	-0.1
From Mobile			
Number of active customers (thousands)	1,179	1,889	710
Among which voice and data cards	869	901	32
Among which M2M (including a limited number of Internet Everywhere cards)	311	988	678
Annualized churn rate (blended)	11.3%	10.8%	
Net ARPU (EUR)			
Postpaid	29.3	29.8	0.5
Average Mobile data usage user/month (Mb)			
4G	718	973	255
Blended	488	756	268

5. Wholesale

Table 20: Wholesale revenue and direct margin

(EUR million)	1st Quarter		
	2015	2016	% Change
TOTAL SEGMENT INCOME	51	48	-4.9%
Costs of materials and charges to revenues	-7	-6	-23.7%
TOTAL SEGMENT DIRECT MARGIN	43	43	-1.7%
<i>Direct margin %</i>	<i>85.5%</i>	<i>88.4%</i>	<i>2.9 p.p.</i>

Proximus' Wholesale segment reported EUR 48 million revenue for the **first quarter of 2016**, or -4.9% year-on-year. This is an improvement from the decline seen in the prior quarters resulting from the fading impact of the outphased Snow customers during the first half of 2015.

The wholesale revenue continued to be pressured by the decline in traditional wholesale business, partially offset by roaming-in volume growth in voice and in data.

6. International Carrier Services – BICS

- Q1'16 direct margin of EUR 67 million, +3.5% year-on-year
- Direct margin continued to benefit from volume effect for Mobile data
- Q1'16 expenses up, including higher headcount to support new geographical and growth initiatives
- Underlying segment result -10.0%; margin rising to 9.9%

Table 21: BICS P&L

(EUR million)	1st Quarter		
	2015	2016	% Change
TOTAL SEGMENT INCOME	399	356	-10.9%
Costs of materials and charges to revenues	-335	-289	-13.7%
TOTAL SEGMENT DIRECT MARGIN	65	67	3.5%
<i>Direct margin %</i>	<i>16.2%</i>	<i>18.8%</i>	<i>2.6 p.p.</i>
TOTAL EXPENSES	-25	-32	24.5%
Workforce expenses *	-12	-13	9.9%
Non Workforce expenses	-14	-19	37.2%
TOTAL SEGMENT RESULT	39	35	-10.0%
<i>Segment contribution margin</i>	<i>9.8%</i>	<i>9.9%</i>	<i>0.1 p.p.</i>

* For subsidiaries, workforce expenses include internal HR expenses only.

BICS Revenue

The **first-quarter 2016** underlying revenue from BICS totaled EUR 356 million, down -10.9% compared to the previous year. The revenue decrease was driven by the Voice volume decrease. The Voice business showed high volatility, with, in the first quarter, less Voice traffic to African regions. This led to a 14.6% decline in Voice revenue compared to the same period of 2015. This was only

partially compensated by the growing revenue from non-Voice, up +8.1% YoY, strengthened by the increase in Mobile data volumes (+26.9%).

Table 22: BICS revenue

(EUR million)	1st Quarter		
	2015	2016	% Change
Voice	335	286	-14.6%
Non Voice	65	70	8.1%
Total revenues	399	356	-10.9%

Table 23: BICS volumes

Volumes (in million)	1st Quarter		
	2015	2016	% Change
Voice	6,504	6,034	-7.2%
Non Voice (SMS/MMS)	656	833	26.9%

BICS direct margin

In spite of the lower revenue, BICS posted for the **first quarter 2016** a 3.5% year-on-year growth in direct margin, totaling EUR 67 million. The continued growth in Non-Voice direct margin, up by 8.5% from the prior year, was partly offset by lower Voice direct margin (-2.3%).

BICS' direct margin as percent of revenue increased to 18.8% for the **first quarter 2016**.

Table 24: BICS direct margin

(EUR million)	1st Quarter		
	2015	2016	% Change
Voice	30	29	-2.3%
Non Voice	35	38	8.5%
Total Direct margin	65	67	3.5%

BICS segment result

BICS' underlying segment result totaled EUR 35 million for the **first quarter of 2016**, 10% below that of the same period of 2015. The increase in direct margin was offset by higher expenses versus the comparable period of 2015. BICS' workforce expenses were up in the first quarter, impacted by increased headcount to support new geographical and growth initiatives. In addition, non-workforce expenses were up by EUR 5 million, including a foreign currency impact which lowered the first-quarter 2015 expenses.

The underlying segment margin rose slightly to 9.9%, 0.1 p.p. higher compared to the year before.

7. Condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted for use in the European Union. They have not been subject to a review by the independent auditor.

Accounting policies

The accounting policies and methods of the Group used as of 2016 are consistent with those applied in the 31 December 2015 consolidated financial statements, with the exception that the Group adopted the new standards, interpretations and revisions that became mandatory for the Proximus Group on 1 January 2016. These have only a limited impact.

Judgments and estimates

The Group does not make any significant judgments and estimates other than those mentioned in the 31 December 2015 consolidated financial statements and other than those mentioned in this report.

Significant events or transactions

In the first-quarter 2016, Mobile-For, a fully owned Proximus Group subsidiary, acquired control of Be-Mobile NV and Flow NV. The purpose is to create a leading player of Smart Mobility solutions in Belgium and abroad. As a result of the transaction, Proximus Group retained a 61% share in Mobile-For. The purchase price allocation has not been performed as at March 31, 2016. Therefore, goodwill has been provisionally determined at EUR 10 million.

7.1. Consolidated income statement

(EUR million)	1st Quarter		
	2015	2016	% Change
Net revenue	1,470	1,423	-3.2%
Other operating income	13	10	-20.8%
TOTAL INCOME	1,482	1,433	-3.3%
Costs of materials and services related to revenue	-589	-531	-9.9%
Workforce Opex (*)	-302	-295	-2.2%
Non workforce Opex	-166	-189	13.7%
Non-recurring expenses	0	-1	-
TOTAL OPERATING EXPENSES before depreciation & amortization	-1,058	-1,016	-4.0%
OPERATING INCOME before depreciation & amortization	425	417	-1.8%
Depreciation and amortization	-214	-226	5.7%
OPERATING INCOME	211	191	-9.3%
Finance income	7	1	-91.7%
Finance costs	-28	-25	-10.7%
Net finance costs	-21	-25	18.2%
Share of loss on associates	-1	0	-90.8%
INCOME BEFORE TAXES	188	166	-11.8%
Tax expense	-53	-48	-9.9%
NET INCOME	135	118	-12.6%
Non-controlling interests	6	5	-10.0%
Net income (Group share)	129	112	-12.9%
Basic earnings per share	0.40 EUR	0.35 EUR	-13.1%
Diluted earnings per share	0.40 EUR	0.35 EUR	-13.0%
Weighted average number of outstanding shares	321,404,765	322,100,352	0.2%
Weighted average number of outstanding shares for diluted earnings per share	321,905,898	322,426,853	0.2%

(*) for subsidiaries, Workforce includes HR costs only

7.2. Consolidated statements of other comprehensive income

(EUR million)	As of 31 March	
	2015	2016
Net income	135	118
Other comprehensive income:		
Items that may be reclassified to profit and loss		
Cash flow hedges:		
Gain/(loss) taken to equity	-1	-1
Transfer to profit or loss for the period	2	0
Total before related tax effects	1	0
Related tax effects		
Cash flow hedges:		
Transfer to profit or loss for the period	-1	0
Income tax relating to items that may be reclassified	0	0
Items that may be reclassified to profit and loss, net of related tax effects	1	0
Total comprehensive income	136	118
Attributable to:		
Equity holders of the parent	130	112
Non-controlling interests	6	6

7.3. Consolidated balance sheet

(EUR million)	As of 31 December 2015	As of 31 March 2016
ASSETS		
NON-CURRENT ASSETS	6,386	6,412
Goodwill	2,272	2,283
Intangible assets with finite useful life	1,162	1,153
Property, plant and equipment	2,809	2,830
Investments in associates	2	2
Other participating interests	9	9
Deferred income tax assets	89	94
Other non-current assets	43	41
CURRENT ASSETS	1,897	2,070
Inventories	108	137
Trade receivables	1,140	1,116
Current tax assets	14	14
Other current assets	124	156
Investments	8	9
Cash and cash equivalents	502	638
TOTAL ASSETS	8,283	8,483
LIABILITIES AND EQUITY		
EQUITY	2,965	3,069
Shareholders' equity	2,801	2,899
Issued capital	1,000	1,000
Treasury shares	-448	-443
Restricted reserve	100	100
Remeasurement reserve	-112	-112
Stock compensation	5	5
Retained earnings	2,255	2,349
Non-controlling interests	164	170
NON-CURRENT LIABILITIES	2,663	2,660
Interest-bearing liabilities	1,761	1,763
Liability for pensions, other post-employment benefits and termination benefits	464	463
Provisions	157	159
Deferred income tax liabilities	96	93
Other non-current payables	185	182
CURRENT LIABILITIES	2,655	2,754
Interest-bearing liabilities	674	675
Trade payables	1,330	1,273
Tax payables	82	136
Other current payables	570	670
TOTAL LIABILITIES AND EQUITY	8,283	8,483

7.4. Consolidated cash flow statement

(EUR million)	1st Quarter	
	2015 restated	2016
Cash flow from operating activities		
Net income	135	118
<u>Adjustments for:</u>		
Depreciation and amortization on intangible assets and property, plant and equipment	214	226
Increase / (Decrease) in provisions	-1	2
Deferred tax expense	1	-7
Loss from investments accounted for using the equity method	1	0
Fair value adjustments on financial instruments	-7	0
Loans amortization	2	2
Gain on disposal of fixed assets	-3	0
Other non-cash movements	1	0
Operating cash flow before working capital changes	342	341
Increase in inventories	-32	-29
Increase/Decrease in trade receivables	-41	31
Increase in other current assets	-27	-32
Decrease in trade payables (1)	-25	-24
Increase in income tax payables	51	54
Increase in other current payables	31	72
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-6	-1
Decrease / (increase) in working capital, net of acquisitions and disposals of subsidiaries	-50	72
Net cash flow provided by operating activities	293	413
Cash flow from investing activities		
Cash paid for acquisitions of intangible assets and property, plant and equipment (1)	-287	-277
Cash paid for acquisition of consolidated companies, net of cash acquired	0	-6
Cash received from sales of consolidated companies, net of cash disposed of	-3	0
Cash received from sales of intangible assets and property, plant and equipment	4	0
Cash received from sales of other participating interests and enterprises accounted for using the equity method	1	2
Net cash used in investing activities	-285	-280
Cash flow before financing activities (FCF)	8	133
Cash flow from financing activities		
Dividends paid to shareholders	-3	-1
Net sale of treasury shares	9	5
Net purchase of investments	0	-1
Repayment of long term debt (3)	-1	0
Net cash provided by financing activities (2)	5	3
Net increase of cash and cash equivalents	14	136
Cash and cash equivalents at 1 January	702	502
Cash and cash equivalents at 31 March	715	638

(1) 2015 restated to include all changes in working capital relating to Capex

(2) Gains and losses from debt restructuring are part of the Cash used in financing activities.

(3) The repayment of long term debt is the net of cash received and paid for the debt and related

7.5. Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Available for sale and hedge reserve	Remeasur-ement reserve	Stock Compen-sation	Retained Earnings	Share's Equity	Non-controlling interests	Total Equity
Balance at 31 December 2014	1,000	-470	100	2	-130	8	2,270	2,779	189	2,969
Fair value changes in cash flow hedges	0	0	0	1	0	0	0	1	0	1
Equity changes not recognised in the income statement	0	0	0	1	0	0	0	1	0	1
Net income	0	0	0	0	0	0	129	129	6	135
Total comprehensive income and expense	0	0	0	1	0	0	129	130	6	136
Treasury shares										
Exercise of stock options	0	10	0	0	0	0	-1	9	0	9
Stock options										
Exercise of stock options	0	0	0	0	0	-1	1	0	0	0
Total transactions with equity holders	0	10	0	0	0	-1	0	9	0	9
Balance at 31 March 2015 restated	1,000	-460	100	3	-130	7	2,399	2,918	196	3,114
Balance at 31 December 2015	1,000	-448	100	2	-114	5	2,255	2,801	164	2,965
Net income	0	0	0	0	0	0	112	112	5	118
Total comprehensive income and expense	0	0	0	0	0	0	112	112	6	118
Business combination	0	0	0	0	0	0	-20	-20	0	-20
Treasury shares										
Exercise of stock options	0	2	0	0	0	0	0	2	0	2
Sale of treasury shares	0	3	0	0	0	0	0	3	0	3
Total transactions with equity holders	0	5	0	0	0	0	-19	-14	0	-14
Balance at 31 March 2016	1,000	-443	100	1	-114	5	2,349	2,899	170	3,069

7.6. Segment reporting

See Reporting Changes applied since Q1 2016 on page 32 for more information.

Three months ended 31 March 2016							
(EUR million)	Group Proximus	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Turnover	1,423	355	1,068	705	328	48	-14
Other Revenues	10	1	9	5	1	0	3
REVENUES <i>underlying</i>	1,433	356	1,077	710	329	48	-10
Non recurring revenue	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0
TOTAL REVENUES <i>reported</i>	1,433	356	1,077	710	329	48	-10
Elim Intersegment <i>included in above revenue figures</i>							
Turnover	-18	-9	-9	-1	-1	0	-6
Other Revenues	-3	0	-3	0	0	0	-3
COST OF GOODS SOLD <i>underlying</i>	-531	-289	-242	-160	-91	-6	15
Adjustments	0	0	0	0	0	0	0
COST OF GOODS SOLD <i>reported</i>	-531	-289	-242	-160	-91	-6	15
Workforce Opex (*)	-295	-13	-282				
Non workforce Opex	-189	-19	-170				
OPERATING EXPENSES <i>underlying</i>	-484	-32	-453				
Non Recurring Expenses	-1	0	-1				
Adjustments	0	0	0				
TOTAL OPERATING EXPENSES <i>reported</i>	-485	-32	-454				
EBITDA <i>reported</i>	417	35	382				
Adjustments & non-recurring	1	0	1				
EBITDA <i>underlying</i>	418	35	383				
Depreciations <i>reported</i>	-226	-19	-207				
EBIT <i>reported</i>	191	16	174				
Net finance costs	-25						
Share of loss on associates	0						
INCOME BEFORE TAXES	166						
Tax expense	-48						
NET INCOME	118						
Non-controlling interests	5						
Net income (Group share)	112						

(*) for subsidiaries, Workforce includes HR costs only

Three months ended 31 March 2015 - Restated							
(EUR million)	Group Proximus	BICS	Domestic (Group excl. BICS)	Consumer	Enterprise	Wholesale	Others
Turnover	1,470	399	1,071	707	327	51	-14
Other Revenues	9	0	9	5	1	0	3
REVENUES <i>underlying</i>	1,479	399	1,080	712	328	51	-11
Non recurring revenue	0	0	0	0	0	0	0
Adjustments	3	0	3	0	0	0	0
TOTAL REVENUES <i>reported</i>	1,482	399	1,083	712	328	51	-11
Elim Intersegment <i>included in above revenue figures</i>							
Turnover	-19	-10	-9	-1	-1	0	-7
Other Revenues	-4	0	-4	0	0	0	-4
COST OF GOODS SOLD <i>underlying</i>	-590	-335	-255	-171	-93	-7	16
Adjustments	0	0	0	0	0	0	0
COST OF GOODS SOLD <i>reported</i>	-589	-335	-255	-171	-93	-7	16
Workforce Opex (*)	-302	-12	-290				
Non workforce Opex	-180	-14	-167				
OPERATING EXPENSES <i>underlying</i>	-482	-25	-457				
Non Recurring Expenses	0	0	0				
Adjustments	14	0	14				
TOTAL OPERATING EXPENSES <i>reported</i>	-468	-25	-443				
EBITDA <i>reported</i>	425	39	386				
Adjustments & non-recurring	-17	0	-17				
EBITDA <i>underlying</i>	408	39	369				
Depreciations <i>reported</i>	-214	-19	-195				
EBIT <i>reported</i>	211	20	191				
Net finance costs	-21						
Share of loss on associates	-1						
INCOME BEFORE TAXES	188						
Tax expense	-53						
NET INCOME	135						
Non-controlling interests	6						
Net income (Group share)	129						

(*) for subsidiaries, Workforce includes HR costs only

7.7. Financial instruments

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

- The carrying amounts and fair values of the financial instruments at 31 March 2016;
- The categorization of the fair valued financial instruments within the fair value hierarchy;
- The fair valuation techniques used.

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

Fair Value and Fair Value Hierarchy

Set out below is a comparison of the carrying amounts and fair value of financial instruments as at 31 March 2016 and the fair value hierarchy:

The financial instruments were categorized according to principles that are consistent with those applied for the preparation of Note 33.4 of the 2015 Financial Statements.

No transfer between Levels occurred during 2016.

As of 31 March 2016 (EUR million)	Category according to IAS 39 (1)	Carrying amount	Fair value	Level
ASSETS				
Non-current assets				
Other participating interests	AFS	9	9	
Other non-current assets				
Derivatives held for trading	FVTPL	6	6	Level 2
Other financial assets	LaR	35	35	
Current assets				
Trade receivables	LaR	1,116	1,116	
Other current assets				
Derivatives held for trading	FVTPL	1	1	Level 1
Derivatives held-for-hedging	HeAc	1	1	Level 1
VAT and other receivables	N/A	24	24	
Investments	AFS	4	4	Level 1
Investments	HTM	5	5	
Cash and cash equivalents				
Short-term deposits	LaR	638	638	
LIABILITIES				
Non-current liabilities				
Interest-bearing liabilities				
Unsubordinated debentures not in a hedge relationship	OFL	1,754	1,935	Level 2
Leasing and similar obligations	OFL	3	3	
Credit institutions	OFL	1	1	
Derivatives held for trading	FVTPL	6	6	Level 2
Non-interest-bearing liabilities				
Other non-current payables	OFL	182	182	
Current liabilities				
Interest-bearing liabilities, current portion				
Unsubordinated debentures not in a hedge relationship	OFL	672	694	Level 2
Leasing and similar obligations	OFL	2	2	
Trade payables	OFL	1,273	1,273	
Other current payables				
Derivatives held for trading	FVTPL	3	3	Level 1
Other debt	OFL	26	26	Level 3
V.A.T. and other amounts payable	OFL	318	318	

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

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

Hedge activity

HeAc: Hedge accounting

Valuation technique

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

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

Other derivatives in Level 2

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

Unsubordinated debentures

The unsubordinated debentures not in a hedge relationship are recognized at amortized costs.

In case of anticipated settlement, in the context of the Group portfolio restructuring, those debentures are measured at their transaction price once the transaction is binding for the Group. Their fair values, calculated for each debenture separately, were obtained by discounting the interest rates at which the Group could borrow at 31 March 2016 for similar debentures with the same remaining maturities.

Other debts in level 3

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

7.8. Contingent liabilities

Compared to the 2015 annual accounts no changes occurred during the first quarter 2016 in the contingent liabilities.

7.9. Post balance sheet events

Dividend distribution for the year 2015

The Annual General meeting of April 2016 approved the dividend distribution for the year 2015 which will impact the cash flow of the Group in the second quarter 2016 for EUR 322 million.

Early leave plan and collective agreement

In the context of its transformation to become a more competitive, efficient and agile company, Proximus started discussions with the social partners in January 2016. On 27 April 2016, the collective agreement and a voluntary early leave plan were approved by the social partners and the Board of Directors.

The voluntary early leave plan will allow employees as from 60 years old to stay home voluntarily until their earliest pension date. The plan also foresees a reduction of their working time to 80% during the last 2 years of their active career. Until their earliest pension date they will benefit from a replacement income entirely funded by Proximus, including the full social contributions. A limited group of employees older than 58, who currently are without a job adapted to their skills, will also be eligible to take part in the voluntary leave plan. The concerned employees will nevertheless also be offered the opportunity to take up a new career opportunity in other public administrations.

Next to the voluntary early leave plan, a new collective agreement was approved. This collective agreement will allow Proximus to transition to a more competitive company, with measures that will update and harmonize some legacy advantages of the past. The collective agreement also foresees some measures that will help employees to find a better work-life balance.

Impacts of the voluntary early leave plan will be accounted for in the second quarter 2016 for employees stopping working immediately. For employees opting for the plan but not stopping working immediately, the cost will be spread over their respective activity period. All voluntary leave plan related costs will be accounted for as non-recurring expenses. The one-off balance sheet impacts of the collective agreement will also be accounted for through non-recurring expenses in the second quarter 2016.

7.10. Others

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

8. Additional information

8.1. Reporting Changes applied since Q1 2016

Restatement of underlying 2015

While the Proximus Group continues to contest the Regional pylon tax, the application of the IFRIC 21 standard requires a tax liability to be recognized in the period during which the criteria triggering the tax are met. Proximus has therefore recognized on 1 January 2016 the full liability related to the 2016 pylon taxes. In 2015 these were spread over the year. In order to allow a 2015-2016 quarterly comparison on a like-for-like basis, the 2015 “underlying” quarterly figures have been restated through the use of “incidentals”, as such not having any impact for the full year.

2015 – Group EBITDA (in million €)	Q1	Q2	Q3	Q4	FY 2015
Communicated underlying EBITDA	423	450	447	414	1.733
Adjustments IFRIC21	-15	5	6	4	0
New underlying EBITDA	408	455	453	418	1.733

Changes in Segment reporting

To improve the relevancy of reported figures, Proximus has applied the changes described below. These are applicable as from 2016, with restatements provided for 2015:

- Provide a split of revenue and direct margin per customer segment: Consumer, Enterprise and Wholesale.
- Similar to the past, an EBITDA is provided for Group, Domestic and BICS.
- "Segment results" (contribution to Group EBITDA) will no longer be reported as these figures were non-relevant, given no full cost allocation was applied, a large part of costs remained within TEC and S&S.
- Split Expenses (after direct margin) at Group level only, and in a more relevant manner

Group Opex: Workforce and Non Workforce

- Workforce expenses: expenses related to own employees (former HR-expenses) as well as to external employees (part of former non-HR expenses) for Proximus S.A.. For subsidiaries, only internal HR expenses are reported under Workforce expenses
- Non Workforce: all other expenses (part of former non-HR expenses)

Into Group Opex: by Nature

- Domestic (previously called 'Core')
- Marketing, Sales and Servicing": all expenses related to Consumer, Enterprise and Wholesale customers, including remote servicing

- Network and IT": all IT and Network related expenses, including interventions at customer premises
- General Services and Administration": remaining domestic expenses; mainly overheads
- BICS : no change versus previous reporting

Changes in Consumer X-Play reporting

The X-Play reporting has evolved in order to provide more precise figures, integrating Scarlet revenue and operational drivers. 2015 figures have been restated to allow for a like-for-like comparison.

8.2. From reported to underlying revenue and EBITDA

(EUR million)	GROUP Revenue		GROUP EBITDA	
	Q1'15	Q1'16	Q1'15	Q1'16
Reported	1,482	1,433	425	417
Underlying	1,479	1,433	408	418
Incidentals - Total	3	0	17	-1
Non Recurring Items	0	0	0	-1
Other incidentals	3	0	17	0
Non-recurring items:	0	0	0	-1
Other : mainly resulting from a restructuring program in subsidiary	0	0	0	-1
Other incidentals:	3	0	17	0
Capital gains on building sales	3		3	
IFRIC changes	0	0	15	0
Divesture TLS UK			-1	

8.3. Quarterly results tables

8.3.1. Group – Financials

(EUR million)	Q115	Q215	Q315	Q415	2015	Q116
REPORTED						
Revenues	1,482	1,511	1,509	1,509	6,012	1,433
EBITDA	425	456	344	421	1,646	417
UNDERLYING						
Revenues per Segment	1,479	1,505	1,509	1,502	5,994	1,433
Domestic	1,080	1,094	1,088	1,117	4,379	1,077
Consumer	712	727	720	733	2,892	710
Enterprise	328	326	331	350	1,335	329
Wholesale	51	53	51	48	202	48
Other (incl. eliminations)	-11	-12	-14	-13	-50	-10
International Carrier Services (BICS)	399	411	420	385	1,616	356
Costs of materials and charges to revenues (*)	-590	-590	-592	-605	-2,377	-531
Direct Margin	890	915	917	896	3,617	902
Direct Margin %	60.1%	60.8%	60.8%	59.7%	60.3%	63.0%
Total expenses before D&A	-482	-460	-464	-478	-1,884	-484
EBITDA	408	455	453	418	1,733	418
Segment EBITDA margin %	27.6%	30.2%	30.0%	27.8%	28.9%	29.2%

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

8.3.2. Consumer – Financials

X-Play view

(EUR million)	Q115	Q215	Q315	Q415	2015	Q116
Revenues	712	727	720	733	2,892	710
Revenues X-Play	556	565	577	575	2,272	580
4-Play	172	179	184	186	721	190
3-Play	171	175	179	179	705	182
2-Play	83	81	82	81	327	80
1-Play	130	129	132	129	520	128
Prepaid	46	47	42	40	174	38
Terminals sales	46	47	36	46	175	32
Tango	31	31	33	35	130	31
Other	33	38	33	37	141	29
Costs of materials & charges to revenues	-171	-174	-161	-187	-692	-160
Direct Margin	542	553	560	545	2,200	551
Direct Margin %	76.0%	76.0%	77.7%	74.5%	76.1%	77.5%

Product view

(EUR million)	Q115	Q215	Q315	Q415	2015	Q116
REPORTED						
Revenues	712	727	720	733	2,892	710
UNDERLYING						
Revenues	712	727	720	733	2,892	710
Fixed	365	368	375	377	1,484	379
Voice	139	137	138	137	551	134
Data (Internet & Data Connectivity)	135	137	142	144	558	147
TV	78	82	82	85	327	87
Terminals (excl. TV)	5	5	5	4	19	4
ICT	7	7	7	8	29	7
Mobile Services	246	254	255	250	1,006	248
Mobile Terminals	40	40	28	36	145	25
Subsidiaries (Tango)	31	31	33	35	130	31
Other	30	33	30	34	128	28
Of which Installation & Activation	6	5	5	4	20	5
Costs of materials & charges to revenues	-171	-174	-161	-187	-692	-160
Direct Margin	542	553	560	545	2,200	551
Direct Margin %	76.0%	76.0%	77.7%	74.5%	76.1%	77.5%

8.3.3. Consumer Operationals

X-play view

	Q115	Q215	Q315	Q415	2015	Q116
Households/Small Offices per Play - Total (thousands)	2,928	2,939	2,942	2,951	2,951	2,951
4 - Play	510	521	531	547	547	555
3 - Play	722	738	744	755	755	768
2 - Play	472	468	462	455	455	451
1 - Play	1,224	1,212	1,204	1,194	1,194	1,177
Fixed Voice	458	444	430	415	415	398
Fixed Internet	112	115	117	119	119	122
TV	N/A	N/A	N/A	N/A	N/A	N/A
Mobile Postpaid	653	653	658	661	661	657
Average revenue x - play (in EUR)	63.4 €	64.1 €	65.5 €	65.0 €	64.5 €	65.5 €
4 - Play	115.0 €	115.4 €	116.6 €	115.1 €	115.5 €	114.9 €
3 - Play	80.6 €	79.9 €	80.7 €	79.6 €	80.2 €	79.6 €
2 - Play	57.8 €	57.7 €	59.0 €	58.7 €	58.3 €	58.9 €
1 - Play	35.0 €	35.4 €	36.4 €	35.8 €	35.7 €	36.0 €
Average #RGUs per household/Small Office - Total	2.54	2.55	2.57	2.59	2.59	2.61
4 - Play	4.83	4.82	4.83	4.83	4.83	4.83
3 - Play	3.35	3.34	3.34	3.34	3.34	3.34
2 - Play	2.22	2.22	2.22	2.21	2.21	2.21
1 - Play	1.22	1.22	1.23	1.23	1.23	1.23
Annualized full churn rate (household/Small Office level) - Total	14.4%	12.1%	13.3%	13.4%	13.3%	13.4%
4 - Play	2.9%	2.5%	3.0%	2.9%	2.8%	2.8%
3 - Play	10.6%	9.6%	11.8%	11.2%	10.8%	10.4%
2 - Play	12.4%	10.7%	12.3%	11.3%	11.7%	12.1%
1 - Play	22.1%	18.1%	19.1%	20.3%	19.9%	20.8%
% Convergent HH / SO - Total	51.7%	51.9%	52.5%	53.1%	53.1%	53.2%
(i.e. % of HH/SO having Mobile + Fixed component)						
4 - Play	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3 - Play	36.2%	36.1%	36.5%	36.9%	36.9%	36.8%
2 - Play	23.3%	23.3%	23.5%	23.8%	23.8%	23.5%
1 - Play						

Product view

	Q115	Q215	Q315	Q415	2015	Q116
From Fixed						
Number of access channels (thousands)	3,789	3,810	3,811	3,830	3,830	3,837
Voice	2,140	2,136	2,121	2,112	2,112	2,096
Broadband	1,649	1,674	1,690	1,718	1,718	1,741
TV (thousands)	1,657	1,692	1,716	1,759	1,759	1,795
Unique Customers	1,340	1,365	1,384	1,414	1,414	1,440
of which multiple settop boxes	317	327	332	345	345	354
ARPU (EUR)						
ARPU Voice	21.8	21.4	21.7	21.6	21.6	21.3
ARPU broadband	27.6	27.5	28.2	28.0	27.9	28.3
ARPU TV	19.9	20.2	20.0	20.1	20.1	20.2
From Mobile						
Number of active customers (thousands)	4,230	4,229	4,236	4,229	4,229	4,202
Prepaid	1,416	1,376	1,341	1,307	1,307	1,268
Postpaid	2,815	2,853	2,895	2,922	2,922	2,934
Among Which Paying cards	2,333	2,359	2,393	2,430	2,430	2,437
Among Which Internet Everywhere cards	482	494	502	492	492	496
Annualized churn rate (blended)						
Prepaid	33.7%	32.7%	35.0%	35.4%	34.2%	35.0%
Postpaid	15.4%	13.4%	13.8%	15.6%	14.5%	15.2%
Blended	22.7%	20.9%	21.9%	23.0%	22.1%	22.4%
Net ARPU (EUR)						
Prepaid	10.7	11.2	10.4	10.0	10.5	9.8
Postpaid	29.0	29.6	30.0	29.1	29.4	28.8
Blended	22.0	22.7	22.8	22.3	22.5	22.2
Average Mobile data usage user/month (Mb)						
4G	855	851	920	945		1,039
Blended	474	511	581	627		725

8.3.4. Enterprise – Financials

(EUR million)	Q115	Q215	Q315	Q415	2015	Q116
REPORTED						
Revenues	328	326	331	350	1,335	329
UNDERLYING						
Revenues	328	326	331	350	1,335	329
Fixed	238	236	242	256	971	237
Voice	64	62	61	61	248	61
Data (Internet & Data Connectivity)	62	62	63	63	250	63
TV	0	0	0	0	0	0
Terminals (excl. TV)	5	5	5	5	19	5
ICT	107	107	113	127	455	108
Mobile Services	79	80	82	83	324	83
Terminals	6	3	3	6	18	4
Other	6	6	4	5	21	5
Of which Installation & Activation	1	1	1	1	3	1
Costs of materials and charges to revenues	-93	-91	-95	-109	-388	-91
Direct Margin	235	235	236	241	947	237
<i>Direct Margin %</i>	<i>71.7%</i>	<i>72.2%</i>	<i>71.4%</i>	<i>68.8%</i>	<i>71.0%</i>	<i>72.2%</i>

8.3.5. Enterprise – Operationals

	Q115	Q215	Q315	Q415	2015	Q116
From Fixed						
Number of access channels (thousands)	825	815	808	798	798	784
Voice	686	677	670	660	660	647
Broadband	139	138	137	137	137	137
ARPU (EUR)						
ARPU Voice	30.8	30.1	30.3	30.7	30.5	31.1
ARPU Broadband	43.5	43.8	44.5	43.7	43.9	43.4
From Mobile						
Number of active customers (thousands)	1,179	1,200	1,338	1,470	1,470	1,889
Among which voice and data cards	869	879	885	894	894	901
Among which M2M (including a limited number of Internet Everywhere cards)	311	321	453	576	576	988
Annualized churn rate (blended)	11.3%	10.0%	8.9%	10.3%	10.1%	10.8%
Net ARPU (EUR)						
Postpaid	29.3	29.7	30.0	30.0	29.7	29.8
Average Mobile data usage user/month (Mb)						
4G	718	752	811	862		973
Blended	488	529	590	645		756

8.3.6. Wholesale – Financials

(EUR million)	Q115	Q215	Q315	Q415	2015	Q116
REPORTED						
Revenues	51	53	51	48	202	48
UNDERLYING						
Revenues	51	53	51	48	202	48
Direct Margin	43	46	44	41	174	43
<i>Direct Margin %</i>	85.5%	86.6%	86.3%	86.3%	86.2%	88.4%

8.3.7. Retail Operationals and MVNO customers reported in Wholesale

	Q115	Q215	Q315	Q415	2015	Q116
From Fixed						
Number of access channels (thousands)						
Voice (1)	9	9	9	8	8	9
Broadband (1)	1	1	1	1	1	1
From Mobile						
Number of active Mobile customers (thousands)						
Retail (1)	11	10	10	10	10	10
MVNO	11	11	11	12	12	13

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

8.3.8. BICS – Financials

(EUR million)	Q115	Q215	Q315	Q415	2015	Q116
UNDERLYING						
Revenues	399	411	420	385	1,616	356
Revenues from Voice	335	347	347	318	1,347	286
Revenues from non-Voice	65	64	73	67	269	70
Costs of materials and charges to revenues	-335	-336	-348	-320	-1,338	-289
Direct Margin	65	75	73	65	278	67
<i>Direct Margin %</i>	16.2%	18.3%	17.4%	16.9%	17.2%	18.8%
Total expenses before D&A	-25	-29	-32	-32	-118	-32
Workforce expenses *	-12	-14	-13	-15	-53	-13
Non Workforce expenses	-14	-15	-19	-17	-64	-19
Segment result	39	47	41	34	160	35
<i>Segment contribution margin %</i>	9.8%	11.3%	9.7%	8.7%	9.9%	9.9%

* For subsidiaries, workforce expenses include internal HR expenses only

8.3.9. BICS - Operational

Volumes in million	Q115	Q215	Q315	Q415	2015	Q116
Voice	6,504	6,859	6,398	6,552	26,313	6,034
Non-Voice (SMS/MMS)	656	710	785	851	3,002	833



8.4. Definitions

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

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 underlying revenue, excluding activation related revenue, divided by the average voice access channels for the period considered, divided by the number of months in that same period.

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

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

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 and/or sent or received at least one SMS message in the last three months. A M2M card is considered active if at least one data connection has been made in the last month.

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

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's but excludes free data cards and M2M.

X-play Household definitions:

- A play: a subscription to either Fixed Voice, Fixed Internet, dTV or Mobile Postpaid (paying Mobile cards).
- X-play: the sum of single play (1-play) and multi-play (2-play + 3-play + 4-play).
- Multi-play household (including Small Offices): two or more Plays, not necessarily in a Pack.

Revenue-Generating Unit: For example, a household with Fixed Internet and 2 Mobile postpaid cards is considered as a 2-play household with 3 RGUs.

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

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

8.5. Financial Calendar

08 July 2016	Start of quiet period ahead of the Q2 2016 results
29 July 2016	Announcement of second-quarter results 2016
07 October 2016	Start of quiet period ahead of the Q3 2016 results
28 October 2016	Announcement of third-quarter results 2016

8.6. Contact details

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