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Speakers:

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Daniel Kurgan – CEO BICS

Nancy Goossens – Director Investor Relations

Operator: Good afternoon ladies and gentlemen and welcome to today's Proximus 2017 Third Quarter Results Conference Call. For your information, this conference is being recorded. At this time, I would like now to hand over to Nancy Goossens, Director of Investor Relations. Please go ahead.

Nancy Goossens: Thank you. So yes, good afternoon ladies and gentlemen, and thank you for calling in. I think everybody has well received the third-quarter report and the presentation this morning, so as most of you know by now we will not go in detail through all these slides. So I trust you have all seen the published numbers by now.

We're going to use most of the available time for your questions but before getting to that, let me just quickly introduce to you the participants on our side. So I have the CEO here Dominique Leroy, CFO Sandrine Dufour, and the Chief of the Enterprise segment Bart Van Den Meersche, the CTO Geert Standaert, Daniel Kurgan CEO of BICS, Dirk Lybaert the Chief Corporate Affairs Officer and we welcome also for the first time Guillaume Boutin who joined Proximus early September as the Chief of the Consumer segment. They will all be very happy to take your questions later on but let me first pass the word to Dominique for her introduction.

Dominique Leroy: Thank you Nancy. Good afternoon everyone and welcome to our conference call. Let me start by a view on the commercial operating environment. The third quarter was clearly marked by a step up in competitor promotions, leading to somewhat more volatility than usual around this time of the year. Nonetheless, we managed to limit the impact on churn and achieved further growth in our customer base. This was again supported by a convergence and dual brand strategy. Our Proximus branded All-in offers Tuttimus and Bizz All-in kept gaining good traction, increasing to a total of 306,000 subscriptions by end September. And for the price seekers, our local brand Scarlet confirmed its attractiveness with a continued growth of customers.

For the enterprise segment, which is also facing intense competition and an ongoing pressure on its legacy products, I am proud that we were able to maintain our solid position. The enterprise segment again achieved firm growth in its mobile customer base. It also benefited from a solid growth in ICT and continued its progress in mobility and convergence services. Both the consumer and business segments were, however, impacted by the roam-like-at-home effect. Over the summer holiday season, we saw a steep increase in roaming usage, especially in European traffic, which was six times higher compared to last year. On the positive side, visitor roaming, which we report in our wholesale segment, was up significantly too, partly compensating the higher roaming out costs. Nonetheless, the direct margin generated by roaming as a whole decreased by €18 million compared to the third quarter of 2016.

We managed to offset partly the pressure on our direct margin by lower costs. We continued to deliver upon our cost efficiency programme and decreased our domestic expenses further by 1.4% from an already reduced base in 2016. As a result, the third quarter domestic EBITDA declined by 1.9% versus last year's high comparable base. When excluding the regulation induced declined in roaming direct margin our domestic EBITDA would've grown by 2.3%. The financial results of BICS, delivering international carrier services, reflects the ongoing transition from voice to data services. The third quarter EBITDA was 5% lower; however, on a high comparable base. In aggregate, we posted for the group a third quarter EBITDA or 464 million or 2.2% below last year.

Regarding CAPEX, we have invested €707 million over the first nine months. This covers many domains with, among others, the improvement in our content offering, the progress in our simplification and transformation project and network investments for both mobile and fixed. Earlier this month, we completed the vectoring upgrade with our VDSL network now fully equipped with vectoring technology. With the population coverage of 83%, we are proud to have the largest vectoring coverage worldwide. We have also progressed further on our fibre for Belgium project. With the rollout now started in five large cities, we are really getting up to speed. Our financial results over the past nine months have been in line with our expectations. We therefore reaffirm our full-year guidance of slight growth in Group

EBITDA and a nearly stable domestic revenue. We also confirm our 2017 CAPEX outlook of around €1 billion.

As a final point, I am very pleased that we announced yesterday that Proximus has acquired the exclusive broadcasting rights for Studio 100 TV and this for both the Flanders and Wallonia regions. Studio 100 TV is locally well known for its successful entertainment productions oriented towards families and kids. We therefore see this as a very niche enrichment, a very nice enrichment of our content offering. With this, I have covered my introduction and I am sure you have many more questions. So please, let’s turn to this now. Thank you.

Operator: Thank you. Ladies and gentlemen, we will now being our Q&A session. If you wish to ask a question, please press the code 01 on your telephone keypad and you will enter the queue. After you are announced, please ask your question. If your question has been answered, you can remove yourself from the queue by dialling 02. Once again, please press the code 01 on your telephone keypad to ask your question.

We have a question from Ruben Devos from KBC Securities. Please go ahead.

Ruben Devos: Yes, good afternoon. Thanks for taking my questions. I’ve got two of them. First one on the fibre network. So I believe a couple of weeks ago, the Flemish Minister of Innovation unveiled plans to deploy a fibre network in Flanders potentially with the cooperation of the telecom operators in Flanders. So I believe you also made some comments on further regulations of the networks and lower prices for both alternative operators and consumers. So I was wondering whether you could share your thoughts on this. That would be very helpful.

And the second one on roaming. So bearing in mind the auto caps set by the European Commission and just the six month impact in 2018. Would it be possible to already provide some sort of roaming guidance for next year? And you also indicated that the direct margin impact was 18 million in this quarter. Could you share this figure for the first nine months of 2017 as well, please? Thank you.

Dominique Leroy: Okay. So concerning your first questions and indeed you probably all have been able to read that in Flanders there has been a quote from Minister Muyters, who is Minister of Innovation, that he was very interested in pushing fibre further into Flanders and cover the whole of Flanders. I think our position versus that is twofold. I think first, we are very pleased that there is quite good traction on the digital agenda in the country and more specifically in Flanders because I think we have engaged in fibre and it is good to see that it is shared that the benefit of fibre and the traction for fibre is shared by politicians.

We have, however, started to deploy fibre in Flanders with an objective to reach 50% of the population of Flanders. We will continue to do that and we will engage in discussion with the minster to see if we can indeed join his ambition to look at potential co-investment scenarios to go further than the 50% of the population and there go into a potential investment shared between Proximus and the region if he wants to bring fibre to a broader part of the population in Flanders. Of course, we will only do that if the technical and the financial specification and conditions are right for the company but we are certainly open to discuss co-investments to go further than our current 50% objectives.

Sandrine Dufour: Okay, and then your question on roaming. So we gave you the net impact of roaming on our Q3 numbers of the decrease of direct margin of 18. The full nine months number is 32 million. I think it’s important before answering question 2018 to really well decompose the impact. So we have guided – we have given you very precise number on the price effect of constant volume, the price effect. On top of that, you have six times more traffic for data roaming out, that impacts largely our COGS negatively and we have between two and three times more roaming in, which is generating revenue. So when you project all this for next year, the price impact will of course be lower because we’ll have six months of the new pricing regime for the first part of 2018. I would say that the volume trend, we would expect then to continue to grow as more and more customers are consuming data when they travel probably with the continued higher growth of roaming out traffic compared to the roaming in. So the price impact should be potentially a bit emphasised by higher growth of roaming out volume next year.

Ruben Devos: Okay, and maybe the guess for next year. You have a financial figure for that one already or…

Sandrine Dufour: We're not guiding precisely before we come back sure in February –

Ruben Devos: All right, okay.

Sandrine Dufour: – the full picture of 2018 as we traditionally do at the time of this year.

Ruben Devos: All right. Fair enough. Thank you very much.

Operator: Our next question is from Ulrich Rathe from Jeffries. Please go ahead.

Ulrich Rathe: Thank you. I have three questions please. First, one is on the roam like home impact on revenues specifically. We're seeing the mobile sales revenue trend in Q3 being essentially stable on Q2, right, similar trends both in CBU and EBU. Now as I understand, the roam-like-at-home impact on revenues, the regulatory impact sort of was a very big sudden drag in the third quarter that sort of stepped up in the quarter. What has changed on the other side of this? So what effectively have you done to sort of mitigate this step up in the third quarter to sort of keep trends the same as in the second quarter?

And the second question is on the competitive intensity, you highlighted this was – all the competitors essentially said the same thing. Just wondering can you give us any colour whether you're seeing that toning down or whether you have any expectations for this to sort of come back to sort of prior lower levels any time soon and what would the mechanics of that competition, a sort of scaling down again be?

And my last question is, for those of us who are not Belgian, could you maybe shed a bit more light on the relative relevance of this Studio 100 content? I'm – maybe you have any sort of pointers as to, you know, how widely it is watched and what the viewing share is or indeed, whether you see this as a similarly important content as the football content. Just to give us a sort of general view of what the relevance is. Thank you.

Sandrine Dufour: So on your first question, true that the mobile service revenue is comparing well this quarter versus the previous quarters and despite the higher impact of roam-like-at-home during Q3. So a bit more colour on that. I think we should distinguish between CBU and EBU. For the business segment, we have many customers who are still in a price plan where they pay as you use, which means that the higher traffic growth has translated somewhat into some revenue as well, that this volume impact has helped. That's not the case on the consumer parts where most of our customers are using bundle. However, what we've seen is a bit of a I would say, low decrease of out on download but the good trend is elsewhere in the subscription makes, I would say, solid joint offer results, which you know, we have revamped. And as well, more for more strategy and even though just two months' impact of our more for more strategy.

Guillaume Boutin: Guillaume speaking. On the competitive environment, it is true that we have seen a rather intense competitive market on the Q3. For sure, Q4 is going to be the Christmas period. So we've not foreseen to be more aggressive than the other Christmas periods but it for sure is going to be a nice period for driving sales. And for next year, we cannot foresee any acceleration of the competition as we speak, so we see we're going to go back to a normal pace of competitive environment.

Dominique Leroy: So on Studio 100, so I will try to give an answer but we don't have a lot of figures to share so far on Studio 100. What is true is you need to see Studio 100 as one of the most watched offers for kids in Flanders. So every family in Flanders knows about Studio 100 as an offer that interests kids from a very low age up to 12/14 years old. So it's mainly family with kids. They have different personages, so figures that are extremely well known in Flanders. They have then also in amusement parks where they come to life where a lot of visitors come there with family with kids and it's almost a traditional yearly event where the whole families with kids are going there. So it's a big concept. You could compare, you know, proportions with Disney where you have films, you have games, you have songs, you have amusement parks around figures that are extremely popular that are present on TV but also more and more present on digital. And we have now acquired this from January next year. The whole exclusivity of the Studio 100 offer both on the digital platform but also on the TV platform. It is, though, true that you have some of the series which are available on free to air but these are not the latest series and it is also not the most recent ones.

So we think it is a very important move for us, which will really strengthen our positions toward s family with kids in Flanders where traditionally we have probably been a bit below fair share and I think it will really help us to regain traction on family with kids through this product which is extremely popular in Flanders.

Ulrich Rathe: Thank you very much. Can I just follow up with a clarification on the competition? It was a bit difficult to hear acoustically. So did you say you do not foresee competition to get easier in 18 or did you say you cannot foresee the current heightened competition to continue? I'm not quite sure which of the two you actually said.

Guillaume Boutin: What I said that I do foresee Christmas market that is going to be competitive as the other Christmas market that was happening in previous years. It is true that it has been Q3 with a lot of competition continuing in October, which is sometimes a more quiet period. What I said as well is that we are not foreseeing an acceleration of the competitive environment for the next year as of we speak today.

Ulrich Rathe: Understood, thank you very much.

Operator: Thank you. Our next question is from Matthijs Van Leijenhorst from Kepler Cheuvreux. Please go ahead.

Matthijs Van Leijenhorst: Yes. Good afternoon. First question – bit of a follow-up on this exclusivity on Studio 100. Can you give some colour what the impact on your content costs or costs of goods sold will be? And the second one is regarding the competitive environment. If I look at the press release, it appears that – and that's the same trends like seen in previous quarters but I'm wondering is there some sort of acceleration in your Scarlet product in terms of tractions and how do you foresee this In the future, will you be able to keep your high-end product at the current price levels? Those are my questions.

Guillaume Boutin: On the Studio 100, in terms of offerings, it's true that we're going to benefit from the integration of Studio 100 within our offers and we want you to try to sell out a package of kids' content of around €10 a month including Disney content and Studio 100 content. We are quite confident that this content is going to be a good lever to drive tractions, especially in the north of the country. In terms of increasing competition, and to answer your question on Scarlet, we have the brand strategy is helping us in this more competitive market because we can benefit from a large portfolio of offerings for a different segment of customers. We are not discussing the share of Scarlet in our gross gains but we can say that it is significant for Q3 and it is going to be a nice share of gross gain in the future as well.

So in terms of pricing strategy, it means that we have already all the portfolio of pricing that can help us meet the small change in markets because we have a full portfolio offers from €8 at Scarlet to €100 with the Tuttimus pack. So we're going to segment the market, push our offers to the different segment of the population of Belgium.

Ulrich Rathe: Okay, thank you.

Operator: Thank you. Our next question is from Guy Peddy from Macquarie Securities. Please go ahead.

Guy Peddy: Yeah. Afternoon all. I just wanted to follow up on that point in particular. Given that the market seems to be even more increased focussed on convergent products, what do you think is the back book risk you've got from an acceleration in bundles both within both brand propositions? And I suppose on that other point, if competitive intensity remains at elevated levels, do you fear a spin down to your Scarlet products from your high-end products? I wasn't quite sure on the answer there. Thank you.

Guillaume Boutin: We are not going to have an acceleration of migration from a high-end product to the Scarlet brand because we are working very intensively in segmenting the distribution channels and the value proposition of every offers that we do. So this is our job to make sure that we're going to have a nice balance in the flows of customers' acquisition and migration of customers. So I think it's more an advantage to have one strategy in a more competitive environment. And what was the last question was on bundles?

Guy Peddy: Yeah, I mean if more and more people are taking these bundles, I mean, have you any thoughts on what that means to your existing back book with pricing because most bundles tend to come at a discount? So I'm trying to work out what we should be thinking of the sort of revenue headwinds from even more penetration of discounted bundles.

Guillaume Boutin: No, no, we are not fearing any risk because we – the way we are migrating legacy bundles into new bundles is made very smoothly by the development of the usage of our own customers. Our customers need more data, more voice and more access to content, and this is the way we are tiering the clearing up of our customer base, this convergence but also the full proposition content and connectivity that we are pushing with our all-in products Tuttimus and Bizz All-in.

Dominique Leroy: And just to add one element on that one, I mean, it's true that in the past we used to give some discounts when we bundled mobile together with fixed. In the new offerings, we don't do that anymore. And on the contrary, as Guillaume said, we go into more bundles. So the more people will migrate from all the offer to new offer, the more it will help us to increase the revenue and we will be able to increase the average revenue per household and that's what you see in the evolution. It's probably a good mix evolution towards more 4P, and the new 4P are more about content abundance and way less about discount. So the more migration, the better.

Guy Peddy: Can I just follow up, is there a margin difference between these products relative to the old ones? I.e., is the cost of supply any different?

Dominique Leroy: No, I think most of the content we have bundled it based on the – I mean, some variable cost. I think the one where it is less margin accretive for us is of course when you bundle with Netflix where the price is, of course, a fully out of pocket price. But for us, it is a way to position Proximus more heavily on the movies and series, so for us it's also we consider that more as a marketing budget as way to position the brand as a relevant brand in the entertainment market whilst for the rest of the others I think we have relatively decent margin on all the various content or other offer.

Guy Peddy: Okay, thank you.

Operator: Our next question is from Paul Sidney from Credit Suisse. Please go ahead.

Paul Sidney: Hi. Good afternoon. Thank you for taking my questions. Just three questions please, again sort of continuing on the theme of competition. The first question, you highlighted that your competitors were pretty strongly active in terms of promotional activity in Q3, which seemed to impact some of your consumer KPIs and lead to a little rise in churn. I was just wondering was it intentional for Proximus to step back and not compete with the promotions from your peers?

And the second question, just more generally, how do you think about the balance between growth in customers and profitability in general. If you see an opportunity to boost subs growth, would you take it and spend the SAC required, or is there a sort of pre-set budget along with a strategy by quarter or half year, whatever, and you look to spend that number.

And just lastly, the four-play quad-play ads slowed down in Q3. I think 13,000 versus 22,000. And I just wondered what the reason for that was. Was it the price changes you made in July, or you communicated in July that applied from August? Thank you.

Guillaume Boutin: Okay, on your first question, I think we wanted to be just reasonable in terms of promotional activity in Q3 because this is what we want to do in general, be reasonable in terms of activity on the market and we wanted first to focus on the Proximus brand on value. This is what we have done very successfully on the high end of the market, especially for mobile where more than 50% of our gross gains are on mid or high tier customers for this quarter. And also in the continued steady growth of our 4P packages, even if it slowed down a little bit, I think it's quite an encouraging performance that we achieved over the quarter with a very reasonable promotion.

In terms of SACS, customer acquisition and retention cost, I think what we do is we try to rebalance a little bit between retention and accusation and monitor that very carefully in order to make sure that we are putting the right effort and the right commercial means on retaining our customers because, as you know, the cost of acquiring a new customer is much higher than the cost of retaining one customer. So we are managing that on, I will say, a monthly basis with all the team of CBU.

Third question, I think I've already answered it on the 4P. We are quite happy, on the contrary, with the goals we have on our 4P all-in product. We think it is very strong and solid performances for those packages and it's quite in line with what we expected for this segment of customers.

Paul Sidney: And just to follow up on that, sorry. So the quad play slowdown, it was kind of as you expected given the amount of resource you put into acquisition, is that fair?

Guillaume Boutin: Yeah, it was quite in line with what we were expecting for this product.

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

Operator: Thank you. Our next question is from Mark Hesslinck from ABN Amro. Please go ahead.

Mark Hesslinck: Yes, thanks. My first question is on the cost savings. So year to date 56 million but it seemed that in the third quarter the incremental cost savings were a bit lower than what we have seen in the second quarter especially than in the first quarter. Can you talk about how you see that going forward and – because you're still – because it's slowing down, you're still running ahead. What is your outlook there for like the 150 million target? How will that phase over the years?

And second question is on the – for CAPEX going into next year, I know you said you will probably not give like a number but what will be the moving parts? Will the fibre-to-the-home rollout be at a similar pace as it was this year? And also looking to the mobile side, maybe if 5G or anything are related to that. Thanks.

Sandrine Dufour: Okay, so on your first question of OPEX, I think we had given good indication that Q3 would compare to one of the lowest levels of OPEX in 2016, so I would say less favourable comparison basis, and also that we would enter the second half of the year with only one wave of early leave plan with this two waves of departure during the first half, which would explain structurally why we were having - we were expecting lower OPEX decrease which you saw materialise in Q3. And despite this, I think we've managed to continue to reduce our total domestic OPEX. So we are now at the end of nine months with lower OPEX by €56 million. That compares to a full year 2016 of an decrease of €59 million. So you see how the efforts was achieved in 2016 was much more in the second part of the year while here we've done a lot on the first part of the year. And as for the remaining quarter, we will continue to welcome on reducing our cost but I will say that the large majority of what we expect to reduce in 2017 has been done. There might be some further benefit but there's also a bit of a lower one time compared to last year. So that's roughly how we viewed the remaining of the year and that doesn't change at all the ambition we have to get to 150 million net reduction for end of 2019.

As for the CAPEX, again, we typically do not guide at this time of the year but I think for CAPEX we had given an indication when we announced the fibre programme when we said that for the next three years, it would be around 1 billion and we have not changed this view. Of course, in terms of the moving parts, and as you know, it's not a surprise that we are building up and increasing the efforts in the FttH and FttB, which will take a higher proportion and I think we had even guided as well on the pace at which the FttH and FttB CAPEX would grow in terms of proportion in the envelope, but we've continued as well to invest in our mobile leadership network and IT and all the other components. So we'll see. Growing part of the fibre will be the key trends over the next years within the CAPEX envelope.

Mark Hesslinck: Okay, thank you.

Operator: Thank you. Our next question is from Stefaan Genoe from Degroof Petercam. Please go ahead.

Stefaan Genoe: Yes, thank you. First, a follow up on the ARPU, which declined less pronounced, I would say than what one could expect with the roam-like-at-home. On the average usage of data usage of the 4G at around 1.5, which is exactly the amount available in the Mobilus, the small package. How do you see forwarding into Q4 the evolution of out of bundle on this package versus an upsell to the medium to the 5G, or do you believe the large part of the 1.5 are already in the medium part of the - in the medium bundle? That's the first question.

Second, could you give us an update on the competitive dynamics in Wallonia versus Flanders? And the third question also on the B2B, could you update us on the competitive environment with the Telenet moving into this market or trying to move into this market more aggressively? Thank you.

Guillaume Boutin: On the usage consumption, what we see that the usage is growing quite fast and that we are catching up with the European countries on that part. And what I can say that we are trying with new digital ways and new real time ways of reviewing your data consumptions to sell new data options, we just launched a new application – not a new application but the date of My Proximus application that we give you in the real time your data consumption of the month, which allows us to - because we link that with the real-time capabilities on the fly data options maybe to monetize more that uptake in data consumption for customers. So for sure, this is one of our main concerns and then main focus is just to get new ways to make sure that we are monetizing the goals of the data consumption for customers.

Stefaan Genoe: Have these applications already had an impact on ARPU in the third quarter?

Guillaume Boutin: We are not discussing the exact precise numbers.

Stefaan Genoe: Okay. Okay, thank you.

Dominique Leroy: Perhaps I'll give a quick update on the competitive dynamic. I think when we say that the market has been more competitive, I think, of course, there is today a third player in every region on the fixed, which is of course Orange. I think you have seen with their LOVE products they are in line with their objective of reaching 100,000. You have seen, of course, that they have taken by doing that customers mainly I would say from the cable operators, I think we have been quite resilient both on Proximus and also quite dynamic with Scarlet on our fixed offer. So in that sense I think the increased competitive dynamics has been mainly induced both in the North and in the South by cable operators reacting on the loss of customers they have had to Orange. And in that sense, for instance, we have seen VOO in the South doing quite active promotions with free TV, things like that. So aggressive promotions that normally you only see at the end of the new year period that they have already done in the back to school period, which is quite unusual. In the North, you have seen Telenet comes with aggressive promotion on duo packs, trio packs, even getting a bit away from their flagship Wigo and also having offer which are a bit more price accessible for a wide majority of the customer and by doing that not on the flagship but on dual and triple play, which is also quite unusual.

I think in that context, you see that Proximus, we have been quite clear and true to our strategy of pushing very much the Tuttimus and the Bizz All-in under Proximus by not increasing so much or not increasing at all the promotional spending but more increasing the strategy in the offer with more abundance. And of course, we have been quite dynamic on the Scarlet because you cover the low end of the market. So I think the fact of having two brands which are already on the market for several years is really helping in the current dynamics and helps us not to be dragged into a huge increase of promotional spending but by being really faithfully to Scarlet as one end no frills brand, and on the other part pushing forward for Tuttimus or Bizz All-in offer on a more structural basis. And I think that's what we have done in the third quarter. Of course, at the end of the year, we will come with more promotional aggressiveness as is usual in the end of year but I think so far we are probably the only operator in the Belgian market that has been very faithful to our former strategy and still being able to resist very much on the competitive environment thanks, I think, to a quite clear dual brand strategy. On the B2B, I will let Bart answer.

Bart Van Den Meersche: Yes, on your question on the competitive dynamics for the B2B market, it's not a secret that both Telenet and Orange are targeting this enterprise market. They brought it up in previous quarters also. So we're not underestimating this. We are seeing this in the market but we continue to try to differentiate ourselves on many items, including the network quality, our SLAs, the services around it. And by doing so, to differentiate and to sustain our position. And up to now, we have pretty well succeeded in doing so, because if you look into the mobile market, we continue to reinforce our position with, again, an increase of 10,000 net adds in the quarter. And if you look into our churn figures, our churn figures are even improving. So yes, we feel this and we feel it mainly in price pressure but until now, we are able to sustain because we anticipate and we differentiate on many more elements than just price.

Stefaan Genoe: Okay, that's all clear. Thank you.

Operator: And our next question is from Sam McHugh from Exane BNP Paribas. Please go ahead.

Sam McHugh: Good afternoon guys. Thanks for the question. I don't want to kind of labour the point on roaming but I just wanted to kind of ask you one thing. I think before you said that Belgium was a net inbound roaming country, i.e. more people come to Belgium than are leaving in terms of traffic. So when I think about 2018, it feels like you've already lost the retail revenue that you were earning in 2017. Does it mean maybe next year roaming could actually be a net positive if you had more volume on your traffic coming from outside as opposed to people leaving Belgium and roaming elsewhere? Thanks.

Sandrine Dufour: Okay, so you're right to say that so far we've been a net receiver in terms of traffic. So more people roaming in than Belgian people travelling out. But what we've seen is that the traffic growth is accelerating more in roaming out than roaming in. It's six times Q3 while it's 2.5 for roaming in for Q3. And when you look at projections, actually it's, of course, not unexpected, it's very different depending on the geographical zones and what we anticipate is to see a reversal of the trends for some, I would say, more holiday destination as of 2018, which means that we should probably next year become to be a net sender in those geographies, which by the way, has an impact on how we negotiate with our partners, the IOT, the inter-operator tariff, because as soon as we are net sender, it's in our interest to decrease much faster the interoperating tariff. So 2018 will be a mixed European map with zones where we will become net senders, others where we will continuing to be net receivers and I think it's our job today to see how why can optimise the price of this to make sure that at each point in time we maximise what we generate in terms of balance of roaming out and roaming in.

Sam McHugh: That's very clear. Thank you very much.

Operator: Thank you. Our next question is from Roshan Ranjit from Deutsche Bank, please go ahead.

Roshan Ranjit: Good afternoon. I've just got a very quick question around fixed wholesaling. Clearly, you acknowledge that it's fairly limited in the copper product at the moment by referring to your recent EDP Net announcement. If you were to see a more receptive customer base for the wholesale fibre product, would you consider potentially accelerating your residential fibre build? Thank you.

Dominique Leroy: Okay, I will take the question. I think first of all, the whole business case on fibre has been the business case that was built from us selling fibre, maintaining our share on EBU and upselling in CBU and increasing or sharing the consumer business. And next to that, also have wholesale customer on fibre. So contrary to what a lot of people think, that we are not interested in opening and selling fibre, it is not true. Our business case stands on the fibre to the home, fibre to the business and also wholesale. I think the fact that we have been able that early in the process to already close the deal with EDP Net, even though it's a small operator, indicates that for us it's important to have an open fibre network at commercial acceptable condition for us and for the market, also by doing that trying to avoid to be too much regulated, because as you know, there are a lot of discussion with the regulator that wants to regulate fibre even before it is built, which would be unique in Europe.

So we are also from all sides trying to show that our real intention is indeed to open up the fibre network with our bitstream offer and this is why such a deal has been done. Accelerated fibre to the home build is not so much dependent on wholesale, it's way more dependent on the global return on investments we can have on fibre. I would say today it's early days. We have been learning a lot in the year 2017 while we were doing the first fibre deployment. I think today we are the point where we really see that our processes or way to implement fibre is coming to maturity and that we are really able to accelerate, and I think that will help us to really deliver the plan which is currently foreseen for the current two to three years, knowing that every often you need to ask permits and you need to discuss with cities before doing the fibre rollout quite in advance, certainly as next year is an election, local election year in Belgium, and cities do not like a lot of civil works in the city centre while you will have elections. So the fibre acceleration is something we could consider. It will be dependent on the traction we get on fibre. I think today it's too early to decide upon that.

Another way to accelerate fibre is potentially the opening of the Flanders region where we could even go further than 50% for co-investments and if that's something that is feasible with good conditions, we would then also be ready to look at it and that could also potentially accelerate fibre, but I think today its way too early in the process to give any direction on that. The only thing that we have said a few times in analysts' discussions we have had is that if we would do that, we would then most probably use our balance sheet to finance it so that we would preserve the dividend to the shareholder. I think that's an important comment that I would like to repeat here to all the people listening to us because that's quite important for you.

Roshan Ranjit: That's great, thanks. And can I just have a quick follow up? I think you mentioned five cities rolled out with with FTTH so far. Have you commented on how many cities you intend to commence the rollout for through 2018? Thanks.

Dominique Leroy: I think we have given quite detailed when we were launching fibre. We've given quite a detailed objective in terms of population coverage after one year, after three years, so I think today we are in line with this ambition and I don't think we will give any other more precise information so far. It is of course very commercially sensitive because as a competitor, if they know where we are rolling out fibre they can also do preventive measures. So we are quite shy in giving too much information on that, as you will understand.

Roshan Ranjit: Okay, that's clear. Thank you.

Operator: Thank you. We have a next question from Ulrich Rathe from Jefferies. Please, go ahead.

Ulrich Rathe: Thanks. I have a follow up on roaming. You mentioned earlier than in EBU there are a number of tariffs where roaming is still billed. I'm wondering are there reasons for your customers to keep that or is that essentially a delayed effect where eventually that sort of revenue will go away. And then, you know, related to this, I'm not sure you ever mentioned this but Orange certainly did mention they're observing in the consumer segment people going to non-EU countries thinking they can get roaming and then essentially sort of overspending there, coming back to a bit of a bill shock. Is this something you're observing as well and is that also a mitigating factor that would then probably disappear as people smarten up to the actual implication of roaming outgoing? In other words, is there a delay effect in roaming outgoing impact? Thank you.

Bart Van Den Meersche: For your first question, so for EBU, it's indeed so that we still have a number of customers who are working on Pay U, so pay as they use. And so here you have an effect of data. Now, at the same time I have to say that the effect is magnified in the holiday season because traditionally in EBU we had a dip in July/August because there are less business days, and so people were not roaming where they're now roaming. And so that dip in July/August did not take place this year. Now, on the fact that is this something that we will keep going? Two elements. One, as I said, the dip was traditionally in July/August, so will not repeat itself in the coming months. On the other hand, yes we are also in enterprise gradually moving into all-in voice packs - bundles, so that is an evolution that will keep going on.

Guillaume Boutin: On the consumer business, we saw very limited impact over the summer but now we are back to normal trends and there is no more effect.

Ulrich Rathe: Thank you. Thank you very much.

Operator: Thank you. Our last question is from Vikram Karnany from UBS. Please go ahead.

Vikram Karnany: Yes, thank you. A couple of questions from my side. Firstly, in terms of B2B competition going forward, it seems like Telenet is progressing well with the migration of BASE. They expect to complete it by Q1 of '18. So this will be clearly the big segment that they will be targeting and this also reinforces, you know, that network quality issue as well of BASE is maybe not as bad as maybe anticipated in the past. So I just want to check, you know, what's your strategy going to be over here, and when you talk about B2B, give us more colour in terms of, you know, how sticky is your existing corporate client and if you divide the market segment in terms of, say, SME and large corporates. You know, how do you see the ARPU repricing that you have done and just give us kind of a bit more perspective in terms of competition going forward.

And secondly, on cost side, you know, I want to check how much flexibility you have in terms of, you know, further cost savings by moves to digital. You know, some of your peers have this year clearly, you know, made this as a big focus for them with the cost cutting delivery from the moves to digital. But

I don't see, you know, big numbers being talked about Proximus on that particular side and even if I look at things like All IP, you know, you have talked about only a modest amount in terms of expectations for cost savings from that, so I just wanted to understand why you are so different on that side. Thank you.

Bart Van Den Meersche: Well you know, first question on B2B competition, so it is indeed – I saw also that Telenet announced that they are progressing well in moving their Orange customers to the BASE network. It is going to be a major change, quite honestly. I mean both were already competitors before. I mean, so we were competing with as well BASE as Orange. And at the same time, we're not standing still neither. So as it was mentioned by Dominique, we're also investing in our mobile leadership and so we're also improving our network quality. So we will continue to what is our strategy. As I mentioned earlier on, our strategy is to differentiate on many elements and that means in terms of servicing, in terms of SLAs, in terms of convergence, convergence fixed mobile, convergence telco IT in this international parent ships and so on and so on. So continue to work on that differentiation and create value towards our customers. We continue to work on the business continuity, which is extremely important, and we continue to work on what I call always the innovation in the complex growth digital transformation to be relevant to our customers, and this is what makes still the difference and that is what we will continue to do.

Geert Standaert: Maybe to add some elements to Bart's point on network quality. You have to understand that there is two things that can happen to improve your quality. That is improving the performance of an existing site, but there I can tell you that we are fully in the process as well to upgrade our mobile network further to what I call 4.5G capabilities. And on the other side, of course, there is the element of coverage. And so there we still have an advance versus the competition on coverage and also there we further invest in expanding coverage there where it absolutely, matters for our customers. For example, along train lines, importers' roads, and so on.

Sandrine Dufour: So on the cost side, we are working on, I will say, all dimension to improve our cost structure and we've discussed the various routes that we were working on, which you see the result of, which is simplification of network processes, product, etc. but digitisation is also a very important element as part of all our efficiency efforts and initiatives, and we also - I mean, it's been very important in distribution. We're working a lot to massively decrease the volume within our call centres and migrate as much customer interaction as we can on digital formats but we're also trying all new technologies. So for instance, process automation with robotic to automate as much as possible the manual intensive processes between customer experience or other domains of the company. We start in the robotics, so it's a bit too early to give you colour on this, but it's definitely something that we're working on. We also are using artificial intelligence in other parts of the company. We're testing the chat bots within the call centre or to answer customers. We're using such machine learning technology in the network as well to detect the faults of some platform or networks and improve customer experience. So there's a full list of initiatives throughout the company on all these new technology as well and I think as soon as we have, you know, tangible elements which we see that are – most of them at pilot mode that we feel we can scale them, we'd be more than happy to come back to you and give you more colour on that.

Nancy Goossens: I think there are no more questions, right?

Operator: There are no more questions. Thank you.

Nancy Goossens: Okay then. I think we can leave it with that. Thank you very much for participating. If there will be anybody having follow up questions, you can obviously address them to the investor relations team. Thank you.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you all for your attendance, you may now disconnect.