



**Q2 2018 Conference call
27 July 2018**

Operator: Ladies and gentlemen, we will now begin. Good afternoon ladies and gentlemen and welcome to today's Proximus 2018 Q2 results conference call. For your information, this conference is being recorded. At this time, I would like to turn the call over to Nancy Goossens, Director of Group, Investor Relations. Please go ahead.

Nancy Goossens: Thank you. Good afternoon ladies and gentlemen and thank you for calling in. We have published all documentation on the results this morning. So, I take it that everybody has well received these or found them back on the website. We trust you have seen the published numbers by now, so for this call, we will reserve maximum of the available time to answer your questions. On our side, we have here present the CEO, Dominique Leroy, and CFO, Sandrine Dufour, as well as other members of the executive committee. They will take your questions in a moment, but before we get to that part, we will start with an introduction of the CEO. So, please Dominique, go ahead.

Dominique Leroy: Thank you Nancy. Welcome to everyone to our second quarter conference call. I will start by saying that I am and we are all proud of the results we announced this morning. They show continued growth of our customer base for our main products. While we operate in a competitive environment, we achieved to further attract customers on our internet offers and our TV platform, supported by the continued good traction for Scarlet and for the Proximus branded all-in offers. By end June, we totalled 435,000 Tuttimus and Bizz All-In customers and we were able to further grow our 4-Play customer base with a higher revenue per household and having lower churn levels.

We are especially happy about the growth realized for mobile postpaid adding in total 45,000 cards over the second quarter. This mainly reflects a successful marketing campaign around the World Cup and the Red Devils team. It also reflects another good quarter for enterprise segment, which gained 11,000 mobile cards underlining its solid position in the market. This was also visible in our strong ICT growth supported by the investments made to strengthen our ICT portfolio offering services that goes well beyond pure connectivity.

On top of the solid organic ICT progress, we also benefit from the acquired small, but highly specialised companies that are especially helping us in deploying meaningful solutions and accompanying our business customers in their digital transformation. The sound commercial achievements have led to a positive revenue evolution for our domestic operations up by 0.8%. Through up-selling services to customers and targeted price increases, we successfully more than offset the headwind such as the Roam-like-at-Home pricing and the ongoing evolution in the fixed voice usage.

At the same time, we continue to manage our direct and operational costs leading to a strong domestic EBITDA performance, growing by 5.5% for the second quarter, including a net loss in roaming direct margin of 13 million. Our international carrier business, BICS, closed a firm second quarter too with its direct margin growing by 18.5% and EBITDA by 12.7%. This was strongly supported by the consolidation of TeleSign. This combination visibly boosts BICS' strategic ambitions in the growing application to platform market while meaningful synergies are being delivered. As a result of the good EBITDA progress in domestic and BICS, the underlying EBITDA of the Proximus group for the second quarter ended 6.1% above the comparable period of 2017. This is slightly ahead of our expectations with some one-off tailwinds included in the consumer direct margin.

Based on our estimates for the remainder of the year, we reiterate our full year guidance of flat EBITDA growth for the group and nearly stable domestic revenue. We also reconfirm that the capex for 2018 is estimated to be around €1 billion and that we intend to return over the results of 2018 a growth dividend per share of €1.5.

As a final point, and I think you have all picked us up in the press and even yesterday evening on the BIPT site, the Federal Government has decided to open the upcoming spectrum auctions to a fourth mobile operator. With this decision, we will anticipate the outcome and work on different scenarios that we will take into account for our new three-year strategic plan.

With this, I have covered my introduction and propose now we start with your questions. Thank you.

Operator: Ladies and gentlemen, we will now begin our Q&A session. If you wish to ask a question, please press zero and one on your telephone keypad and you will enter the queue. After you are announced, please ask your question. We currently ask you not to use a microphone or headset when asking your question. We have a first question from Mr Ulrich Rathe from Jefferies. Sir, please go ahead.

Ulrich Rathe: Thank you so very much. Ulrich Rathe at Jefferies here. I have two questions, if that is alright. The first one would be regarding the sort of cost trends in the second half. Obviously, your H1 performance is now fairly solid and [inaudible] right in guidance. So, could you maybe highlight what effect might sort of come in the second half that prevents you from turning a bit more positive on the full year? And the second question if I may is on the sort of regulatory effort at the moment to reserve spectrum and create a case for a new entrant. I am just wondering how with everything we know now and that is not complete knowledge as I understand it, how realistic do you think is it that somebody actually takes capital in hand and takes up the offer? Do you think that is essentially we are just discussing the conditions under which this will happen or is there is sort of a realistic scenario that there won't be a new entrant after all. I am not talking about sort of normative whether it is the right or the wrong thing to do, but just your feeling of how likely it ultimately is given everything we know now. Thank you.

Sandrine Dufour: Okay, so on the first question, this is Sandrine speaking, on the cost trend in the second half, I think I just want to highlight the fact that we are still operating the framework of our global guidance regarding the cost reduction which is a guidance we gave for most of the year decreasing the total opex by €150 million between 2016 and 2019, that we have delivered a strong portion of that over the first two years, in the first half and that we will continue on delivering this guidance including on the second half of the year.

Now, regarding your other included question on the guidance. Maybe, it is worth that I highlight a couple of differences between H1 and H2, which is not just related to the cost aspect. As you know in the first half, there were some one-offs that I am sure you have picked up in the Q2 numbers that we have disclosed, that won't be repeated. Beyond this, we had a price increase last year a bit small in July, but also the more formal strategy which started in August and these two will annualize so that is I think one element that you should not forget when you look at H2. There is another element that we have also highlighted in our reports which has to do with the roaming. There is no more price impact expected in H2 related to the roaming because the new Roam-like-at-Home is annualizing – has annualized actually mid-June, but what we see is that we will continue to observe the cancellation of some options from our enterprise customer in the roaming and we also see that the traffic growth pattern for data for roaming out is accelerating faster than the traffic pattern for the roaming in and this traffic growth in the roaming out creates no extra revenue while it creates extra cost of goods sold so we have highlighted that this impact is also potentially a higher impact in second half of the year, versus the first half.

And maybe last, more on the cost aspects, you should have in mind that we are expecting an indexation that should happen before year-end that comes as well with negative impact and there are a couple of other, I would say external elements to have in mind as well. We still expect the fixed termination rates to potentially come and all these elements excluding potentially, you know, the trends between H1 and H2.

Dominique Leroy: Hi, Dominique speaking. So, perhaps just one compliment on the guidance – I think our guidance is relatively broad and I think when I look at the consensus, which has been put forward, I think the main message I can give is that we are indeed providing higher figures in Q2 than what was expected and what we would say is that the Q2 better figures are in the bank, as we sometimes say so that you can of course relook at your full year consensus including the better results of Q2 just to highlight a bit the good performance and also say that this performance will indeed translate in the year results despite the fact that [inaudible] on a lot of elements, which indeed has to temper a bit our enthusiasm after the Q2 results. So, that is for your first question.

On the second one, Ulrich, that is where we – efforts for a new entrant. To be honest, for us, it is extremely difficult to answer that question. I think we are rather happy that you have been able to see the conditions that have been decided. Thanks to the publication that the BIPT disclosed yesterday so it makes it more transparent for all of us. I think you have seen these conditions that there is quite some spectrum reserved for a new entrant and I think that is indeed something that is not trivial and certainly, there is also some spectrum, which is currently fully used by the MNO, is reallocated to a new entrant and that will have an impact on our network and will enable the new entrant to come in with some good spectrum. On the other side, it is true that the coverage obligation, although slower and lower in the first phase come to the same level of obligation coverage after eight years and that is new because in the previous elements we received, it was 10 years so that has been reviewed in the last negotiation round and that makes it indeed for a new entrant, a more difficult task to achieve and will ask a new entrant to put a bit more money on the table to build the network on the eight years' period.

Apart from that, I think Belgium is a relatively small market. We have already three MNOs and to be honest, thinking of such a sizable market with four networks and four operators, I think it is something that is not sustainable, so I think in the long run, I don't believe that this market can support four operators and then the question is what could be the strategy of a potential fourth entrant to enter and then to exit or to partner with someone else and to be honest, I am not in a position to give any answer on that and that is more probably up to you to ask other potential entrant that question.

Ulrich Rathe: That is great, thank you very much.

Operator: Thank you. Next question from Nicolas Cote-Colisson from HSBC. Sir, please go ahead.

Nicolas Cote-Colisson: Thank you, hi. My first question is on the broad band market with the weak net adds for the quarter. I was wondering if you could share how much of this is achieved with Scarlet and if you think it is still an efficient tool to fight back competition in your view? And my second question is on TeleSign. The time for the purchase price allocation is not yet completed. Why is that? I was just wondering if you had any positive or negative surprise after the acquisition. Thank you.

Guillaume Boutin: This is Guillaume speaking on the first question. As you say the broad band market in Q2 has been very soft, not a lot of volumes in the market, not a lot of gross gains, not a lot of churn. So, this is what characterized the market in Q2. At that stage, we achieved a nice customer growth on broadband internet and again, we truly think that using these two-brand strategy with Proximus and Scarlet, these are right strategy. As you can see, we are still able to grow on our average revenue per home, which is a good sign that this strategy is value accretive for the group.

Nicolas Cote-Colisson: Okay.

Sandrine Dufour: Nicolas, this is Sandrine. So, on your question on purchase price allocation of TeleSign, as you know, we have 12 months to finalize the work, which is largely done. The only reason why we have not closed the exercise is that because we are still waiting till Q4, which was the time that we have had to look at the tax losses carried forward, so that is it.

Nicolas Cote-Colisson: Okay, cool. Thank you very much. Oh, maybe if you don't mind, just a follow-up. In terms of timing for the fourth entrant, at some point, every operator will have to register for the auction. Do you have any idea when it could be? Is that January, February next year?

Dominique Leroy: I mean the timing has shifted because indeed today there is a proposal that has been ratified by the Council of Ministers, but as Belgium is a special country with federal and region, this proposal needs also to be validated by the regional regulators. It needs also to go into the parliament and only after all that, that can be really transferred into an official royal decree and then only can the BIPT publish the execution modalities for a new entrant. So, we expect that a new entrant would potentially have to register by June-July next year and that the auction would be – would take place at

the earliest by October 2019. So, we unfortunately will need to leave in uncertainty until June July next year before we will know if there is a fourth entrant and who that fourth or the various fourth entrants would be. So, that is the timing which is currently we think the most realistic one, is mid next year for the application and October next year for the auction.

Nicolas Cote-Colisson: Okay, thank you, very interesting. Thank you very much Dominique.

Operator: Thank you. Next question from Alexandre Roncier from Exane. Sir, please go ahead.

Alexander Roncier: Thank you very much for taking the question. I was just wondering if you could maybe give a little bit of colour in particular to your commercial performance in Q2, so as you already mentioned, broadband was a little bit soft, but we saw modil[?] you know being still quite strong and resilient. I was just wondering if there was any particular impact from the World Cup and maybe your partnership with the Red Devils.

And then secondly, in about fibre, we have had a lot of price speculation regarding fibre networks being deployed. You recently just passed like a new agreement with Flanders for network of future, but I was wondering if there was anything in the pipe for Wallonia as well given that I mean we have heard and there has been [inaudible] also being interested in digging up fibre in Wallonia? Thank you very much.

Guillaume Boutin: Guillaume speaking. On the mobile post-paid performance, as you mentioned, I think we did a great job on the Red Devils campaign and I think it has been greatly executed during the 45 days of the World Cup. But it is not only the traction of our commercial offers, but it is also incoming trends on churn rates that helped us also achieve this nice postpaid customer growth.

Bart: And then this is Bart speaking for the enterprise. Also, there we have a very good performance in mobile, actually in this quarter, we are growing again in mobile services which is quite remarkable. Thanks to a number of elements, of course, and there is still the growing part, so we added 11,000 new customers and we are crossing the one million milestone of mobile cards in enterprise, but at the same time, we have a growth in data usage – mobile data usage, and a low churn, which again confirms the quality of our network and our services. So, those elements together make that we also have in enterprise a very good mobile performance.

Dominique Leroy: And Dominique speaking. Concerning your question around fibre and the new agreement with Flanders, perhaps I can just highlight a bit what has been agreed, that you probably have read that there was some questions from the Flemish government to see if they would themselves put some money and financially help in the potential fiber network which is of course something there is well, where we had a lot of question marks knowing that for the time being, there are already two fixed network in Flanders, one on the coax with Telenet and ourselves with Proximus, with fibre up to the street cabinet and the recent announcement of bringing fibre to every home and enterprises, I mean to the level of what we have committed to and I think these agreements reflect mainly I think the constructive and good discussions we have had with the regions, while we have highlighted what is really our plan, that our network is open, that our network is open at commercial conditions which are currently having a good take-up from wholesale and we have I think today already agreement with around eight wholesale suppliers for our fibre network.

So, by being able to explain more in detail our coverage plan for all city and commune centres, our coverage plan for enterprise and the openness of our network with some already made commercial price agreement, I think we have been able to convince Flanders. Telenet has done the same at their side that there was no need to put more public money or to put public money in building another fibre infrastructure. So, I think it is a very good outcome and I think it comes mainly from a constructive angle discussion. There has never been on the Wallonia side any questions on the same subject. I think in Wallonia, people understand that there are two networks, the one of Nethys, the one of Proximus and that we are deploying the network of the futures in Wallonia and then at that site, would be no question on should there be extra public funds to finance the network. So, I think there is no need in doing any

agreement with the Wallonia region because that question is not on the table and we haven't heard of any initiatives in that sense.

Alexander Roncier: That is very helpful, thank you.

Operator: Thank you. Next question from Ruben Devos from KBC Securities. Sir, please go ahead.

Ruben Devos: Yes, yes, good afternoon, thanks for taking the questions. Two basically. The first one on the fourth operator possibly. So, I understood that they need to achieve 30% population coverage within three years. I was wondering what does that mean in terms of roaming agreements with the existing operators and would those agreements be on a commercial or a regulated basis.

Then, secondly, on the memorandum of understanding with minister of Flanders, so just for clarification, should we understand then that this does not affect your fibre for the Belgium rollout plan? Yeah, thank you.

Dominique Leroy: Could you repeat your second question please, just it was not clear.

Ruben Devos: Yeah, regarding the memorandum of understanding that Minister Muyters for Flanders rollout, the question you just answered. I just wanted to clarify whether that does not have a material effect let's say on your fibre from Belgium rollout plans because there were some headlines that you know the download speeds would increase to 1 gigabit per second by 2020, that sort of thing. So, I am just wondering how that affects your capex envelope.

Dominique Leroy: Okay, thank you. So, concerning the fourth entrant, I think in the draft resolution, I mean there is no specification for commercial agreement on roaming, I think this will be up to the new entrant and the current MNO to see if they want to sign any commercial roaming agreement. The only information there is there – obligation there is, is that as soon as the new entrant has reached a coverage of 20%, if there is no spontaneous commercial agreement, then the BIPT could impose to provide national roaming to one of the operators as a condition which is a retail minus, so I would say it is a stick behind the door that if there are no roaming agreements on the commercial basis, there is a possibility for the regulator to impose a national roaming to one of the operator as soon as the new entrant has reached 20% coverage in the country.

Concerning the MOU with Flanders, I mean so far, we haven't changed the rollout plan for the fibre, I mean our current plan is still aiming at covering all the city and commune centres of the country and also of Flanders. There has been no change with the minister. Of course, our plan currently is foreseen for the next 10-15 years and we will then see afterwards if there are new technologies or whatever to go further, but for the time being, our commitment is in line with what we have set to the markets.

Ruben Devos: thank you.

Operator: Thank you. So, next question from Mr. David Vagman from ING. Sir, please go ahead.

David Vagman: Yes, thank you. Good afternoon everyone. Thanks for taking my question. I have got two, first on the BIPT and the mobile auction requirement. I just wanted to ask you basically whether you think that expecting the new national coverage obligation of 99.8%, versus 98% today I think will force you to increase your capex plan for the let's say for the coming years and then my second question is whether on the guidance if you could give a small clarity on the slight EBITDA growth guidance in particular that the thresholds that you have in mind, whether this is low single digit growth or mid single digit growth? Thank you.

Dominique Leroy: Okay, so concerning the coverage obligation of the existing operators, I think indeed currently the obligation is 98, I think if you look at the current 4G coverage, we are already providing 99.8% coverage outdoor so that do not change. The question is indeed more relevant for the 700 MHz,

where indeed there is well reaching coverage of 99.8 after I think two years. if indeed we are looking at it currently and it will also depend very much how it will be measured and that is not very clear because it is a new spectrum band and so we need there to have some discussions with the BIPT on how the measurements of these 99.8% coverage will be done and in function of how the measurements will be done. It could have a small impact on our foreseen rollout plan, but that is mainly for new bands while on the existing, we are already at 99.8 on outdoor coverage. Concerning the guidance, I don't think I can see anything else than I have said before, which I see what rather precise seeing that if you look at the consensus that has been provided by the analysts, you need to take into account the better results of Q2 to come to a renewed annual guidance and I think that is the more precise guidance I can give on what we think a slight EBITDA growth means.

David Vagman: Thank you, that is very clear, thank you.

Operator: Thank you. Next question from Roshan Ranjit from Deutsche Bank. Sir, please go ahead.

Roshan Ranjit: Hi, good afternoon. Thanks for the questions. Just to go back to the Flemish agreement, is it possible to understand if there are any differences specifically to the Flemish region to the commitments made to the wider Belgium coverage? And did you or are you considering some form of co-investment in the Flanders region?

And secondly, just on TeleSign quickly. Is it possible to get the contribution of TeleSign in the quarter? I think you have previously said I think at the end of 2017 that you had a mid-teens type revenue contribution in that. Thank you.

Dominique Leroy: Yeah. So, to come back on the Flanders memorandum of understanding, there is no specific commitment to any coverage what we have agreed is that we would need to cover exposing all the city centres and the commune centres in Flanders. There is also no element concerning coinvestments at this stage, so I think the memorandum of understanding still opens up any change possibilities, but what we committed for is in line with the plan we have revealed to the market last year and I think if you look at both the coverage that will be provided by coax and by fibre on Proximus, I think Flanders will have a very, very decent fibre and coax networks for covering the usage in Flanders and I think that was the main concern of the Flanders region is that they would have a region where the digital would be – the digital Flanders would be possible and I think with the two current infrastructure and the foreseen enhancements of those, I think they have been reassured that it is the case, so I don't think there is any new or extra commitment that needed to be taken.

Roshan Ranjit: So, just on that front, sorry, so you highlight that you are guaranteeing the speed of the network at fair prices, so that guarantee of speed is applicable to nationwide I guess.

Dominique Leroy: There is no guarantee of speed, I think the question of the minister was that I mean if on the longer term, what is needed is for instance 2.5 gigabit per second, are the investments we are doing currently enabled to bring that 2.5 gigabits per second speed and that is indeed the case. I think that fibre we are deploying currently, we deploy it with currently a 1 gigabit per second speed, but there is absolutely no big issue to boost that fibre investments to 2.5 and that was indeed one of the reassurance that the minister wanted, but that is something we could commit to and that doesn't trigger any extra investments versus what is foreseen in the next coming years for Proximus.

Daniel: Good afternoon, this is Daniel here for BICS. When it comes to TeleSign, we don't provide a separate information for the simple reason that first of all they are using our network to deliver the voice and message authentication transaction and so depending on where you put the value, it is only the total that counts. The other reason is that we have moved from some customers and transferred from customers from and to TeleSign and BICS and at the end, we look at it as one entity. The good news is that it has been going steadily over Q2 like in Q1, but we don't disclose more separate information.

Roshan Ranjit: Okay, that is helpful. Thank you.

Operator: Thank you. So, next question from Michael Bishop from Goldman Sachs. Sir please go ahead.

Michael Bishop: Yes, good afternoon. Thanks for the question. Just sort of to connect two questions please. I am a little bit confused on the coverage obligations for the new operator because I had also had the 20% number put in the BIPT document. It looks like it is 30% coverage after three years. So, if you are understanding that the 20% or 30% is the point at which the new operator has to cover before there is potential need for a roaming agreement and which of the two is it?

And then secondly, have you thought about what the potential investor capital might need to be for a new operator? Because it seems like the regulator has also highlighted the coverage in Belgium. It is quite difficult to achieve and the new entrant would clearly have to build a number of sites, which I think the regulator said on average might be around a 150,000 and if you add that to the fact the spectrum is being sold, then presumably you would have to assume that a new entrant would at least have to deploy a couple of 100 euros million upfront before any roaming agreement. Is that your understanding? Thanks very much.

Dominique Leroy: So, concerning your first question, I think there are two complete different things. I think the reason obligation related to coverage which is in the low, which is indeed 30% after three years and I think 70% after six years. So, these are coverage obligations. There is something which is indeed not disclosed by the BIPT, but according to us, there is what I said in terms of national roaming there is of course pre-agreement that can be made by a new entrant with the current operator as from day one, but if there is willingness of the new entrant to oblige an operator to provide national roaming, then the BIPT as foreseen in the new spectrum, that is as from 20% coverage, it could impose a national roaming agreement to one of the existing operators at retail minus condition. So, they are a very different elements, one is linked to coverage obligation linked to the spectrum, the other one is roaming obligation imposed by the BIPT as from 20 coverage, but it would well be that as in other countries that there is a commercial agreement before that or at that moment and that stick is not needed to be used by the BIPT.

Michael Bishop: So, if I could just follow up. That is really helpful in terms of the clarification, but is it not an issue of discrimination if the regulator is trying to pick one network and it would just be interesting to get your views on whether you have looked already at whether that sits within the European framework, a policy like that? Thanks very much.

Dominique Leroy: Yeah, to be honest, I mean so I have no more information than what I gave you, I think they are indeed put that in the publication to make sure that there would be an agreement. I don't think there is, I mean, a big chance that there will be an imposition, I think it is there more as a stick, but to be honest, I don't know how it will be allocated and on what basis. So, that is not clear and that still needs to be discussed with the BIPT once we will go into the more executional modalities. So, I can't answer that question. So, concerning the level of the investments, to be honest, we haven't done any calculation so far. I think all these figures are very recent and we have indeed to see and we will do and I am sure you will do some scenario planning on how much a new operator would need to invest to have the 30% or 70% coverage. So, far, I can't give any answer because we haven't done the calculation as of today because that is all very new and that has changes till the last moment of publication.

Michael Bishop: Thanks, that is all very helpful.

Operator: Thank you. Next question from Paul Sidney from Credit Suisse. Sir, please go ahead.

Paul Sidney: Yes, yeah, thank you very much. Good afternoon. I just had sort of three relatively short questions, again on the fourth entrant. I am sorry to continue on that theme, but given its importance. Firstly, can I just get some clarification on what you mean by looking at your three-year plan in the context of this decision. Does that – should we assume that you may look at your investment plans and may actually look to invest less following this decision.

And then secondly, could you and the other network operators actually choose not to bid in the auction? Would that be a way to send a very strong message to the Belgium government if you basically won't go into hand them a couple of 100 million euros for your part of the spectrum? And then just lastly, I am sorry, I would just follow up on Michael's question. They don't understand right that you said you hadn't really done any work into whether you could legally challenge that the mandatory roaming point, I am sorry, I just didn't get the answer to that question. Thank you.

Dominique Leroy: Okay, so I will try to clarify you all that I think –

Paul Sidney: Yeah, sorry.

Dominique Leroy: No, on the first one, I mean we will indeed, I mean review our three-year plan so for the years 2019, 2021, I think like every noble company when there is such a change in the regulation, we will do some scenario planning and we will see what we will need to do depending on who could be a fourth entrant if there would be a fourth entrant, but these are very commercially sensitive information and I think it is way too early to give any indication on that. The only thing which I can say will have to be done anyhow is that we will need to accelerate our transformation towards a more simple, lean and mean and digital company because most probably, the reason of change in the market will accelerate from what we have seen over the last year, but that is in line with the plan we had. We will most probably just need to accelerate the transformation that we are going through. For the rest, if that would have an impact on our offers or on investments, or whatsoever, it is way too early to give any indication on that.

[Inaudible] the auctions, I know that there has been some rumour in Italy that that would be one of the scenario. To be honest, I don't know, I think spectrum is a scarce resource and spectrum is hardly needed and we have now an auction for at least 20 years, so I am not sure that would be a right decision, so for the time being, we are more looking at how to bid at the auction, but not not to bid at the auction.

And. on the legal challenging, I mean I didn't see anything on the legal challenging, I think it was more – the question was more on the 20% – the obligation to offer a national roaming as from 20% coverage and their decision would be imposed by the BIPT on one operator and how that operator will be picked up and to be honest, I said, I don't know how it will be done because we don't have more precision on that. Challenging this decision, I think that is as well too early, we will have to see after the process is finalized what we can do if we do anything, so there I think we reserve all our rights to look at that.

Paul Sidney: That is very clear. Thank you very much.

Operator: Thank you. Next question from Ulrich Rathe from Jeffries. Sir, please go ahead.

Ulrich Rathe: Yeah, thanks for allowing a follow-up. A couple of questions actually. The first one as you mentioned, in one of the early answers, on the resellers you gained in Flanders on the fibre network. Could you describe what sort of operators these are? Are these operators that exist already in broadband or are they actually active nationwide or at least Flanders wise or are they very local? Just any colour on what sort of, you know, what sort of potential incremental competition comes from such a reseller? Second question is the authorities have said they are actually talking to an interested party, right, so they presumably are not drafting all these roles just, you know, into out of space. They are sort of talking to the other party.

Is it your impression from the way the discussions that you are having with the authorities who are going back and forth? Is it your impression that they are actually designing these rules according to what they hear from an interested party? Or do you think they are really putting it out there and sort of see what happens. And the last question is, does looking at this sort of spectrum table that BIPT has put out – I mean one could argue that spectrum is actually becoming quite scarce for the existing three operators, in particular because the spectrum cap seemed to allow two players per band if they bid for the full allowance the way it looks and which effectively could make for a very, very contentious auction in the

remaining band. Is that the right way of looking at it or will people essentially [inaudible] to get the bands and then you want to get into bid up? I mean is there – is this a very difficult setup that is sort of emerging here for the existing operators or not? Thank you.

Dominique Leroy: So, on your first question, I mean when I talk about resellers, I mean they are resellers, they are national resellers and so they are companies that are currently reselling our copper network most of the case, so these are existing players where we have extended our reselling agreement that we currently have on copper to fibre, so there are no new players in there and they are not specifically players for Flanders. They are national players and so I think that the best proof that the conditions we have offered on the fibre and the way we manage the opening of the fibre is in line with the market expectations and we have done agreement on the current steering, I mean the two that has been published on the market review but also some others with some higher specificities and higher price and I think for us it is important that we can keep our fibre network open, but with the right conditions and with the right price steering and in that sense, I have seen the fact that we have been able to reach agreement with around eight resellers on the different price points is an important element for us and give us confidence that we can continue to roll out fibre also with good return on investment on the wholesale sites.

On your next question, I mean it is very difficult for me to answer, I mean it is true that the government and the BIPT has said that they have received interest from a specific party. Am I questioning that? To be honest, I don't know, I think it is most probably true because initially when you looked at the first rules for auction that was put into market forwards in May last year, there was nothing foreseen for the fourth entrant. To say that that has been changed relatively recently in the process is indeed something where probably being adapted in function of a specific interest of a party, but if that party is still interested, are the conditions in line with what the party has in mind? To be honest, I don't know. There has been quite a lot of discussions also within the government on the conditions, and so I don't know if they are still in line and if that party is still interested.

That is something you should indeed ask the regulator or wait till June next year to see that is the case. The last question you said about the spectrum scarcity, I mean that is something we have put forward as one of the most negative element of the auction is that in the existing band and mainly the 900 and the 1800 MHz, we are currently using the full spectrum with the three MNOs and if there is a fourth entrant, the spectrum that will be available for the three current MNO will be lower as a total than the one we are using. So, that will have indeed an impact on the quality of the networks and that is indeed providing some issues because you will need to use new spectrum bands to offer the same quality for your customer.

On the other end, there is some spectrum reservation for the existing operator so it is not that we will end up with no spectrum, but we will end up with a different set of spectrum bands and that will indeed lead to some investments in re-farming of the bands and in building new run equipment for the new spectrum band, so that is probably the most negative element of this new auction is that and I think it is a unique case in Europe, where some spectrum that is currently fully used by current operator is taken away and reserved for a new entrant.

Ulrich Rathe: Yeah, thanks. So, if I can just follow up then so real quick. It just looks as if, you know, it is 900 MHz to 1800 MHz, [inaudible] 2 GHz, if they subtract the new entrant reservation, then what is left divided by the spectrum cap in each band essentially allows two operators to bid for the full cap. Now that sort of structure could make for a very contentious auction because it has the potentially to push someone out entirely out of the secure band at least, so you know I was more interested in that element of it, the sort of the overall structure there in the remaining relatively limited bandwidth fairly high spectrum cap. Is this a problem or would you particularly push for lower spectrum caps or is this fine because the three remaining operators will sort of manage this between themselves in your view?

Dominique Leroy: I mean this will be part of the auction strategy. So, I mean I can't give any answer on that because that is very sensitive. I think the only thing that I can see is that indeed on all the

spectrum bands, there is a reserved part of the spectrum for the new entrant so it is not possible that it is only going to two operators, I mean the three will have some spectrum, but it is true that for the path, we will be auctioning, there could be some more discussions on who takes the one that is put in the auction, but that it will all be about the auction strategy that the various operators will lose, so for me it is very difficult to give any comment on that and we will see in the auction strategy how all these things turns out.

Ulrich Rathe: To me that is enough. Thank you, thanks so much.

Operator: Thank you. Next question from Nicolas Didier from Berenberg. Sir, please go ahead.

Nicolas Didier: Hi, good afternoon. I have two questions. The first is regarding the network rollout for potential new entrant. I am curious to see is there any way where the government could change the rules of the game or a law that will enable an easier rollout for a new entrant, and can you remind us the kind of experience you have on the ground between the moment you decide to apply for a permit for a new site and the moment you can activate and how long does it take, roughly speaking?

And the second question is regarding the banking. Maybe you had a question in the past, but you know Orange has a decent traction so far in France; we don't have all the members but it looks to be an interesting thing to do for Telco with good reputation and I was going to mention Spain and likely in Belgium is it something you will look at or and you concluded it is not interesting or something that is still up there and you have not, you know, done any experiment on that. Thank you.

Dominique Leroy: Okay, so on the rules for permit and things like that, it is true that in Belgium, which is a complicated country again, we have three different regions, Flanders, Brussels and Wallonia with three sets of different rules for permit and also for emission norm so I mean those two elements are indeed a constraint for us as existing operators, but also certainly for a new operator. I think the region, which is currently the most complex one to potentially cover is Brussels, because there you have two issues. You have an emission norms, which is extremely restrictive and that even doesn't permit us today to roll our 5G and that is why you have probably seen that we assigned a letter of intent as a sector with the Brussels region to try to make of Brussels the first city where we deploy 5G in Belgium and with the help of the region, to then change some of the constraints that there are currently and mainly concerning emission rules, so if that changed that would allow us to roll out 5G, but also allow a new entrant to roll out 5G on the basis of new emission that will anyhow still remain quite constrained. So, yeah, I don't think there is any willingness from the region to go to a full liberation of emission norms. Concerning the permit, it is a bit the same in Brussels. You will very often need up to 400 days to be able to get a new permit and so that is indeed something that will make the rollout of our network for the new entrant a big constraint.

Concerning your second questions, in the bank, I mean we are very aware about what Orange is doing in other countries, I think we have no plan in that sense in Belgium. I think if you look at the bank market in Belgium, a lot of banks are already very advanced on their digital front so we think there is not so much opportunity in this market to come up and beat the bank with a digital application and that is one argument. Second argument is that we are one of the main providers for banks in terms of connectivity and digital solutions. So, the banks are our biggest customers – one of our biggest customers so we don't see any interest in entering into a competition with our own customers. So, no plan for us to enter the banking sector.

Nicolas Didier: I see.

Operator: Okay. So, next I guess. Okay, next question from Guy Peddy from Macquarie. Sir, please go ahead.

Guy Peddy: Hello, just a very quick question please. You are about to in your next three-year view, you will come up with your next dividend policy. Now, in the past, you have had the dividend policy based on

paying an absolute level of dividend. Given you are going to have to set this dividend policy before you really know what is going to happen with the next spectrum auction, do you have the flexibility to make your dividend policy proportionate, i.e., proportion of cash flow, proportion of earnings, etc. Do you actually have that flexibility to – within your government relationships to establish such a thing or are you committed to having more of a fixed dividend target? Thank you.

Dominique Leroy: So, currently, we have a dividend policy which is indeed that we distribute most of our free cash flow and so when we use the guidance on the dividend, it is always based on our best estimate of our plans and of the cash flow delivery of our plans. So, in that sense, it is dependent on the cash flow, I mean that is why we have reconvened the dividend for this year in our quarterly results because with the results we had so far, we are quite confident that we can cover the €1.5 dividend with our operational cash flow of this year. I mean cash flow is outside acquisitions. It is the operational cash flow that needs to cover the dividend. So, for the coming years, normally, even with the current dividend policy and today there is no discussion on changing that, I mean the dividend policy should remain in line with the free cash flow. The big question of course is how will the fourth entrant affect the market value and hence the free cash flow generation of Proximus, but that is today too early to make any guidance on that, I mean we will come back to you with more – better view with our yearend results and the guidance we will give you in February next year.

Guy Peddy: Can I just come back that? But what was going to happen between now and February for you to get confident that you are going to know what is going to happen?

Dominique Leroy: I mean yeah, it is true that at that time, we will not know if a fourth entrant has applied or not because we as I said in the beginning, the application is foreseen currently for June-July, but we will indeed make our best possible assumptions in the three-year plan exercise to see what we think is achievable in 2019 as a company; and based on that and after discussions with our board, we will come with a guidance in February and we will try to give you an as precise guidance as possible.

Guy Peddy: Brilliant, thank you.

Operator: Thank you. We don't have any more questions for the moment. Ladies and gentlemen, if you wish to ask a question, please press zero and one on your telephone keypad. We don't have any more questions. Back to you for the conclusion.

Nancy Goossens: Thank you very much. That leaves me just to thank you all for participating in this call and I wish you all a great weekend. Should you have follow-up questions, you can obviously contact the Investor Relations team. Thank you.

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