We connect everyone and everything so people live **better** and **work smarter**

proximus

Table of contents

Proximus

Proximus is a telecommunications & ICT company operating in the Belgian and international markets, providing services to residential, enterprise and public customers.

We are the leading provider of telephony, internet, television and network-based ICT services in **Belgium** through our Proximus and Scarlet brands. Our advanced interconnected fixed and mobile networks offer access anywhere and anytime to digital services and data, as well as to a broad offering of multimedia content. We are investing in future-proof networks and innovative solutions, creating the foundations for sustainable growth.

Offering the full range of telecom and ICT, Proximus provides services for residential, enterprise and public customers.
We are active in **Luxembourg** through our affiliates Telindus Luxembourg for ICT and Tango for telecom. In the **Netherlands** we offer ICT services through Telindus Netherlands. BICS is our affiliate responsible for our **international** carrier services.
Our complementary brands meet the demands of a wide range of customers.

In March 2016, Be-Mobile, Flow and Mobile-For, a Proximus subsidiary, have merged to form a new company called Be-Mobile with the aim of offering innovative mobility solutions to increase the accessibility of cities and manage and optimize traffic flows. Be-Mobile occupies a unique market position in the field of SmartMobility, offering solutions to road users, companies, cities, municipalities and government services. It offers its expertise to increase the accessibility of cities, manage and optimize traffic flows through services such as mobility monitoring, dynamic traffic control, electronic toll charging, and payfor parking services.

BEMOBILE

Our brands:

proximus

"Belgium's leader in quality and service with the full choice of features – bringing customers instantly close to what matters."

scarlet

"The no-frills offering for customers looking for the best prices."

tango)))

"The Proximus Group telecom operator in Luxembourg, with fixed and mobile, TV and convergent services."

telindus
a Proximus company

"ICT with a focus on corporate and institutional customers in the Netherlands and Luxembourg."

bics

"Best-in-class international wholesale solutions for voice and mobile data service providers worldwide."

Our strategy

06   Our 2017-2019 strategy

Our purpose is to connect everyone and everything
so people live better and work smarter.

*" Thanks to my good
internet connection and new
communication technologies
I can now review CT-scans from
home when on call evenings or
weekends; it allows me to be with
my family more, while also being
present to follow up patients. "*

**Ann, radiologist,
Tielt Hospital**

Our 2017-2019 strategy

Proximus is accelerating its Fit for Growth strategy over the next 3 years and strengthening its ambition to become a Digital Service Provider, connecting everyone and everything so people live better and work smarter. Our ultimate objective is to offer our customers a superior customer experience.

" Proximus' Fit for Growth strategy, launched in 2014, had the ambition to change Proximus from a technology-based player to a company focusing on customer experience, simplification of its operations and a new winning culture. This strategy had as goal to bring Proximus back to growth by 2016. Already in 2015, one year ahead of plan, the company returned to growth. To anticipate the ever demanding, fast evolving customer needs and an increasingly intensive competitive market situation, Proximus is accelerating its Fit for Growth strategy over the next 3 years and strengthening its ambition to become a Digital Service Provider. "

Dominique Leroy, CEO Proximus

Becoming a digital service provider

Proximus wants to become a **digital service provider**, connecting everyone and everything so people can live better and work smarter. Our ambition is to bring new technologies in an easy way to our customers and improve their lives and work environment. We want to favor a new digital ecosystem, open to partnerships and collaboration with new emerging players and offer our customers access to new technologies and their benefits in an easy and customer friendly way. It's by means of new application-led and service-oriented solutions that customers will experience the true meaning of Proximus' customer centricity mission.

It's our ultimate objective to service our customers and offer them a **superior customer experience** with a quality and service that can be experienced through our best quality integrated network, easy-to-use and innovative solutions, best accessibility & local reach, and proactive servicing.

Fit for Growth strategy

To support the delivery of a superior customer experience and sustain our growth, we will focus on **4 strategic pillars**, where we really want to make the difference over the next 3 years.

Become "Fit"

Proximus will accelerate its strategy by making its organization fitter, and bring down its operating costs while increasing customer and employee satisfaction. To this aim we will drive **simplification and efficiency** throughout the organization. Our simplification initiatives will cover the portfolio, networks, IT and processes. We will adapt our ways of working to become a lean and agile organization, with a strong drive for efficiency.

Grow the core

Proximus will grow the value of its core business offering relevant integrated solutions for residential and business customers. We will create value for our customers by **intelligently bundling** our solutions, to grow the proportion of multi-play customers, and build usage value through **smart pricing**.

On the residential market, with our innovative brand new portfolio for families and small enterprises, we set ourselves apart by no longer making the difference

Connecting everyone and everything so people **live better** and **work smarter**
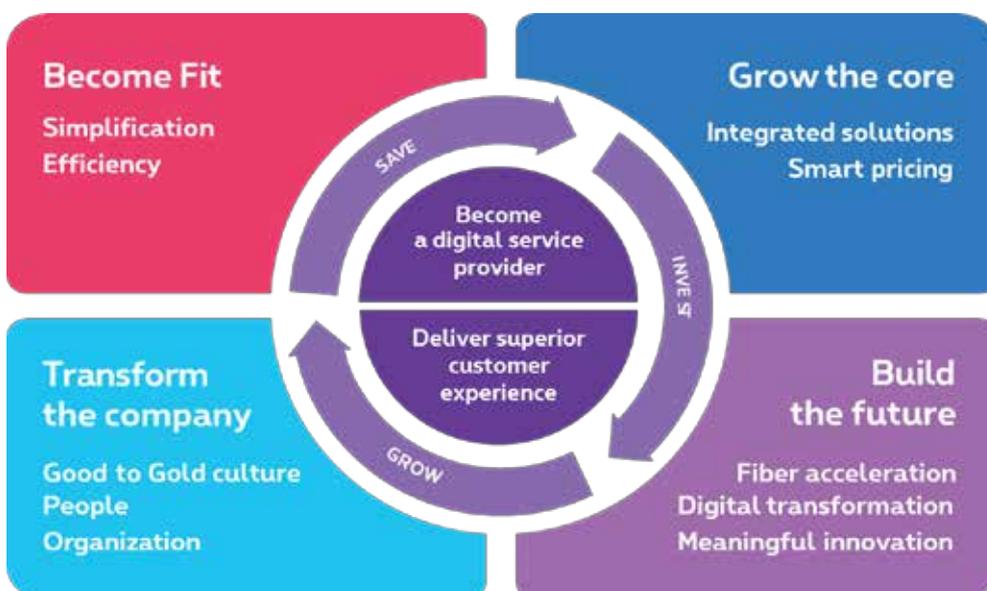
between the type of network the devices are using and by an end-to-end "peace of mind" experience. Our portfolio will evolve in time, progressively integrating the Internet of Things.

On the enterprise market, we will significantly invest to connect to the new business reality. We continue to improve and complete our existing ICT portfolio, by following the mobile-first and cloud-first evolution. We'll move towards truly modular convergence to deliver integrated solutions, supported by new tools and processes while embracing **application-led solutions** to integrate partners. This will translate into different value proposals like workplace as a service, smart and connected buildings and ecosystem convergence driving value out of the supplier and customer relationship.

Build the future

We want to **build the future** through accelerating fiber roll-out, driving the digital transformation of our processes & customer interactions and deploying meaningful, application-led innovation. Fiber is the key enabler to sustain and further develop Proximus' **best**

quality integrated network. It's the ultimate technology to offer customers the best solutions and most future-proof experience, responding rapidly to their ever faster evolving needs.
In a highly competitive market, Proximus believes that the superior experience created by Fiber, with ultra-fast download and upload speeds and unrivalled responsiveness, will lead to our increase of market share in the residential segment and to a strengthening of our position in the enterprise segment. Fiber will also enable further densification of our mobile network and allow the future roll-out of 5G.

We will **boost digital customer interactions**. Proximus will transform itself to enable customers and businesses to interact with us throughout a coherent digital journey. Optimizing digital touch points will bring us even closer to our customers: simpler interactions, immediate access whenever convenient for the users, accessibility from any place and with any device.

Innovation is twofold for Proximus. First, we focus on innovative technologies that are relevant and meaningful for our customers, delivering them concrete and useful applications. Second, we will concentrate on value-creating innovation, representing the

Group's future avenues for growth. In the residential market, we continue our content aggregation strategy. **Smart advertising** and **Smart retail** are the key areas of focus. For the enterprise market, we further accelerate developments in new domains, mainly in the **Internet of Things, Big Data analytics, security and the creation of a brokering platform (Enabling Company)**. Concrete integrated deliveries are 'Smart mobility' and 'Smart cities'.

Transform the company

The acceleration of Proximus' **Good to Gold culture** will be a key enabler to achieve our mission of delivering a superior customer experience and realize our ambition of becoming a digital service provider. We will reinforce, adopt and drive the need for cultural change towards a **growth mindset**, the belief that we are able to learn, change and adapt for future success. This mindset change will be driven by the 3 company values: **agility, collaboration and accountability**. Agility is a prerequisite to grow and seize opportunities in tomorrow's digital world. In order to be able to do so we will transform towards a learning and more digital organization where both risk-taking and learning from mistakes are rewarded.

collaboration and accountability will become real through local and empowered teams, driving better execution, to improve accountability throughout the company and drive better execution.

The cultural transformation of Proximus, which builds on people's strengths and the **development of our talents** through coaching and feedback, will not only drive performance. Our employees are to become proud ambassadors of Proximus and its solutions, where successes are celebrated and the company is recommended as a great and fun place to work.

Sustainable profitable growth

The sound financial position of Proximus allows for investing in its customer satisfaction and the long-term value of the company. With the announced Fiber roll-out plan, Proximus estimates its annual investment level for the Group over the next 3 years to be around EUR 1 billion.

In spite of regulatory impacts, Proximus expects its Free Cash Flow to sustain a stable dividend supported by its growth strategy and its cost efficiency programs. Proximus therefore can already announce it intends to return to its shareholders a stable dividend of €1,50 per share over the period 2017-2019.

Our results

We consistently delivered upon our Fit for Growth strategy in 2016, growing for the second year in a row.

*" With the helps of Proximus' services we have optimized our supply chain and our stock management which had a positive impact on our results. "*

Jan, bakery Van Grootloon, Sint-Truiden

Highlights 2016

124,000 customers on our
3-& 4-Play in the first 3 months
after launch

ISO
27001

Certification ISO 27001 –
the highly respected security
management standard

Launch of our new kids
content channel

GPON

First customer connected to
GPON Point-to-Multipoint
fiber architecture

VoLTE

Launch of VoLTE:
we can now surf and call
on 4G at the same time

Pilot with Tessares to provide
increased download speeds for
customers in remote areas

First in Belgium to test 5G
with speed up to 70 Gbps,
100 times faster than 4G

Exclusive broadcast of
the Proximus league for the next
4 seasons on Proximus TV

2,172

employees signing up for
the voluntary early leave plan prior
to retirement

+3.6%

Group underlying
EBITDA growth

72.3%

of vectoring coverage

93%

customer satisfaction following a
Happy House visit

Proximus is the #1
in the Netflix Speed Index

240,000

**proactive
decoder swaps**

€ 3 bn investment in the national
roll-out of 'Fiber for Belgium' over
the next 10 years

MyAnalytics

Launch of MyAnalytics portal that
allows professional customers to
create their own analyses
and reports

EnCo

Platform where we offer companies
all the building blocks required to
quickly carry out their own tailor-
made solutions, incorporating our
key assets

Key customer deals

We renewed key contracts and
realized significant winbacks

Belfius, bpost and Proximus
invested in **smart retail**
platform

launch of a new company
offering innovative **mobility
solutions**

Proximus key financials

In 2016, we continued to deliver our Fit for Growth strategy, transforming Proximus into a more customer oriented, agile and efficient organization. In an intensive competitive market with fast changing customer needs, we further grew our customer base. In the first 3 months since its launch mid-October, 124,000 customers were appealed by our new Tuttimus and Bizz All-In offer.

We achieved in 2016 a solid growth in our customer base, and especially further enriched it with more valuable and loyal multiplay customers. Moreover, our efforts to transform our company resulted into a solid reduction of our cost base.

This translated in a 3.6% increase in Group EBITDA, in spite of a significant impact from roaming regulation. Delivering upon our plans, we invested EUR 949 million to upgrade our networks, improve customer experience and in TV content. This all resulted in a very healthy free cash flow of EUR 559 million, up 23% versus 2015 on like-for-like basis.

Revenue

Proximus Group ended 2016 with a total underlying revenue of EUR 5,871 million, 2.1% below the prior year. The lower Group underlying revenue resulted from a decline in BICS revenue, Proximus' International Carrier business unit. This was partly offset by Proximus' Domestic operations which continued to show growth in 2016.

For full-year 2016, the **Proximus Domestic revenue totalled EUR 4,410 million, a 0.7% improvement from 2015**. The revenue growth was driven by both Proximus' Consumer and Enterprise segment.

BICS generated in 2016 total revenue of EUR 1,460 million, 9.6% lower compared to its record-high revenue posted in 2015. The decline was driven by continued high volatility in the Voice business and a less favorable destination mix. The non-Voice revenue on the other hand continued to show solid growth.

+0.7%
Domestic underlying revenue

Graphic 1: Revenue per product group (underlying, M€)

2015	Fixed	Mobile services	Mobile devices	Wholesale	Subsidiaries	Other	BICS	2016
5,994	53	-11	4	-7	-3	-4	-156	5,871
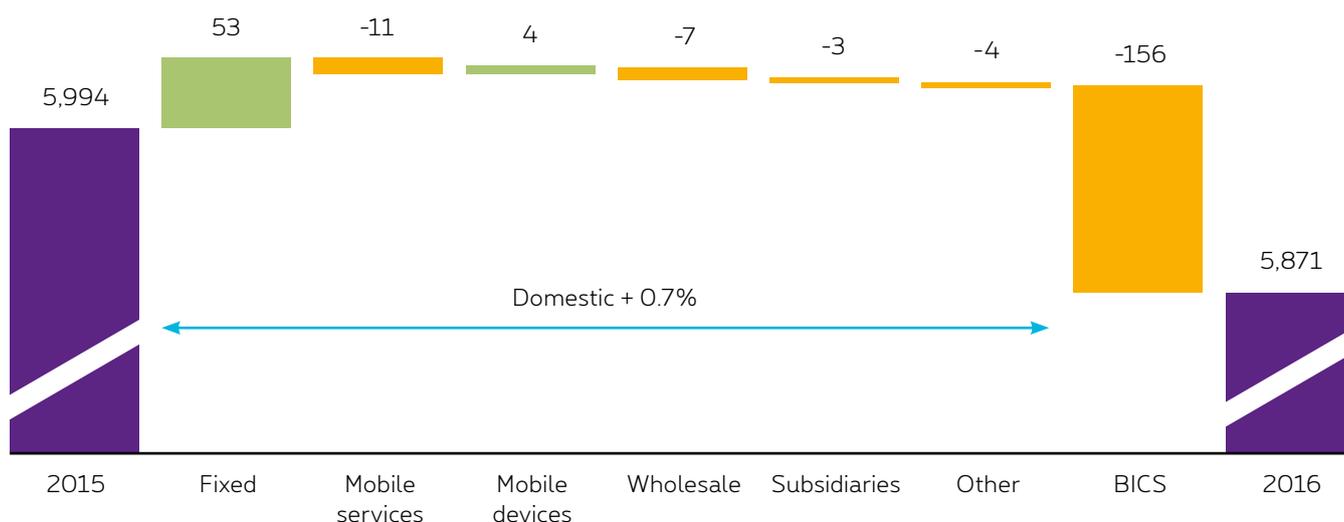
Domestic + 0.7%

EBITDA

The Proximus Group posted for 2016 underlying EBITDA of EUR 1,796 million, an increase by 3.6% compared to 2015. The Domestic operations of Proximus grew EBITDA by 4.7% to a total of EUR 1,647 million. BICS closed 2016 with its Segment Result EUR 149 million. This is 7.2% below that of its record-high in 2015, during which BICS benefitted from favourable – though volatile – market conditions.

+3.6%
Group underlying EBITDA

Graphic 2: EBITDA - 3 year view (underlying, M€)

■ Domestic   ■ BICS

	2014	2015	2016
Total	1,653	1,733	1,796
BICS	135	160	149
Domestic	1,518	1,573	1,647

4.9%   3.6%
18.7%   -7.2%
3.6%   4.7%
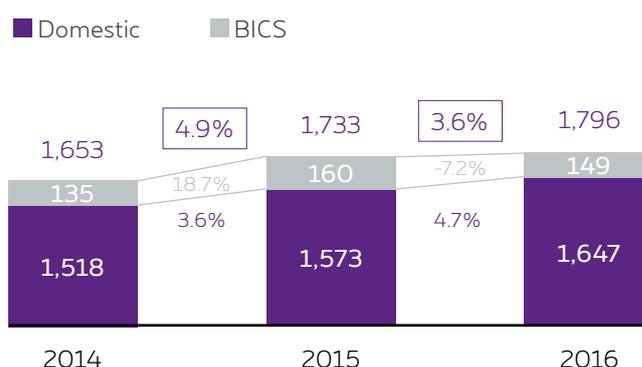
Capex

In 2016 Proximus invested **a total amount of EUR 949 million, fully in line with the provided capex outlook for 2016**. This compares to a total capex of EUR 1,002 million for 2015, which included EUR 75 million capex related to spectrum renewal.

In 2016, Proximus invested a.o. in its Fixed and Mobile networks to increase coverage and speed, as well as in IT systems, in further simplification and transformation which all contributed to the decreasing cost base. Furthermore, Proximus successfully started its Fiber-to-the-Business roll-out in 2016, deployed greenfield fiber projects for new-builds, and initiated a brownfield project in Brussels.

Graphic 3: Capex - 3 year view (M€)

■ Spectrum

| Year	Value
2014	994 (978*)
2015	1,002 (926)
2016	949
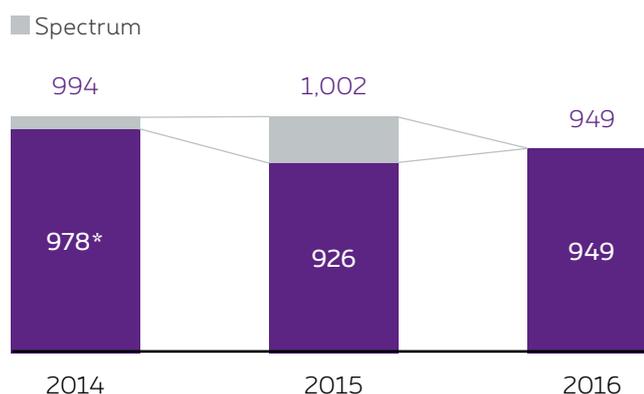
EUR 949 mio
Capex

* including the 3 year broadcasting rights of Belgian Jupiler League Football

Free cash flow

Proximus' **FCF for the year 2016 totaled EUR 559 million**, supported by the transversal cash management initiative launched mid-2015 in view of optimizing free cash flow generation. The 2016 FCF was up by EUR 151 million from the EUR 408 million FCF reported for 2015. When excluding the net impact of major one-off cash items in 2015, the FCF increased year-on-year by EUR 105 million, i.e. 23% on like-for-like basis. This was driven by the growth in underlying EBITDA and less cash paid for Capex. More cash was needed however for Business working capital due to an increase in inventory with the level normalizing from a low 2015.

Graphic 4: Free Cash Flow - 3 year view (M€)

Year	Value
2014	711
2015	408
2016	559
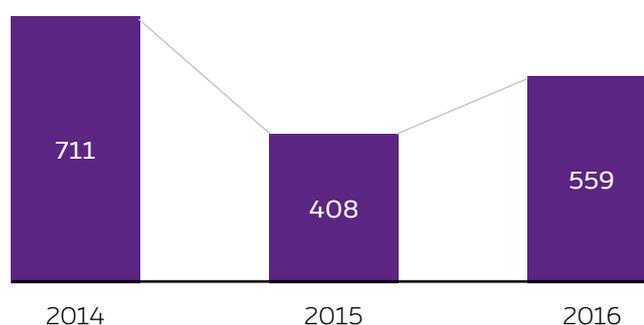
EUR 559 mio
Free cash flow

The Proximus share and dividend

The Proximus share closed 2016 at EUR 27.36, 8.8% below the last closing price of 2015. This compares to a 15.8% decline for the European Telecom sector (STOXX EUR 600 Telecom).

In 2016 the Telecom sector was the worst performing sector in Europe, underper-forming the global market. This in spite of the sector showing an improving business performance from the prior year, with decent quarterly financial results, meeting or exceeding consensus expectations, and solid shareholder return. The Telecom underperformance was however driven by vaporizing hopes on consolidation and multiple regulatory headwinds.

This came on top of the macro-driven volatility on the overall market.

Proximus share ownership

Proximus' main shareholder is the Belgian Government, owning 53.5% of the company's shares. Proximus itself held 4.6% of its own shares end-2016. The free float represented 41.9%.

Of the shares in free float, about 20% are held by retail investors and the remainder essentially by institutional shareholders. Proximus' main institutional shareholders are located in the United States and the United Kingdom followed by Benelux and France.

Proximus shares ownership

- Proximus own shares 5%
- Free float 42%
- Belgian State 53%
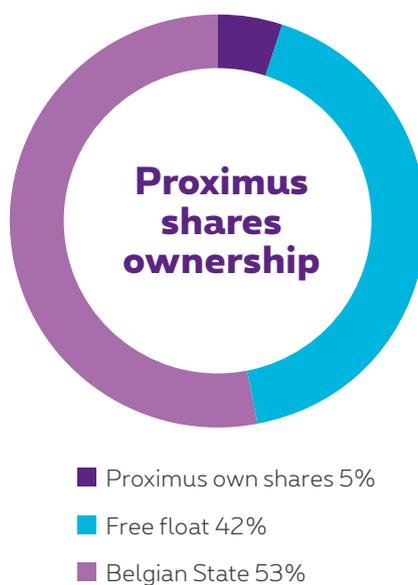
Shareholder return policy

Proximus commits to an attractive shareholder remuneration policy by returning, in principle, most of its annual free cash flow to its shareholders.

The return of free cash flow either through dividends or through share buybacks will be reviewed on an annual basis in order to keep strategic financial flexibility for future growth, organically or via selective M&A, with a clear focus on value creation. This also includes confirming appropriate levels of distributable reserves.

The shareholder remuneration policy is based on a number of assumptions regarding future business and market evolutions, and may be subject to change in case of unforeseen risks or events outside the company's control.

Shareholder return from the financial year 2016

On 23 February 2017, the Board of Directors decided to propose an ordinary dividend of EUR 1.00 per share to the Annual Shareholder Meeting of 19 April 2017. As a result, Proximus expects to return a dividend of EUR 1.50 gross per share for the 2016 full-year results, in line with its provided 3-year dividend outlook for 2014-2016. After approval by the Annual Shareholder Meeting, the normal dividend will be paid on 28 April 2017, with record date on 27 April 2017 and ex-dividend date on 26 April 2017.

This brings the total declared dividend over the result of 2016 to EUR 486 million.

Proximus continues to award its shareholders with an attractive and sustainable dividend. Mid-December 2016, when announcing its Fiber-for-Belgium project, Proximus' management stated its intention to pay out a stable yearly dividend of EUR 1.50 per share for the next 3 years to come, provided Proximus' financial performance is in line with its expectations.

Consolidated Management Report
Find all the financial information in the Proximus Consolidated Management Report
≫ Download the pdf

Regulatory Context

The telecommunications sector is highly regulated both from a national and a European perspective. Therefore, in 2016 as in the previous years, Proximus remained subject to a number of regulatory measures. The roaming charges and the fixed termination rates decreased sharply. The new net neutrality rules entered into force and the new process aimed at making it easier to change providers of fixed services was approved. At the same time, the cable operators persist in their refusal of Proximus' access request to the cable infrastructure.

Roaming

The transitory period to the complete abolition of the roaming surcharges (**"Roam-Like-At-Home"**) started on 30 April 2016 with the possibility for operators to only apply a surcharge up to the current regulated wholesale rates. As a consequence, Proximus lowered its rates in Europe and Scarlet completely abolished its roaming costs for all EU countries.

As from 15 June 2017, retail roaming prices within the EU will be at the domestic retail price for consumption within the Fair Use Policy (FUP).

The **Fair Use Policy** was adopted by the Commission on 15 December 2016. An agreement among the EU institutions on the review of the **wholesale rates** is also a prerequisite for the introduction of RLAH. Such compromise was reached on 31 January 2017.

Net Neutrality

The new Net Neutrality rules adopted in 2015 entered into force on 30 April 2016 and the Body of the European Regulators adopted guidelines to be used by the national regulators for the implementation.

Termination rates

On 1 November 2016, the **fixed call termination rates** decreased sharply to reach 0.092 eurocents/min. (from 0.645 eurocents average previously) in Belgium. These rates fell also in Luxembourg on 1 January 2017 but to a much lesser extent (from to 0.14 eurocent/min. to 0.131 eurocent/min).

Consumer protection

The **"Easy Switch"** rules that aim at facilitating the migration of fixed services (internet, TV and packs) between operators were adopted in September 2016. The new obligations will enter into force on 1 July 2017.

Since July 2015 the BIPT has published maps of each mobile network on its **"Atlas"** website. In 2016 they also published the first coverage maps of the fixed broadband networks of all operators together ranked by download speed. For 2017, the BIPT has planned two measuring campaigns that will show typical parameters regarding mobile user experience in addition to the coverage maps.

Cable & Broadband regulation

Despite the Court rulings confirming that Proximus has a principle authorization to use **coax access**, the cable operators continue to refuse our access requests introduced in November 2014 and May 2015.

The file is currently in the hands of the regulators and should be treated in the context of the upcoming review of the television market analysis expected in the course of 2017.

EU Telecom Review

The draft review of the EU telecom package released by the Commission in September shows some positive signals in terms of rewarding the **investments** in the fixed and mobile networks as well as of moving forward towards a level playing field. However there is still a long way to go before final adoption and the result is still uncertain.

We continue to advocate a **lighter regulatory regime** that incentivizes investments in next-generation networks and innovative services and a framework that guarantees a **level playing field for all players** both at network level and regarding services.

Regulatory Framework Report

More details on the Regulatory Framework can be found in the full "Regulatory Framework Report".

≫ Download the pdf

International highlights

BICS is a top global voice carrier and the leading provider of mobile data services. In 2016, Proximus combines its Luxembourg entities Telindus and Tango to create Proximus Luxembourg, a new convergent organization with strong growth ambitions. Telindus Netherlands is the independent specialist combining connectivity, data center solutions, managed services and multi-vendor support.

BICS

As a leading international communications enabler, BICS is connecting the world by creating reliable and secure mobile experiences anytime, anywhere.

In 2016, BICS continued to follow its comprehensive strategy to consolidate and update its offering and stay ahead of the accelerating changes in the global telecom landscape.

BICS maintained its leadership position in the international communications market, as a top voice carrier and the global leader in mobile data services.

Bridging the old and the new communications

BICS continued throughout 2016 to bridge the telecom and digital worlds. It further expanded its offering and the API tools to empower the different players in the ecosystem with state-of- the-art messaging, anti-fraud and authentication solutions.

For digital service providers who want to protect their customers, secure their services and offer an enhanced customer experience to their users, BICS offers authentication and connectivity solutions based on the power of the mobile world.

LTE Global Leadership

BICS maintained the LTE roaming leadership, with double-digit growth seen each month during 2016, while the data traffic has tripled year-on-year on BICS' global network. Next generation data roaming now available across nearly 75% of the globe, enabled by BICS' IPX Hub.

Enabling the Internet of Things & Cloud Communications

Following its aims of becoming the go-to provider of mobility solutions,

BICS has launched a turnkey global IoT connectivity solution based on APIs. BICS offers a 'pay-as-you-grow-model' for companies looking to integrate connected devices, as well as control and monetize them.

BICS helps enterprises connect with customers and colleagues around the world through cloud-based local phone numbers, which reflects in cost improvements, enhanced functionality, and convergence across service types.
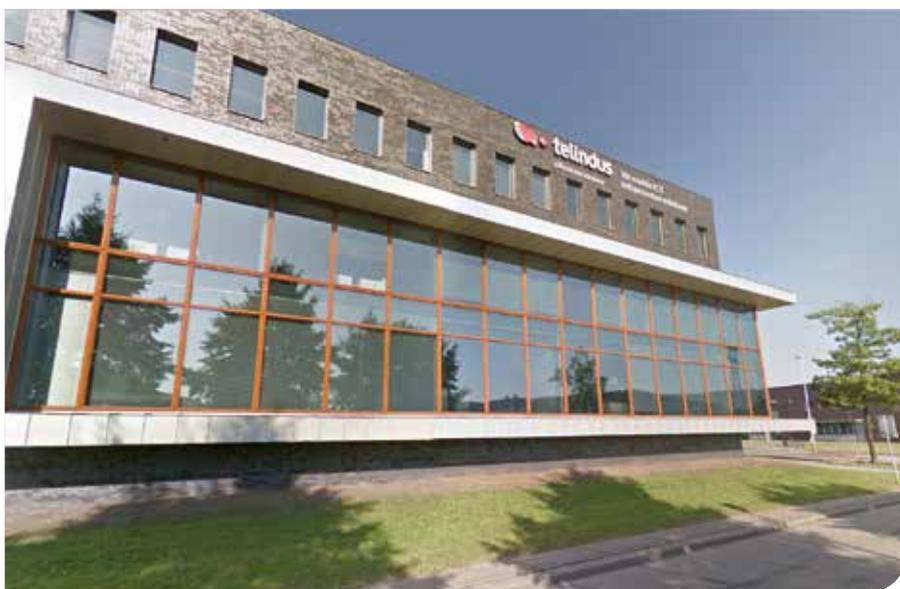
Telindus Netherlands

In 2016 Telindus Netherlands invested heavily in **end-to-end security**, combining the knowledge and expertise within the group (Proximus, Telindus Netherlands and Telindus Luxembourg)

Telindus helped customers challenged with adapting to the Cloud, with **Cloud advisor and Cloud-builder** propositions created in 2016.

Acclaimed by vendors, Telindus won a number of industry awards including Cisco's Partner of the Year. Cisco also awarded Telindus for 'Architectural Excellence: Datacenter' and 'Cloud Builder of the Year'.

Telindus has invested heavily in packet optical technology, making the company Ciena's first ATSS (Advanced Technology Support Services) accredited partner globally. Telindus was the first to go to market with a 200G encryption solution and the first partner with a Blue Planet Lab. As a result, Ciena honored it with its **Innovation Partner of the Year** award.

Proximus Luxembourg

(Telindus Luxembourg & Tango)

In 2016, creation of a branch called "Proximus Luxembourg" to oversee the activities of **Telindus Luxembourg and Tango**. While the companies keep their names and identities, the new entity supports the development of our business in the EBU market. In addition, it offers a fully converged ICT and Telco services portfolio to the enterprise market. Its areas of expertise include fixed and mobile networks, ICT infrastructure, Cloud and Security.

Telindus Luxembourg

In 2016, Telindus Luxembourg extended its security services offerings by launching a next generation **Security Operation Center** (SOC) to operate and proactively monitor our customers' ICT systems 24/7/36 against cyber-attacks.

Telindus Luxembourg also further increased its market shares in Cloud

and managed services by winning several important **ICT outsourcing contracts** such as Alter Domus, a leading European provider of Fund and Corporate Services. For the next five years, Telindus will deliver ICT infrastructure services to 15 business sites worldwide, managing operations from its Luxembourg-based datacenter.

Finally, Telindus Luxembourg was rewarded for its expertise and received a series of industry awards such as Eurocloud's 2016 "Best Business Impact provided by Cloud Services" and Cisco's "Cloud and Managed Services Partner of the Year".

Tango

In 2016 Tango redesigned its entire website to speed up and simplify the way customers choose their services. The integrated experience that allows **click-to-pick shopping**, where customers can compose their offer online and pick up their device at the nearest shop.

Tango revamped its **mobile bundles** by including EU roaming by default. As from May 2016, all SMART bundles were allowed to use the volumes included in EU without any surcharge.

Finally, Tango swapped its **mobile Core** (the motor of its mobile network) in less than 12 months, a project that normally takes at least two years.

Our brand promise

As provider of digital services, Proximus is working to connect everyone and everything so people live better and work smarter. Customers can directly experience the quality and service we offer through our best-quality integrated networks, our easy-to-use and innovative solutions, best accessibility and proactive servicing.

" Having a Swedish father and a Madagascan mother, I like to stay always close to my family abroad. New communication tools and all-in offers allow me to do so. "

Saurea, housewife, Ghent

A superior customer experience

In 2016 we continued the transformation of our company and remained focused on our ambition to deliver a superior customer experience in line with our brand promise "Always close to what matters".

Every day, we go the extra mile to make sure our millions of customers are getting the best service that matters to them. In 2016 we stepped up the speed for more than 250,000 customers so they can enjoy the **best experience**. We also replaced 240,000 decoders with the latest technology, allowing customers to make the most of their Proximus TV experience.

82,500
Happy House visits

In 2016, we improved our **proactive monitoring** to resolve customer's issue. In this perspective we visited 82.500 homes proactively, **Happy House visits**, to offer customers the best in home experience: we installed the latest technology, ensured full Wi-Fi coverage and explained useful applications. We also launched the "**safety nets**" – providing customer information and close follow-up when an issue is detected.

We are always there to help: our **customer services** are accessible free of charge. For all TV and Internet technical questions, experts are available until midnight. For our business customers the technical help center is available 24/7 for all technical questions. For questions that can't be answered on the phone, customers can request a technician's visit at a time that works for them, including evenings and Saturdays. We want to excite our customers by providing an excellent customer experience at every touch point of their journey. With this in mind, we have launched a multi-year interactive business transformation program called Excite.

Our best quality integrated networks

In the new digital world, customers have high demands on the performance of the network and they expect an excellent usage experience independent of the network they are using. In 2016 Proximus invested € 949 million in its infrastructure, content, simplification, transformation and IT developments to stay ahead of the curve. With the launch of 'Fiber for Belgium' we ambition to accelerate our national roll-out of Fiber supported by a major investment plan of €3 billion over 10 years.

A reliable fixed network

Higher speeds for more customers

Thanks to the expansion of vectoring technology in 2016, customers can now enjoy an average download speed of 63 Mbps on VDSL lines. We also increased the **vectoring coverage** by 29% in the space of one year to **reach 72.3%** end 2016. Through the combination of DLM and vectoring, Proximus is able to connect a constantly growing portion of the Belgian population to 100 Mbps on copper. Higher speeds open the door to great services such as HD TV, for example, which is now available to some 92 % of households.

Even in remote areas

We are working on solutions to ensure that even the remote areas of Belgium can benefit from super-fast Internet. Together with the Belgian start-up Tessares, we are combining our fixed Internet signal with our 4G network to **ensure high-speed Internet in remote areas** too. This innovative technology was successfully tested by hundreds of customers in the village of Frasnes-Lez-Anvaing boosting the internet speed of the customers.

Building a future-proof network with Fiber

Optical Fiber is the ultimate future-proof network. The capabilities of Fiber will enable new applications and improve the way we work and live.

Fiber for businesses in industrial zonings...

Fiber connection is a major differentiator for businesses .Thanks to optical Fiber, corporate customers will be fully ready for the latest digital developments. Collaboration between workers will become much easier, as everything can be stored in the cloud and is instantly accessible thanks to superfast download and upload. Fiber enables all employees to surf and stream intensively and simultaneously without latency, even when they're working with heavy files, which is often the case for architects or designers for example. By working in the cloud, businesses can grow without requiring any additional investments in infrastructure while ensuring data protection and redundancy.

Fiber, internet at the speed of Light

Proximus already has 21 000 km of optical fiber in its network - mainly in context of VDSL for residential customers (Fiber-to-the Curb) and connecting enterprises (Fiber-to-the Business). The newly announced 'Fiber for Belgium' investment plan will bring the fiber capabilities directly into the homes.

Fiber is the superior future-proof technology offering:
- **Highest Speed (Gbps), supporting next generation video**
- **Low Latency, vital for Augmented and Virtual Reality**
- **Up & download Symmetry, enabling Cloud applications**

proximus
Fiber for Belgium

That is why since 2015, Proximus has proactively roll-out 'Fiber-To-The-Business' (FTTB). Today, **already 80% of industrial zonings** and more than **6,000 enterprise customers** are connected to FTTB.

And businesses are welcoming the new possibilities of Fiber. Customers such as Volvo Cars, ING, BNP-Paribas, Belfius, Dovy keukens and Facilicom are already taking full advantage of these cutting-edge services. Proximus also invests in GPON (Point-to-Multipoint fiber architecture) for medium-size enterprises and the branch sites of major companies.

Fiber in new residential areas

Fiber-To-The-Home is the ideal technology to enable everyone to enjoy the sharpest image on all family screens.

Since 2015, Proximus has also been rolling out **'Fiber-To-The-Home'** (FTTH) technology in new residential areas across Belgium. With FTTH, surfing at home is faster than ever. Uploading an ultra-high definition video, for example, only takes a few minutes. Fiber-To-The-Home is the ideal technology for everyone to enjoy the sharpest image on all family screens, or to be online at the same

time without hitches, even in peak hours. With Fiber, all family members can enjoy surfing, streaming and gaming instantly, without any latency or loss of quality.

In June 2016 we launched a pilot project to bring Fiber into existing homes in the **Anspach** district of Brussels.

'Fiber for Belgium' to accelerate the roll-out of Fiber

In December 2016 we launched 'Fiber for Belgium', a major **investment plan of € 3 billion over 10 years**, to accelerate our national roll-out of Fiber-To-The-Business, start a **full fiber roll-out in dense city areas** combining Fiber-To-The Business & To-The-Home (in existing homes) and start densification of our existing Fiber-To-The-Curb network outside cities. The overall objective of the fiber plan is to cover more than 85% of businesses and more than 50% of households.

As of early 2017, Proximus will be the first operator in Belgium to bring Fiber inside existing homes and apartments on a large scale, starting with a progressive roll-out in six cities: Brussels, Antwerp, Ghent, Charleroi, Namur and Roeselare.

Top-class mobile network

At Proximus we aim to keep improving our mobile network, anticipating our customers' future needs. In 2016, we invested not only in our existing 2G and 3G networks. We also stepped up deployment of 4G and 4G+ for high-speed mobile internet.

Always reliable mobile network

Today Proximus offers its customers the top-class mobile network.
This is confirmed by measurements taken by the independent research firm Commsquare.

4G
Proximus

Speed

38.3 **Mbps download**

16.2 **Mbps upload**

Coverage

97.7 % **indoor**

99.7 % **outdoor**

Quality indicators

Proximus 1st or joint 1st in 84 out of the 89 categories measured

1 WEB NAVIGATION

1 FOR ONLINE VIDEO STREAMING

1 FOR DOWNLOAD OR UPLOAD OF FILES

The next-generation mobile network: 5G, with 4.5G in the middle

Mobile data traffic is expected to double every year. This exponential increase is being driven by the growth in the number of smartphones, causing an ever- rising demand for mobile data. There's also the explosive growth of video (3D video and 4K screens) and expanding use of the Internet of Things. To anticipate this growth, Proximus is working on the next-generation technologies: 4.5G and 5G.

Proximus successfully **tested 4.5G** technology over the summer. The progressive roll-out of this technology will begin in 2017. This will offer many opportunities for streaming with an improved image quality.

In November, Proximus was also the **first to test 5G in Belgium** and one of the first in Europe.

With 4.5G and 5G, Proximus is once again confirming its leadership role in mobile to offer consumers the best mobile user experience.

HD voice calls over 3G and 4G (VoLTE)

To improve the customer experience we also worked on the **voice call quality**. To this end, in March 2016 we enabled **HD voice calls on 3G** and in December we launched **HD voice on 4G**.

Therefore we invested in **VoLTE** (Voice over LTE/4G) technology. It offers users HD voice quality with faster call setup time (from average 7 sec to 2.6 sec), and the possibility to surf at 4G speed while calling.

4G+
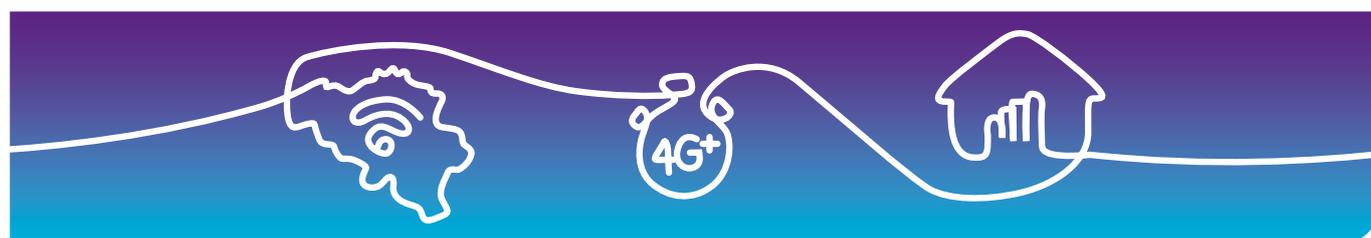
Connecting the Internet of Things with LoRa

In addition to connecting more and more people, there will be an exponential growth of connected "things" over the next years. This is why in 2015 we began rolling out a **dedicated IoT network based on the LoRa™ technology**, a cost-efficient solution designed to support short messages over long distances with very low power usage and a very high level of security. In 2016, this dedicated network has been densified in the urban areas, across Belgium and Luxembourg responding to the needs of the customers.

"We're committed to giving our customers - no matter where they are - the best calling, surfing and video experience and providing them with all the new opportunities that the 'Internet of Things' world offers. To be ready for the future, Proximus and Huawei are already testing 5G, the next-generation mobile Internet."

Geert Standaert, Proximus CTO

Our enhanced content offer

After reinventing Proximus TV the year before, we spent 2016 stepping up that experience with our new TV interface and our enriched content offer.

Further enriching our content

In 2016, we considerably enlarged **our offer for families and children**. From March 2016, Proximus TV customers had exclusive access to Wanagogo, **Studio 100's digital** offering for children, accessible both on television and on smartphones and tablets. The **Wanagogo pass** is accessible for all Proximus TV customers and gives access to the whole Studio 100 world: on-demand programs, video clips, games, books, etc. It's the ideal offering for parents looking for intelligent and safe entertainment.

Furthermore, since 1 June 2016, the new television **channel Studio 100 TV** is available in the basic offer to all Proximus TV customers in Wallonia and Brussels. Broadcasted 24/7, the channel offers children between 0 and 12 years of age a rich and varied program.

Football fans get more thrills and chills, following an exclusive agreement to broadcast D1B, the new format of the current division 2 championship. The competition will now be named the 'Proximus League' for the next four seasons. We are also continuing to offer complete coverage of the UEFA Champions League and the best of European football and Jupiler Pro League. But there is more than just football, through Eleven sports, customers can also enjoy the most spectacular moments of basketball, American football, tennis, volleyball, handball and cycling.

Cyclo-cross fans can now watch their favorite sport for free on Proximus TV

with the Superprestige, a regularity criterium in cyclo-cross racing, and the 'Telenet UCI Cyclo-cross World Cup'.

With **Netflix**, we also offer the **best series and movies**! Adults, teens, kids – there's something for everyone on Netflix, which has exclusive series and movies you can't find anywhere else. Customers can stream Netflix directly on Proximus TV.

Football, anywhere and on any screen with the Proximus 11 app

With the Proximus 11 app and website:

- **You can watch your favorite teams live, everywhere. Via Wi-Fi or 4G.**

- **You get access to the Video Goal Alert system**

- **You can watch Proximus 11 on your PC, laptop, tablet or smartphone**

- **We offer you all the news and rankings of your favorite teams. Plus additional videos and summaries.**

Easy-to-use innovative solutions

Seizing on the digital revolution, Proximus is transforming itself into a digital service provider that brings new, easy-to-use solutions to both consumers and businesses. We provide full digital, converged services and platforms that offer our customers new ways of living better and more efficient lives.

A convergent experience anywhere, anytime for consumers

We want our customers to be able to access their favorite content effortlessly and enjoy a similar multi-screen convergent experience **on any device, anytime, anywhere**. We have been working hard in 2016 to make this happen with a focus on a new commercial offer and an improved TV experience. 2016 was also the year we revamped our roaming offers.

Tuttimus

Imagine: a world where everyone gets what they like:
- **Everyone gets loads of mobile data and unlimited Internet at home**
- **Everyone gets unlimited use of their favorite app**
- **Everyone gets their favorite TV bundle plus Netflix**
- **Everyone gets unlimited fixed and mobile calls**

 Well, that's the world of Tuttimus.

Bizz All-in

With Bizz All-in, every entrepreneur gets:
- **Unlimited calls, fixed and mobile**
- **Loads of data, fixed and mobile**
- **24/7 guaranteed support**
- **Working in the Cloud**
- **Digital TV on all their screens (optional)**

What's more, they can personalize their Bizz All-In with extra mobiles, call management with Bizz Call Connect, roaming options and joint offers.

New attractive commercial offer

In October 2016 Proximus reinvented its commercial offer with the launch of the new all-in products **Tuttimus** for residential customers and **Bizz All-in** for small business customers.

This offer allows everyone to tailor the services available according to their own needs and preferences. It is designed for the digital age where customers want an all-in package with an abundance of options, which they can easily personalize. Users can call, surf, watch television and work worry-free, at home and on the move.

Roaming gets cheaper in EU and top destinations

Customers on the move and without borders want to access their content anywhere. Adapting to new European roaming regulation, Proximus and Scarlet have completely reviewed their roaming offers.

From 30 April 2016, calling, texting and surfing within the European Union became **up to 70% cheaper for Proximus subscribers**. Customers now benefit from cheaper roaming in 73 countries, including top destinations such as Canada, the United States, Turkey, Morocco and Australia.

Scarlet has completely eliminated all roaming charges for EU countries as of April 2016. This price change ties in with the philosophy of Scarlet, our brand aimed at customers seeking the best price-quality ratio.

As of June 2017, the roaming charges applicable within the EU will be completely abolished for retail. Thanks to the new regulation, customers will be able to surf, call and text in EU countries at the same tariff as in Belgium.

Future-proof solutions for businesses

Wherever the digital revolution takes us, we aim to remain the **leading, reliable ICT partner for businesses**. With solutions that help them work smarter and live better, future-ready, future-proof.

Proximus offers its professional customers connectivity which embeds a high level of **security** on any device. Our integrated IT and Telco solutions are designed with flexibility in mind. We also build **complete solutions** that can make a difference in running a business. For example, by creating productive, motivated employees, achieving smarter collaboration, satisfying their customers and keeping their business running efficiently.

We are also improving our **New Communication & Collaboration** portfolio to cater for all communication and collaboration needs, across all technologies. Amongst others we signed a partnership with Duvel Moortgat where we replace their old classic telephone PABX by a Unified Communication solution: Skype for Business.

Leveraging the Cloud

Proximus extended its Cloud portfolio for the corporate market with the **Proximus Azure Pack**. This product offers flexibility and choice for Hybrid Cloud data center solutions, while the Proximus Cloud Connect & Azure ExpressRoute services provide dedicated connections to the Cloud services of our customers. Proximus combines Microsoft technology with its Cloud expertise to offer better, solutions to Belgian enterprises and to help businesses leverage the power of the Cloud.

Proximus Cloud Connect

gives customers access via a private, secure, high quality connection to all our **Cloud services** offered in the Proximus datacenters. The customer can easily adapt bandwidth requirements depending on business needs.

Bizz Call Connect

is a flexible and advantageous solution in the Cloud. To manage all client calls in a professional manner on any type of device, be it fixed line or smartphone. With the app (available for iOS and Android) or the web portal, all the functionalities of Bizz Call Connect can be easily managed.

SME in the Cloud

allows the customers to no longer worry about managing their IT. With SME in the Cloud their familiar PC environment (data and applications) is **located in a secured Proximus datacenter**. The customers will have the latest IT infrastructure and applications in the cloud at a fixed price per user. They can even integrate their own applications in this solution.

Security

With constantly evolving risks and threats, cyber security is a top priority for Proximus and its customers. Due to an interconnected world, many companies risk hacker attacks that aim to obtain sensitive information or disrupt operations.

Taking on those threats, Proximus has developed **'360° Security Services'**, including prediction, prevention, detection and response. It's a one-stop shop for solutions protecting a company, its data, endpoints and critical infrastructure.

We also provide a unique incident response capability, with more than **300 security specialists**.

In recognition of Proximus' expertise in cyber security, our Enterprise Business Unit obtained the **ISO 27001** certification – the highly respected security management standard - for its Housing and Hosting Platform.

ISO 27001

It also got that mark of excellence for its Security Operations Center, the Explore network and the Work Place as a Service solution.
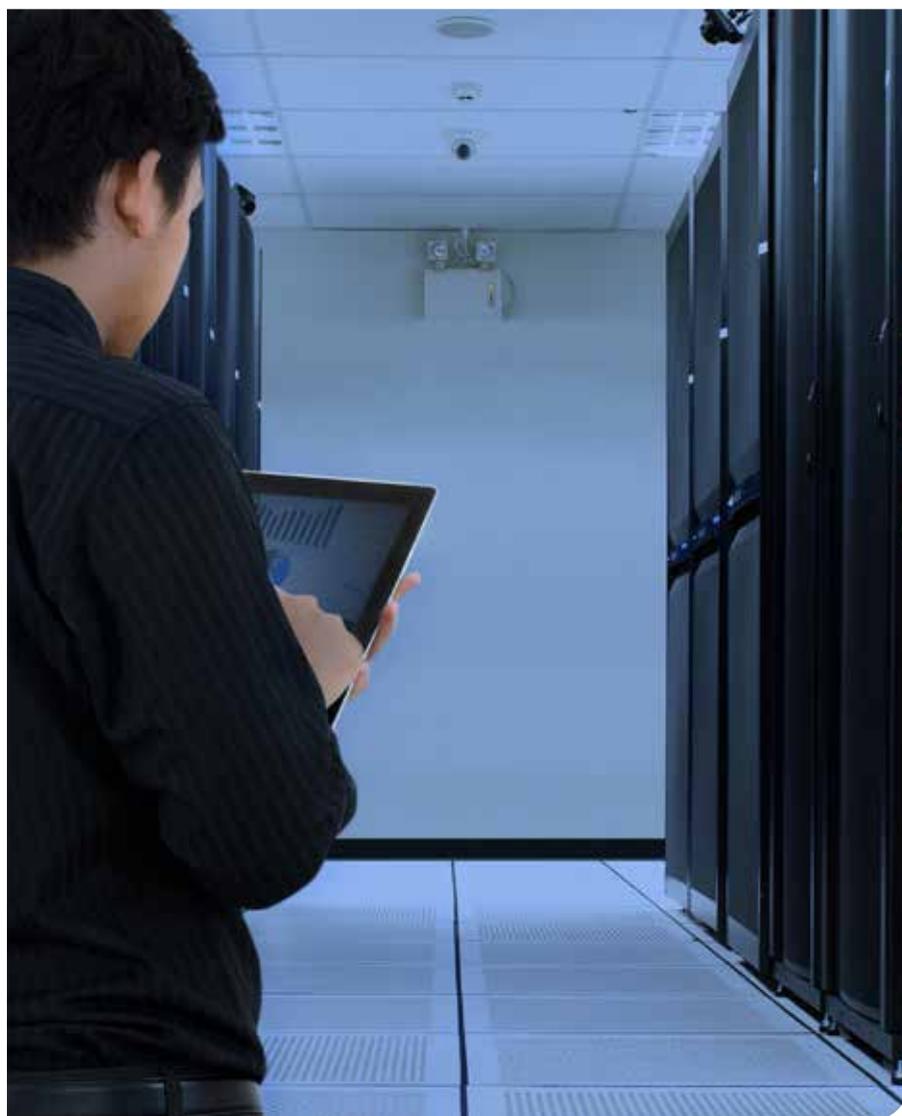
Growing brand preference as an ICT solution provider

Proximus' quest for digital innovation is paying off. A study amongst Belgian companies shows Proximus is increasingly seen as a leading ICT provider. In November 2016, 46% of businesses cited Proximus when asked to name an ICT service provider, an increase of 18% compared to January 2016.

(Proximus Communication Tracker)

Self-managed solutions

When customers prefer to use their own employees to install and manage new security solutions, we can deliver training to allow them to perform major interventions, leading to the certification of their own people.

Best accessibility

Proximus wants to reduce customer effort in all-digital & human interactions and increase customer satisfaction. Proximus aims to offer its customers a seamless shopping and service experience across channels, with a digital-first mindset.

MyProximus: your personalized app

Through MyProximus, customers can check their consumption, their products and receive personalized advice.

Today some **740,000 customers** are using MyProximus. In 2016 we focused on improving the customer experience through the look & feel and responsiveness of the application. Since December, customers can access their bills directly and receive notifications from the app once their latest bill is available.

We have also improved the experience on the proximus.be website with a complete revamp of most sections which are now **simpler and responsive** on any device.
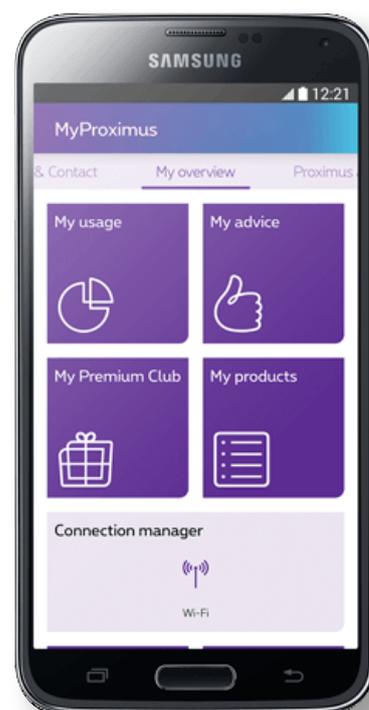
E-billing: simpler, greener

More and more of our customers opt for e-billing, with **more than 1 million residential customers** now receiving their bills electronically, saving a lot of paper… and trees.

We have revamped and simplified the bills of our private customers for fixed services and packs. To do that, we have improved the lay out, and the readability of the invoice.

Customer support via touch points

We use both digital and physical channels to guarantee the best quality customer support. Customers can contact us by phone for technical questions from 8 am to 10 pm (until midnight for TV and internet) every day of the week. Support via the Website offers FAQs and features 60 tutorials on YouTube.

In 2016 we launched the **Proximus forum**, where customers and experts can interact to help each other. In just one year, we registered more than one million visits. In specific cases, customers can solve their questions through online chat sessions.

As social media are also becoming a more important support channel for customers, we have invested in training of 'social media agents'.

Best experience for business customers

We are also innovating in the way we connect with our professional customers so as to **simplify both our interactions and our solutions**.

We want to excite our customers by providing an excellent customer experience at every touch point of their journey. With this in mind, we have launched a multi-year interactive business transformation program called **Excite**. This program will support the growth in the professional market through convergent solutions, the adoption of an agile approach and digitalization.

As a first step in this program we are now using the **Salesforce Customer Relations Management system** to manage the sales cycle. Thanks to this solution, all customers' data is available anywhere, anyplace, ensuring better customer service and interactions.

In order to make sure our customers have the best experience, we have implemented a **'First Time Right'** approach to minimize the number of complaints. This approach is starting from when they submit their order right up to the final delivery of the solution. To guarantee this we have reengineered key customer journeys and have tailored them to the needs of our customers.

Proximus and the Ghent start-up **Showpad** have joined forces to offer account managers a Cloud application which offers the world's most powerful content activation platform. It makes Proximus' commercial and marketing content incredibly easy to find, present, share and measure.

Business continuity – same day repair

In a hyper-connected world, constant availability is increasingly vital. In recent years, we have succeeded in maintaining **service continuity at around 99.99%** for small enterprises. Should a small enterprise encounter a break down, we offer a same day repair (fixed line, Internet connection and PABX).

To ensure entrepreneurs are served by people who know their needs, a network of **400 Bizz Experts** is present in shops, contact centers and online to find the best solutions to their questions.

400

Bizz Experts

For our professional customers we offer **24/7 access to an ICT Service Desk** with different solutions tailored to their needs. Non-stop service for non-stop business.

Proactive servicing

In a world in which companies and consumers rely on the constant availability of online services, the quality of service offered makes all the difference.
Proximus' proactive servicing approach eliminates as many potential problems as possible at the root. We engage to proactively avoid issues wherever they might occur and assure an end-to-end availability of our solutions.

High satisfaction for the Full Install

We provide the best product experience for our customers by making sure everything is perfect the first time around. Our technicians now carry out all of the installations themselves thereby ensuring a **high first-time-right percentage** and a **customer satisfaction rate** of 86.4% for residential customers and 80.3% for small enterprises.

86.4%

customer satisfaction

Happy House – the next level in service

For existing customers, we launched the **Happy House** approach in 2016, visiting our customers proactively to optimize their Proximus installation at home. The Proximus technician checks the existing fixed installation, the mobile indoor coverage, the WiFi coverage where the customer wants it and explains useful applications.

In 2016 we made **82,500 visits** with great results: after a Happy House visit, approximately 1 out of 2 customers would recommend Proximus and **customer satisfaction is peaking at 93%**. Our technicians are making a difference!

End-to-end solutions for business

In 2016 we introduced the **first end-to-end servicing: service repair**. We provide a service repair in 5 hours for the Enterprise Call and Surf bundle, wherever the technical problem occurs. Also, all new contracts for standard solutions are founded on the same set of building blocks, ensuring uniformity and clarity with respect to the support services that Proximus offers on its solutions.

Meaningful Innovation

Our ambition is to become a digital service provider bringing new technologies in an easy way to our customers and improving their lives and work environment. Our focus is not only tech-oriented, but on how we can transform technologies like the Internet of Things (IoT), Big Data, the Cloud and Security into solutions with positive impact on people and society.

Together with Be-Mobile we will develop innovative mobility solutions to improve road safety and reduce carbon emissions, including an app that warns truck drivers in case a dangerous traffic situation occurs.

Stephan, Supply chain manager by Colruyt, Halle

To foster innovation, we are developing more agile ways of working and embracing a start-up mentality. That means building **strong 'partnership ecosystems' and co-creating** the solutions of tomorrow together with our customers. It's by means of new application-led and service-oriented solutions that customers will experience the true meaning of Proximus' customer centricity mission.

In the residential market, our focus is on **Smart Advertising & Smart Retail**.

For the enterprise market, we further accelerate developments in new domains, mainly in the **Internet of Things, Data analytics, security and the creation of the brokering platform EnCo** (Enabling Company). Concrete integrated deliveries are 'Smart Mobility' and 'Smart Cities'.

Internet of Things

With the Internet of Things (IoT) everyday objects get network connectivity, allowing them to send and receive data. This data is collected and processed to considerably improve how things work, at home and in business. Proximus offers a unique end-to-end offering to connect devices with the Internet via its IoT network based on the LoRa™ technology.

Today the main activity in IoT is still connecting objects with SIM cards. We are the market leader in this with more than 1.1 Mio active SIM cards. In 2016, we activated more than **700,00 SIM** cards, mainly driven by the toll project Road User Charging. Proximus participated in the setup of the **tolling solution for Viapass**, the Belgian road user charging project - aiming to reduce pollution, improve mobility and increase tax income.

Since 1 April 2016 trucks have been subject to distance-based road charging based on vehicle characteristics, time and place. Proximus delivers IT & communications services.

Besides that, we also further deploy our new **LoRa network** dedicated to objects (SIM-less technology).

IoT in action

Proximus' Internet of Things solutions offer countless possibilities in many industries and in daily life:

QUALITY GUARD

The company Quality Guard has developed an application that uses the LoRa™ network to measure the cold chain in food sector. Sensors detect all legally required cold storage information (temperature, humidity etc.) and transmit them via LoRa™ for monitoring and storage with minimum paperwork.

SMART BUILDING

Over the past 2 decades, new construction techniques and materials have enabled to build new buildings more in line with the latest environmental expectations (eg: better insulation, more respectable heating and air conditioning systems …).

Today, thanks to the development of new communication technologies it is possible to go further and create smart buildings.

Various sensors make it possible to collect lots of information in real time which will be analyzed and used to take faster decisions (ex: incident detection cleaning of the busiest places …).

Proximus is investing in this new field and developing partnerships with key players to meet the needs of its customers.
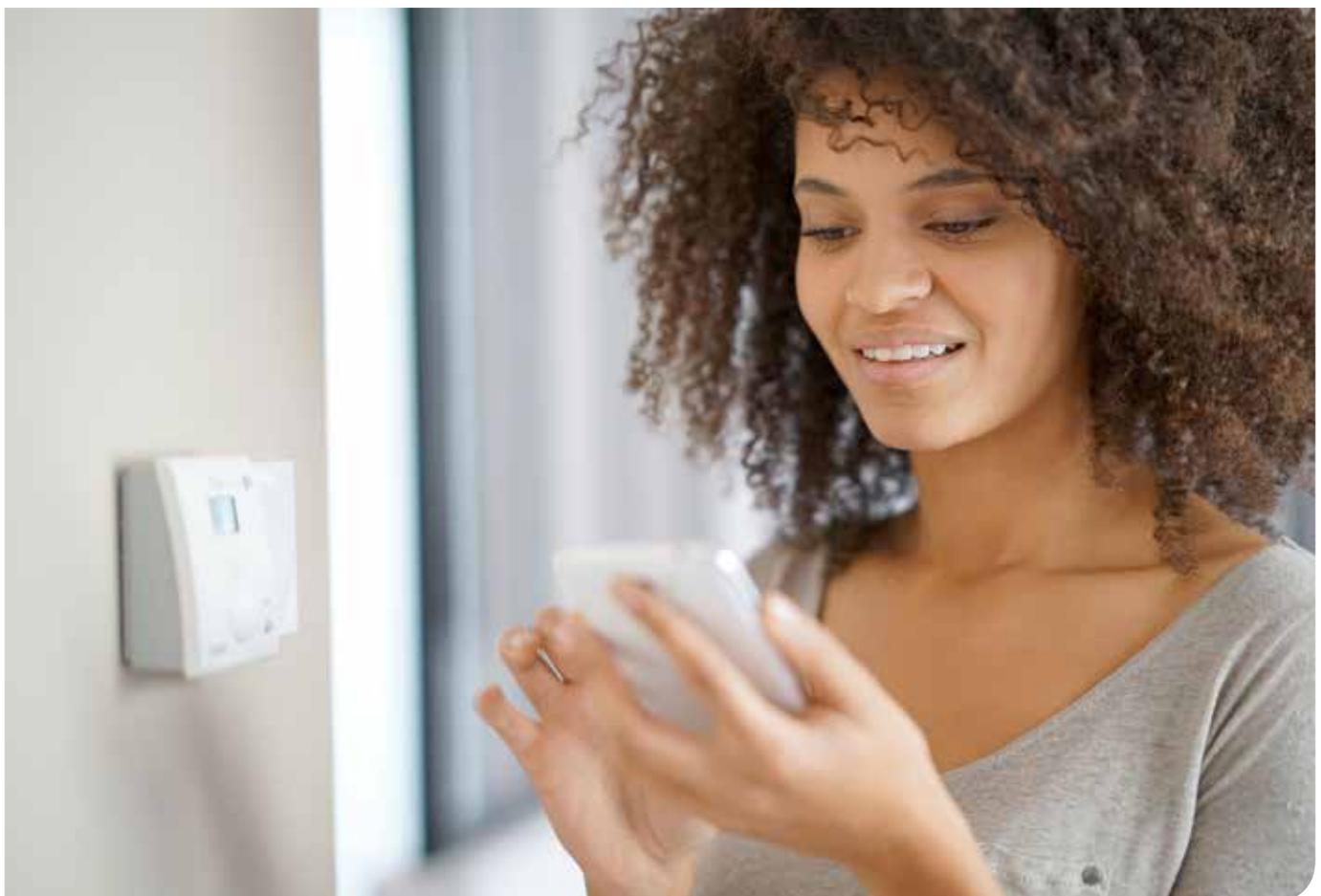
Open innovation

Innovation is a very important aspect of our growth strategy at Proximus. We unhesitatingly opt for Open Innovation, working with external parties to jointly develop the products of tomorrow.

In April Proximus launched a strategic cooperation program with the iMinds research center. This partnership enables Proximus to play an even more decisive role in the roll-out of Smart Homes, Smart Logistics and Smart Cities.

Launch of the Proximus EnCo marketplace

A new step in the development of the partner ecosystem was the launch of the Proximus **Enabling Company** (EnCo) **Platform** in October 2016. Proximus EnCo enables all business customers, application development partners and Proximus employees to **connect internal and external data,**

applications and services in a flexible way via an open IT platform.

As part of our innovation strategy, we are making available the assets of Proximus as well as those of third parties to an **ecosystem** of partners. The objective is to boost the development of '**Proximus inside' solutions**. The EnCo community has more than **400 active developers**.

EnCo in action

- **With our open API for carrier billing we allow partners to sell digital goods and have them billed on the Proximus invoice without a credit card. Currently, Proximus customers can have their purchases from the Google Android store directly billed on their Proximus' invoice.**

- **The SMS API allows vast numbers of SMS messages to be sent and received. A software partner in the healthcare sector, for example, uses our SMS platform to enrich their 'appointment application'. Patients now receive a SMS the day before their scheduled hospital appointment as a reminder.**

- **If credit card companies suspect fraud they can perform a location check of the credit card owners' telephone via our Location Based Services.**

- **Through the Proximus Enabling Company (EnCo) Platform we offer companies all the building blocks required to quickly carry out their own tailor-made solutions.**

Hack-a-post

To stimulate co-creation with the developer community we actively organize and support events where we motivate developers to **create new solutions by building on our core assets**.

Proximus organized, for example, the 'Hack-a-post' competition together with bpost and Microsoft. This gave developers and business 'pros' two days to dream up ways of using postal assets as postmen, mail boxes together with IoT hardware and Cloud apps to deliver concepts which can help communities and businesses.

Co.Station Ghent

In September, Co.Station Ghent opened as the result of a partnership between BNP Paribas Fortis, EY (Ernst & Young) and Proximus. Co.Station Ghent is designed to provide a **'village-style' co-working space**, together with a learning academy and an accelerator program. It is all aimed at encouraging 'scale-ups' for young companies looking to take their growth to the next level.

Through its involvement in Co.Station Ghent, Proximus wants to promote the latest technologies and contribute to the booming digital economy.

Big Data

Big Data is a powerful source of innovation at Proximus. Our solutions give professional customers the opportunity to boost their businesses with better knowledge of the market and their consumers.

We collect a lot of valuable data generated by all the touch points with our customers including customer locations and TV viewing. Big data provides businesses with great insights and helps them make better informed decisions. It is important to note that the privacy of this data is always ensured by being aggregated.

Launch of Proximus MyAnalytics

To leverage the power of Big Data, we launched the **MyAnalytics online portal** in October. It gives professional customers a key tool to boost their businesses with better knowledge of the market and their consumer. With
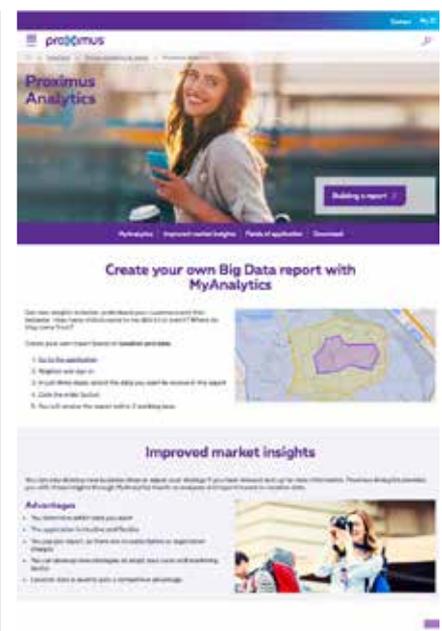
MyAnalytics they create their **own analyses and reports** based on mobile phone location data collected from devices connected to our network. In addition to a self-service facility, we also offer tailored reports on the MyAnalytics **dashboard within 48 hours**.

With data analysis, Proximus also guarantees personal privacy since the reports only contain aggregated, anonymous data and not individual information.

Shops, cities, municipalities, advertisers and event organizers can all benefit from this new technology. Visit.Brussels, the communications agency for the city of Brussels, uses our aggregated and anonymous data to gain additional insights into the patterns of visitors to the Belgian capital. It uses the monthly visitor statistics to refine and target its communications.

Accurate visitor information can also help a wide range of event organizers plan their events efficiently, effectively and successfully.

Better traffic analysis

For the city of Ostend, we analysed journeys on one of their most important routes. This road is often congested, especially during the weekend, which frustrates residents. Proximus mapped the road on its cellular network and analyzed movements in order to detect the different destinations after leaving the road. This makes the traffic situation more understandable and is allowing the city to take better informed decisions on traffic management.

Collaboration with the National Institute of Statistics

Proximus collaborated with the National Institute of Statistics, a true European premiere! We have validated together a new approach of producing statistics. It is a nice example that demonstrates how Proximus co-creates in new domains and invests in building open relations with public actors at various levels around data analytics.

Smart Solutions

Smart solutions combine Proximus' capabilities in IoT and Big Data to co-create with several partners new solutions that truly have an impact on the quality of life and help people live better and work smarter.

Smart Cities: Proximus innovation in the heart of the city

Our cities face many challenges. Among them: an ageing population, efficient use of raw materials and energy, connectivity, growing traffic congestion, limited funding for various public services, and waste management.
Cities and municipalities need **'smart' solutions** to meet the challenges and become more sustainable, more ecological, and provide a better quality of life.

There are currently countless examples of smart initiatives for the Smart Cities of tomorrow, using high-tech solutions and connectivity such as smart parking, smart waste management, e-permits and environmental monitoring. These initiatives are built on Proximus IoT network based on LoRa technology.

Smart Mobility: Launch of Be-Mobile

In March 2016 Proximus created the unique Smart Mobility company **Be-Mobile**, thereby integrating its Mobile-For affiliate with Be-Mobile and Flow. The new company offers **solutions for mobility monitoring, dynamic traffic control, electronic toll charging, and parking services**. The solutions can be valuable for

road users, companies, cities, municipalities and government services.

Businesses benefit as well. Through our collaboration with Be-Mobile we can provide road traffic information in real time. We can generate good insights on, for example, where to locate a new distribution center, or identify locations with high traffic where advertising can be concentrated.

In September Be-Mobile launched the **4411 app** in collaboration with the transport company De Lijn. With its electronic m-ticket, Be-Mobile aims to make cash-free purchases of transport tickets easier.

In October, Be-Mobile and the city of Antwerp launched a **smart route planner** which residents, commuters and visitors can use to travel quickly to and from Antwerp. This smart route planner is based on Be-Mobile's real-time information. Everybody can consult the smart route planner on www.slimnaarantwerpen.be

Smart Retail: Proximus, Belfius and bpost invest in the Citie digital platform

Belfius, bpost and Proximus are investing together in the **Citie digital platform** to support the local Belgian economy and boost our country's position on the digital map.

The aim of the three partners is to combine Citie with their own expertise and local positioning so that they can bring traders, shoppers and local authorities closer together.

The three companies will build further on the existing Citie platform that was launched in Roeselare in 2015. By working together, Belfius, bpost and Proximus aim to build on their complementary knowhow in digital

payment methods, E-commerce, M-commerce, logistics and sustainable mobility to provide an answer by providing an integrated **free app for smartphone** and tablet that meets the needs of local retailers, shoppers and local authorities.

Currently, Citie is already operating in various cities and municipalities, including Bruges, Ostend, Roeselare, Antwerp and Genk. Belfius, bpost and Proximus intend to develop Citie further and deploy it at national level.

Smart Advertising

In 2016, Proximus continued to develop its smart advertising strategy. In 2016, we successfully pursued what is called **"Addressable TV"** where we enable targeted advertising on linear and replay TV. By doing so we want to reach the

right person at the right place at the right moment by unlocking relevant data. We are partnering up with the 4 major national broadcasters for this project: SBS (vier & vijftv), Medialaan (vtm, Q2, …), RMB (LaUne, LaDeux) and IP (RTL Group).

Citie, Smart Retail in action:

- **Enables towns, cities and local councils to communicate simply and directly with local residents and traders (urgent messages, severe traffic problems, cultural and sports events,…)**
- **Can be used as a digital shop window by merchants, complete with integrated webshop. Customers can order and pay online and then have the physical goods delivered by bpost and its partners**
- **Enables traders to get to know their customers better, using the dashboard to send them e-mails or satisfaction surveys that they can complete directly on their smartphone or tablet**

A simple and agile organization

Proximus will accelerate its strategy by making its organization fitter, transforming towards a more lean and agile structure with higher efficiency and continuing its simplification efforts to drive cost reduction.

" We're permanently improving our systems so that new orders can be introduced more easily and our customers are served well without waiting too long. "

Benjamin, retail sales agent, Brussels

A simpler organization

Proximus aims to become a fitter organization through simplification and bringing down its operating costs, while increasing customer and employee satisfaction.

To this aim we are driving simplification and efficiency throughout the organization. Our simplification initiatives are covering the **portfolio**, **networks**, **IT and processes**. We are adapting our ways of working to become a lean and agile organization, with a strong drive for efficiency.

Portfolio simplification

We are moving towards a simplified portfolio of products and solutions, slimming down our legacy catalog and proactively offering pack migrations to future-proof, easy-to-use solutions that are more advantageous for our customers.

By end 2016, 97% of our customers enjoying our convergent offers were on the 2 last generations of packs. With the launch of the new portfolio, 500,000 mobile postpaid subscriptions have been migrated to Mobilus offers. For mobile prepaid, a cleaning of 30 % prepaid plans has been performed while implementing of a new IN (Intelligent Network) platform.

By simplifying our portfolio we were able to **reduce internal workload**, maintenance, manual interventions and also the number of complaints.

For our business customers, we have further simplified our products and solutions to better respond to our customers' needs and ease the **Excite IT** and business transformation.

New solutions have to be granted a **'Simplification & Customer Experience Stamp'** before they are launched. In this way, we ensure that they are simple and clear to the customer and that they can be easily ordered, installed, invoiced and supported.

Network simplification

Proximus is investing in modernizing and simplifying its networks. This will **reduce costs**, make the company more agile in the marketplace and ensure that customers can be easily moved to future-proof solutions.

The large-scale transition of customers from legacy networks such as PSTN and ATM, to IP-based technology has, for example, enabled us to **power off 221 legacy switches** in 2016. To achieve this, 533,000 customers have been migrated in 2016 from classic telephone lines to the future-proof Voice over IP platform, reaching a total of 2.3 Mio customers.

Such migrations and outphasing operations are also key enablers to dispose of buildings. Two additional large buildings have been sold in 2016, having a positive impact on the total building maintenance and energy costs.

IT & process simplification

The redesign of the IT architecture is accompanied by the redesign of the processes to improve first time right and maximize efficiency gains. For example, the new mass market IT systems have drastically simplified the selling & ordering systems at Proximus. As a result, the time to introduce a complex order has been **reduced with 75%**. We also now have only one master product catalog compared to multiple local ones previously.

A process reengineering methodology is being deployed within Proximus to reduce workload and free-up 'oxygen' in the organization to increase capacity on value-added tasks. This has been applied to various domains like mass market promotions, internal mobility, procurement and the budgeting process.

Agility

The fast-moving digital world requires it more than ever: a more focused, customer-centric approach, entrepreneurship and an innovation mindset with a winning spirit. In a word, agility.

Proximus is transforming itself into an agile organization that requires employees and teams to deliver swiftly and seamlessly new or improved solutions to the customer. In this environment, employees feel more engaged, prepared for the digital transformation and act as real ambassadors for the company.

To build this agile organization, our **culture, people and organization** need to evolve hand in hand. That requires an integrated change management approach.

People

A company is only as good as its people. That is why Proximus believes in continuous coaching and feedback, putting more emphasis on **development**. In 2016 we launched our new performance management philosophy Drive for Personal Growth and the supportive platform, My Growth.

This new growth mindset is all about **embracing change**, being prepared

to act faster, and learning from feedback and mistakes. In 2016, we implemented a full roll-out of 'Coaching and Feedback' training for all team leaders. A total of 1,615 people followed the 4-day course.

We also launched an internal **coaching** project for team leaders to strengthen their skills on topics such as change, leadership, communication, etc. They will be supported on their request by a team of colleagues, being trained on coaching skills.

Since personal development is key, we keep investing in training with an average of **22 hours of training** per Proximus' employee. We also give people the opportunity to move internally and acquire new experiences. In 2016, **798 employees have changed jobs internally**.

Cultural transformation

For the past three years we have worked on the cultural transformation of our company 'From Good to Gold'. To ensure the success of our 'Fit for Growth' strategy, we defined three company values that strongly support the corporate culture, namely: **collaboration, agility and accountability**.

The next step is to reinforce and drive this behavioral change to instil a growth mindset, the belief that we can handle the challenges ahead and are able to learn, change and adapt for future success. Through employee surveys it has been confirmed that the large majority of our staff is motivated and committed to make this culture change happen.

1,615
employees followed the Coaching and Feedback training

798
internal job rotation

331
new hires

Organization

By improving agility, we are also increasing efficiency and reducing workforce costs, which are now 2% lower on year-on-year basis.

To boost that efficiency, Proximus reached agreement with its social partners in April 2016 for a **voluntary early leave plan prior to retirement** that will be deployed over several years. The plan will allow employees from the age of 60 to stay at home voluntarily until their earliest pension date. As a result, **2,172 employees** will leave the company over the next 5 years.

Proximus has also hired **331 new staff** in 2016. Our recruitment strategy focuses on attracting and developing the skills we need for future growth. It emphasizes factors such as the ability to change and a 'growth mindset' rather than just technical skills. It concerns mainly **digital profiles** such as data analysts, IT and cyber security experts. We expect to attract a few hundred new hires per year in the coming years.

We are moving towards new organization collaboration models to accelerate our transformation and make us more agile in responding to the fast changing needs of our customers and the external business environment.

To support this we have set up several Transversal Programs across our Business Units. This increased collaboration and allows teams to come together across internal and external boundaries to deliver on short, focused solutions.

'Local Teams' are at the core of what we want to do: bringing people together from different organizational and functional backgrounds to serve customers in that region with a specific mission. Customer needs and expectations can vary location by location, requiring an agile response with a degree of freedom to operate for local teams, close to the market, close to the customers and bringing the different areas of expertise together to serve the customer in the most appropriate way. In our ambition to be customer-centric it is key to understand the local market dynamics and context, and to act upon this in a swift way within the overall governance freedom.

We are already enjoying good results with this approach and will be working more in Local Teams, especially for all our Fiber projects in the different areas where they are deployed.

Digital transformation & digital culture

Our customers live more and more in a digital world, and their demand changes with it. At Proximus, we are adapting with future-proof solutions, in order to remain relevant for our customers. To do that, our digital adoption program includes training, hand-in-hand with leveraging the **Proximus digital natives**. It leverages inspiration & know-how to develop this digital DNA inside-out and to drive the digital way of working.

We recognize the need for more 'digital' in our workforce DNA, not only via new recruits, but also within existing employees. That is why we have taken big steps towards a new way of working, as part of the transversal program **'Digital Workplace'**.

We have identified so-called 'Digital Heroes', change agents who love the new collaboration tools and will teach their colleagues to collaborate differently and work more efficiently. More and more digital communities are being created to share information and experiences.

We are also developing training programs to make sure our employees are ready for the future, focused on new technologies such as Big Data, Cyber Security, etc.

Innovation discovery sessions

Between January and May 2016 the top 200 leaders of Proximus realized "discovery tours" and visited innovative start-ups in Silicon Valley, Berlin, Dublin and London. The lessons they learned were shared during 'Discovery sessions', attended by more than one thousand employees.

As a result, Proximus has introduced innovations such as 'Unconferences'. In those brainstorming sessions, people from the entire company can share their ideas on topics such as happiness at work or the digital workplace.

We are also tapping our customers as a resource for innovation through more Design thinking & Co-creation with customers. Tuttimus was the first example of co-creation with our customers. When developing Tuttimus, customers were involved at the design stage. Three clear expectations emerged from this co-creation process: customers want an 'all-in' package, with no worries and with a broad offering which they can personalize to their liking, and all at a keen price.

A sustainable, digital society

At Proximus, we are working towards a more sustainable and safer society, everyone can participate in. We are committed to addressing key societal issues by structurally embedding Corporate Social Responsibility (CSR) in everything we do. Our CSR strategy is based on three pillars: Environment, Education and Communities.

" Sometimes you need a light at the end of the tunnel. Bednet was that light for me. Thanks to Bednet, I could catch up with all the lessons I missed because of my illness. "

Sofie, student, Jette

Environment: a carbon neutral company

We are on track toward meeting the commitments we made in advance of the COP21 Climate Conference in Paris.

As of 2016, Proximus is a carbon neutral company. We have reduced our carbon emissions on Group level for the 6th year in a row and we will compensate for the emissions we cannot reduce. Proximus received the CDP Climate Leadership Award for the fourth year in a row.

There are 4 key areas where our carbon footprint has been reduced.

First off it is our fleet mobility, our employees prefer the green mobility plans which favor public transport and which, for the first time, include the possibility to lease a bicycle.
We are also running energy efficiency projects for our networks, datacenters, office buildings and transport. We use electricity mainly from renewable energy sources.

Most of our waste is recycled and we also help our customers to reduce their carbon footprint thanks to our products and services.

Finally, we reached the 120,000 mark in the collection of old mobile phones in schools, in collaboration with our partner GoodPlanet Belgium.

Education & skill building

Empowering and sharpening young minds, the Proximus Foundation supports jobseekers through new technologies and aims to give young people a better shot at their dreams.

Digitalent

Among its initiatives, the Digitalent project immerses young low-skilled jobseekers in the ICT world. In 2016 we trained 72 people. In total we had training sessions in 8 cities across Belgium. The project is very successful with 32% of participants following a training, 35% finding a job and one person even starting his own company.

Safer Internet

Through the Safer Internet program our employees, in collaboration with Child Focus, trained 11,816 school pupils in 2016 on how to use the Internet and social media safely. Twice a year some 150 of our employees visit - on a voluntary basis - the fifth and sixth year classes of primary schools to promote safe internet use. Since the start of the project more than 65,000 pupils have been trained.

Community

Our evolving technologies also make a difference for communities in need of specific solutions to improve their lives. Proximus is active in helping children with long-term illnesses, people with disabilities and the disadvantaged.

Bednet & Take-off program

In 2016, the Bednet & Take-off program has enabled more than 430 children with a long-term illness to remain in contact with their classmates and to attend school.

Through the People with disabilities program we continuously test the accessibility of all the devices that we put on the market. This aids and reinforces constant improvements by manufacturers.

CSR

For more information on CSR, read the full report.

⪢ Download the CSR report here

≫ Download the different reports from the Proximus Group Annual Report by clicking on them

CSR report

2016 pro✕imus

Regulatory Framework

2016 pro✕imus

Corporate Governance Statement

2016 pro✕imus

Proximus Share

2016 pro✕imus

Remuneration report

2016 pro✕imus

Consolidated Management Report

2016 pro✕imus

Annual Accounts Proximus PLC

2016 pro✕imus

Management Report Proximus PLC

2016 pro✕imus

Consolidated Financial Statement

2016 pro✕imus