Proximus Group
Results presentation
Q1 2018

May 2018

Reporting remarks

- All financials in this presentation related to the Group and Segments are provided under IAS 18. The Q1 2018 figures under IFRS 15 are available in Q1 2018 report and excel factbook (Proximus IVR website).

- The provided 2018 guidance is under the IAS 18 standard.

- Exception has been made for the household reporting (X-Play) within the Consumer segment. The financials, and derived ARPH*, are provided under IFRS 15, with a 2017 pro-forma comparison. The main changes versus the previously reported figures are:

  a) For revenue generated from mobile joint-offers, more revenue is allocated to "Terminal Sales", and less to the X-Play revenue (which includes only recurring services revenue)

  b) Consequently, the ARPH for Households/Small Offices having mobile subscriptions is lower compared to the previously reported ARPH under the IAS 18 accounting standard.

  c) Finetuning of the X-Play reporting (small impact)

- Other reporting changes

  The split in expenses between work force and non workforce has been aligned for all subsidiaries, with the total unchanged on Group level. 2017 figures have been restated accordingly, with for FY17 € 30m moving from non-workforce to workforce expenses.

*Average Revenue per Household

Value accretive upselling strategy. Average revenue per household increasing, in spite of regulatory and competitive headwinds.

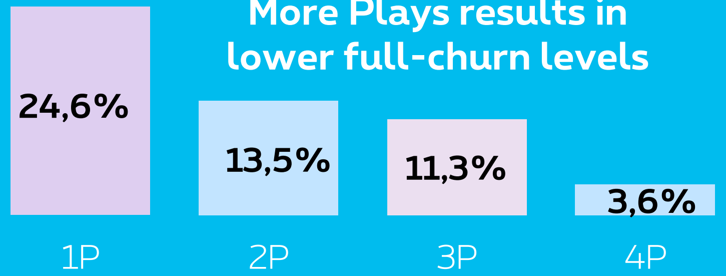
+61K 4-Play Households YoY

+2.5% RGU per HH

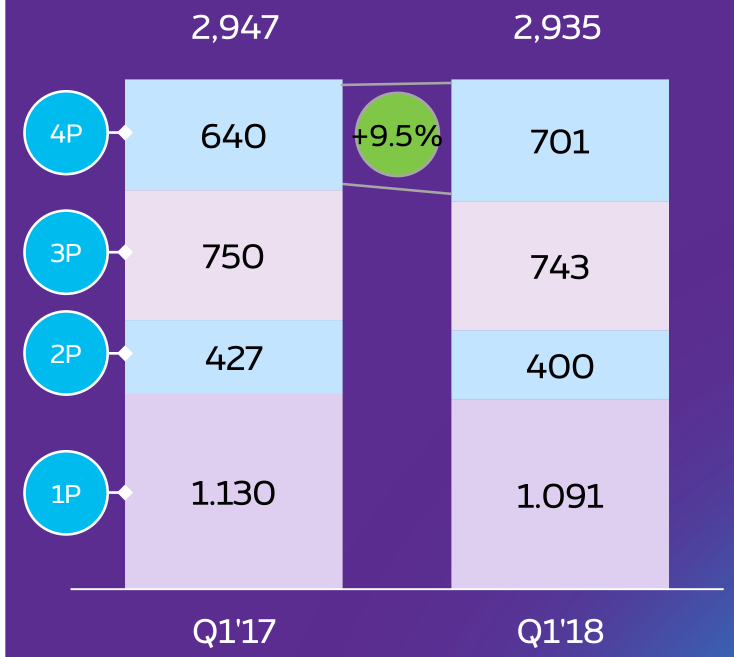
Strong uptake of all-in offers, increasing 4-Play HH/SO

Tuttimus/Bizz All-in subscribers in ‘000

More Plays results in lower full-churn levels

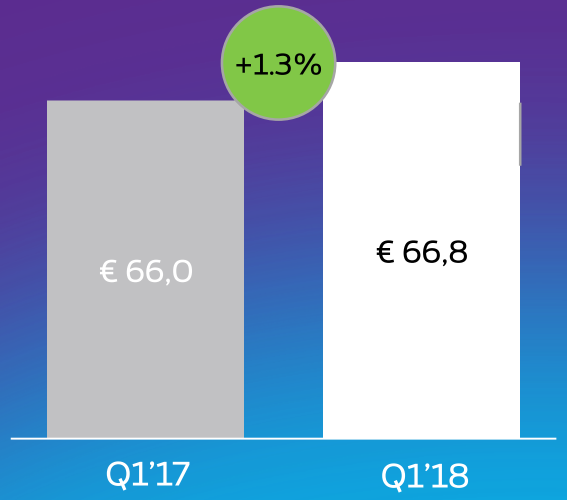


Solid increase in number of HH/SO taking 4 Plays (in 000’s)



+ scarlet

Average revenue per Household*



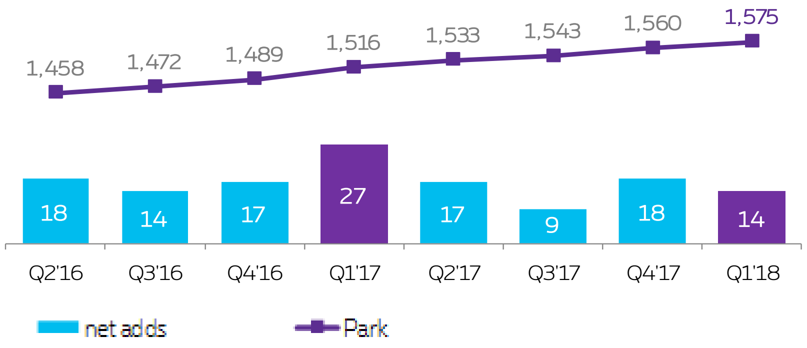
*incl. small offices

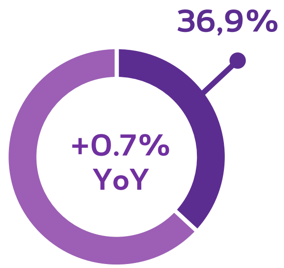
Group

Supported by dualbrand approach, Internet and TV customer base growing, and solid market position maintained.

TV
(in '000)

+58K
customers YoY
+3.9%

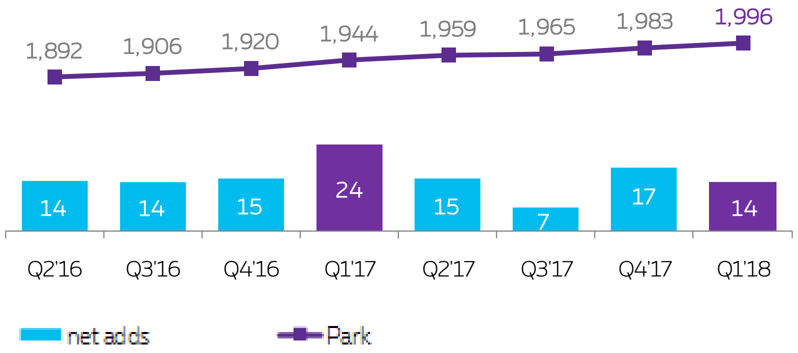


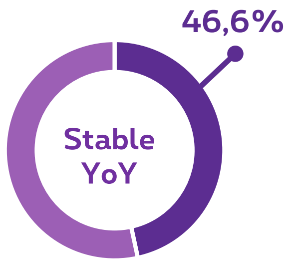


Market Share

Broadband
(in '000)

+52 K
customers YoY
+2.7%

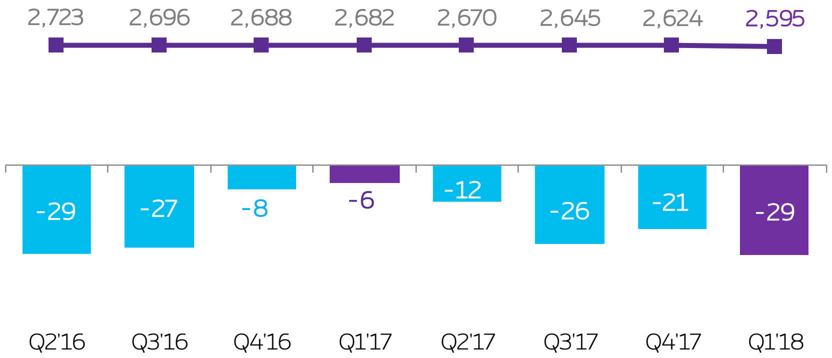




Market Share

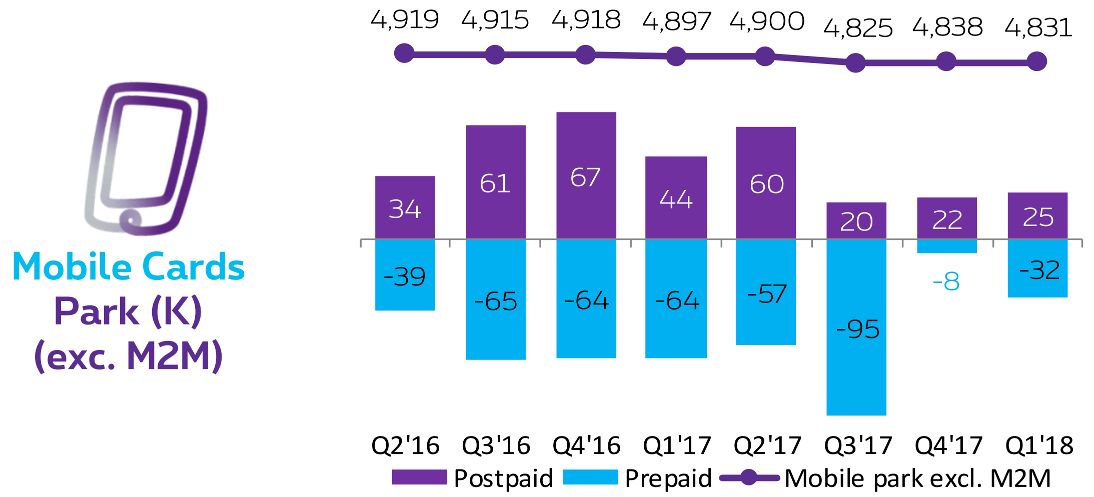
Fixed Voice
(in '000)

-88K
customers YoY
-3.3%



Group

Mobile postpaid customer gain; base up 3.3% YoY



Postpaid

+126,000 YoY
i.e. **+3.3%** to 3,907k

Prepaid

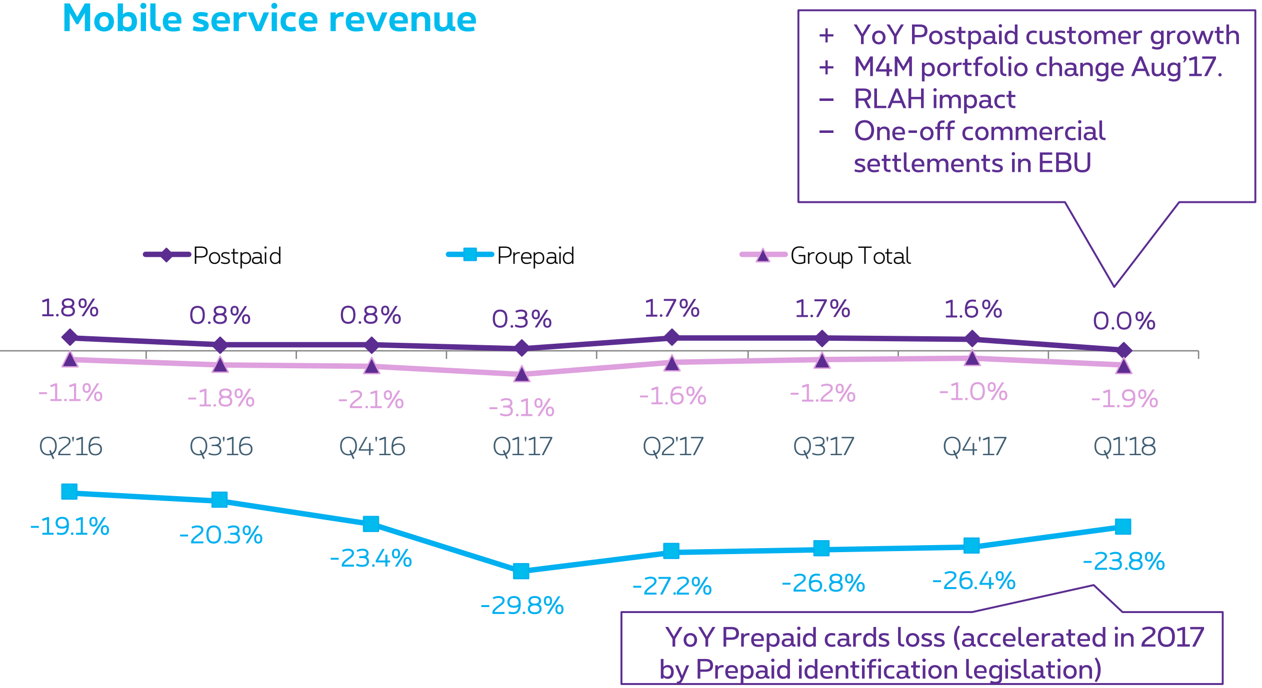
-193,000 YoY
i.e. **-17.3%**

(incl. impact Prepaid authentication legislation)

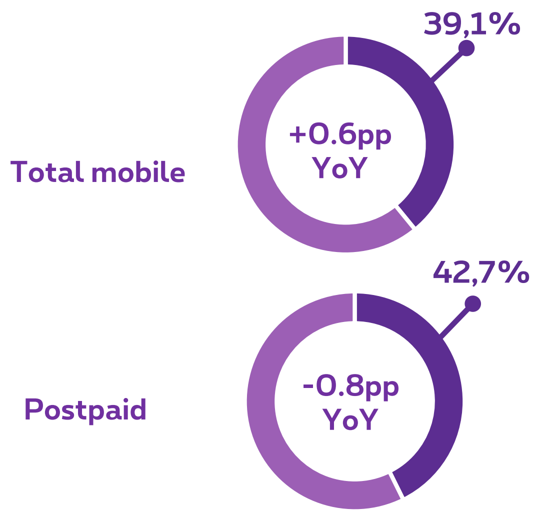
Smartphone Penetration

74%
+5.4 pp YoY

Mobile service revenue



Market Shares %



National Mobile Data usage
(average/user/month)

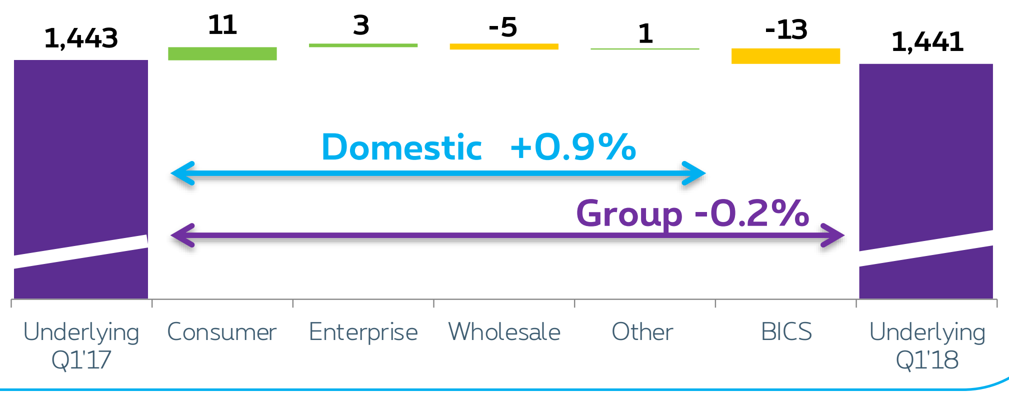
1.6GB
Blended
+47% YoY

1.8GB
4G
+38% YoY

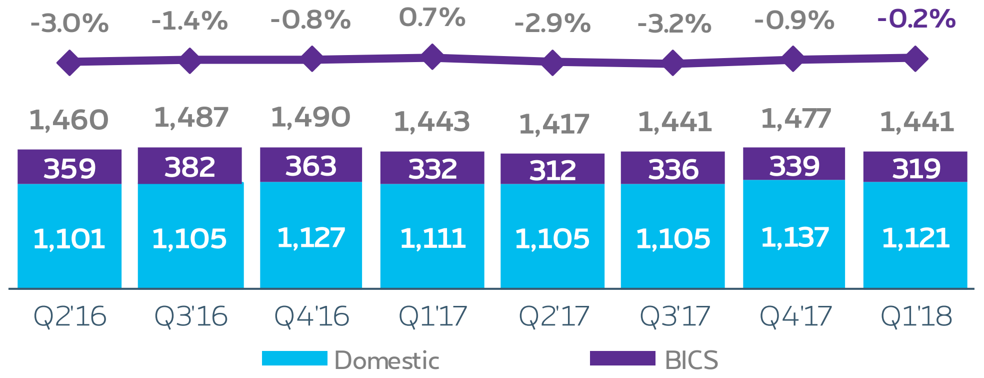
Group

Growing customer base and upselling strategy results in higher Domestic revenue, +0.9% YoY for Q1'18

Group revenue by segment (M€)



Group revenue by quarter (M€ & YoY %)



Domestic: +0.9%YoY to €1,121m

Consumer: +1.5% YoY

+ Value accretive customer mix, 4P customers growing
+ Revenue growth for TV, Internet, and Mobile Postpaid
+ More mobile devices sales
+ Revenue growth Tango
– Fixed Voice revenue erosion
– Loss in Mobile Prepaid revenue

Enterprise: +0.8% YoY

+ Growth in ICT and Advanced Business Services
+ Mobile devices sales
– Regulatory pressure on Mobile services
– Erosion legacy Fixed Voice and Data

Wholesale: -8.7% YoY

+ Higher visitor roaming
- High Q1'17 (included FTR correction)
- Decline in traditional wholesale products

bics

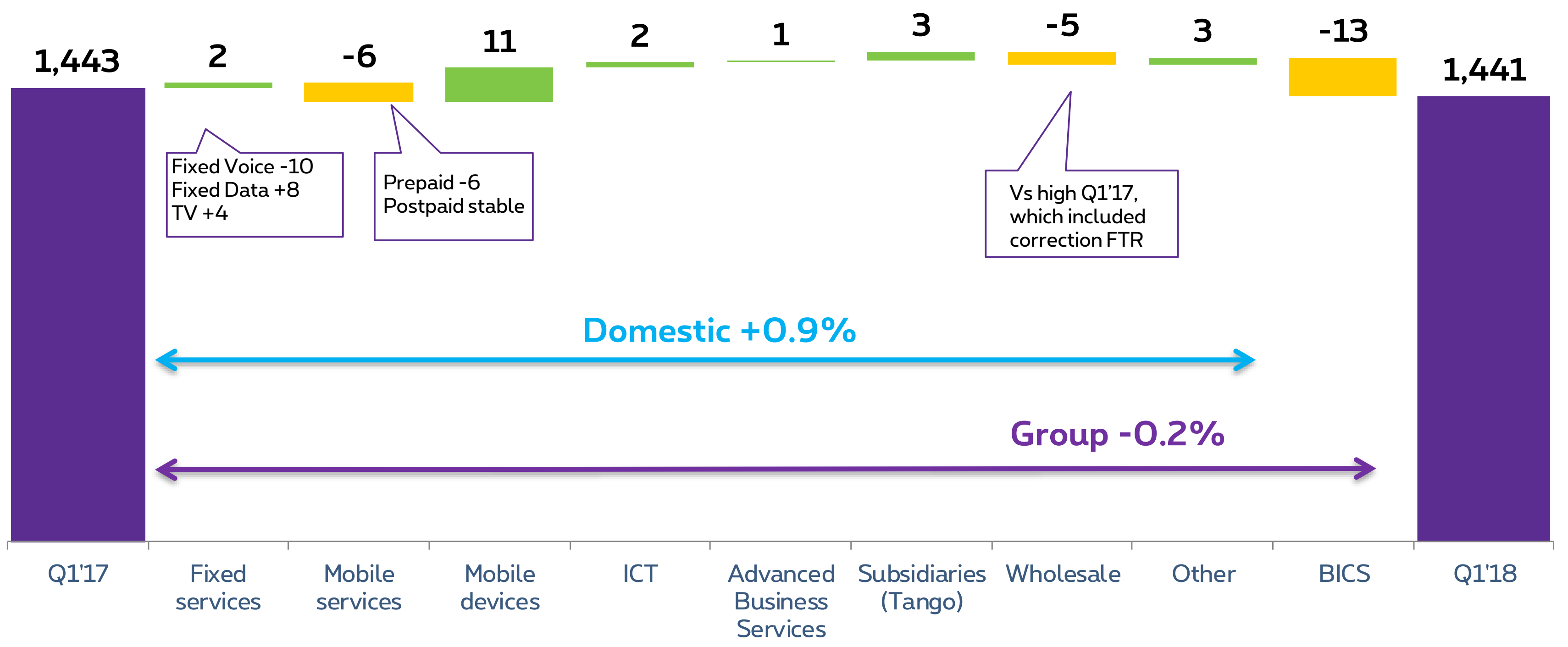
Q1'18 revenue -3.9%YoY

+ Strong increase in A2P* volumes, leading to non-Voice revenue growth, accelerated by TeleSign
- Further erosion in Voice traffic, combined with a less favorable destination mix, and negative currency effect

* Application to Person

Group underlying revenue evolution per product group

(in M€)



* Advanced Business Services groups new solutions offered aside from traditional Telecom and ICT, such as smart mobility solutions (BeMobile), Road User Charging, Converging Solutions, Big data.

Q1 Group direct margin +2.1% YoY, with both Domestic and BICS direct margin up YoY

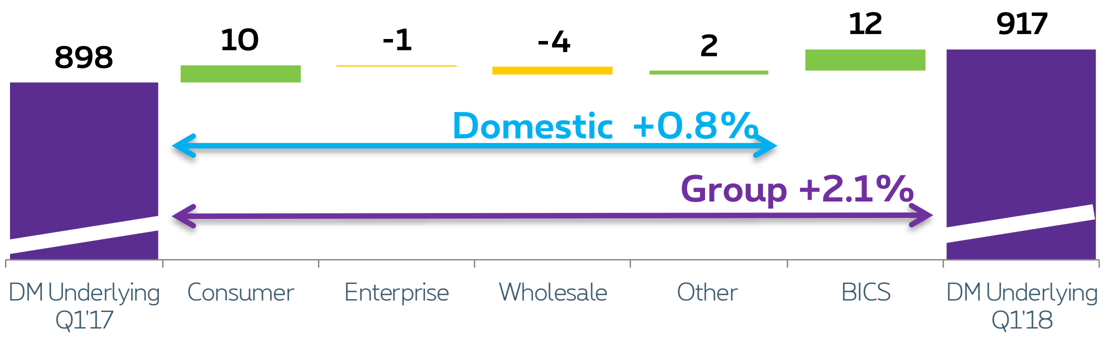
Domestic Q1 direct margin +0.8% to € 840m:

- Higher direct margin for Consumer, up 1.8%
- Nearly stable direct margin for Enterprise
- Wholesale direct margin down from a high comparable base (Q1'17 correction of FTR)
- Regulation caused net decrease in direct margin by €-15 m

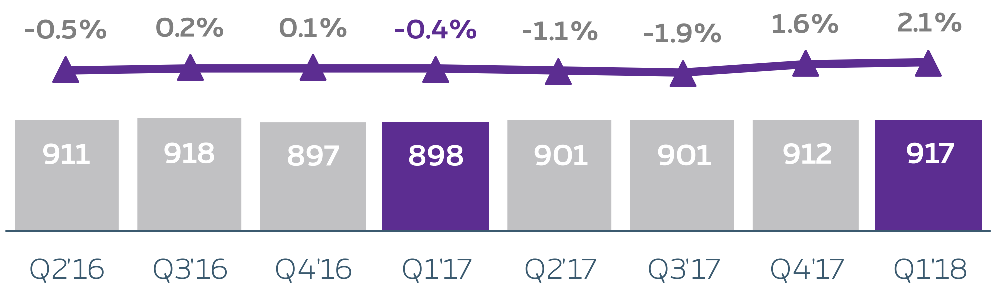
BICS Q1 direct margin of € 77m, including TeleSign, +18.8 YoY

- TeleSign contribution boosting A2P messaging volumes and direct cost synergies

Group direct margin by segment (M€)



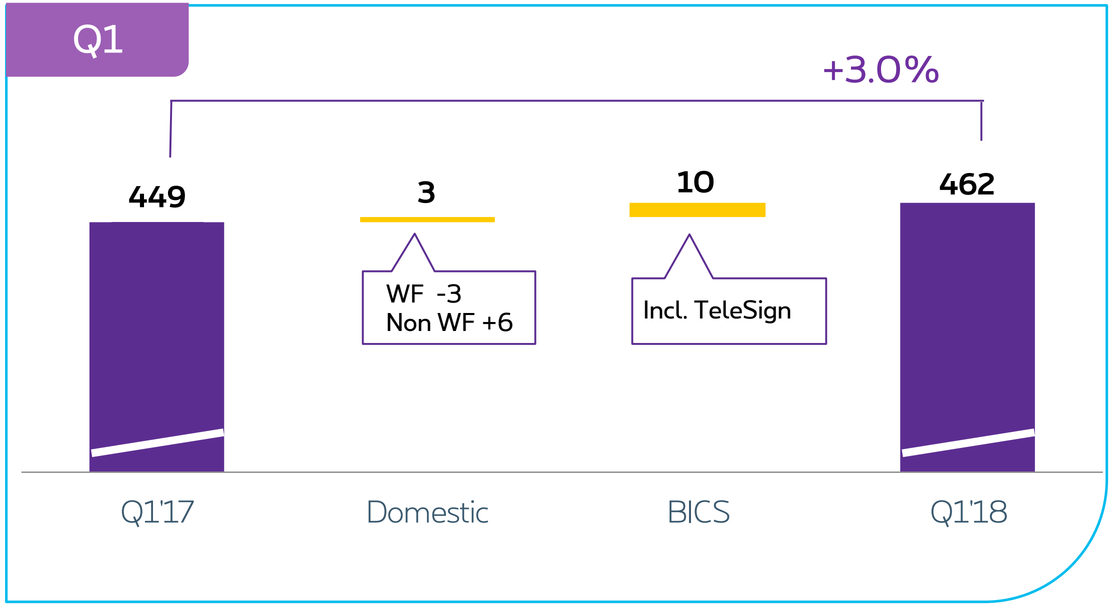
Group direct margin by quarter (M€ & YoY variance)



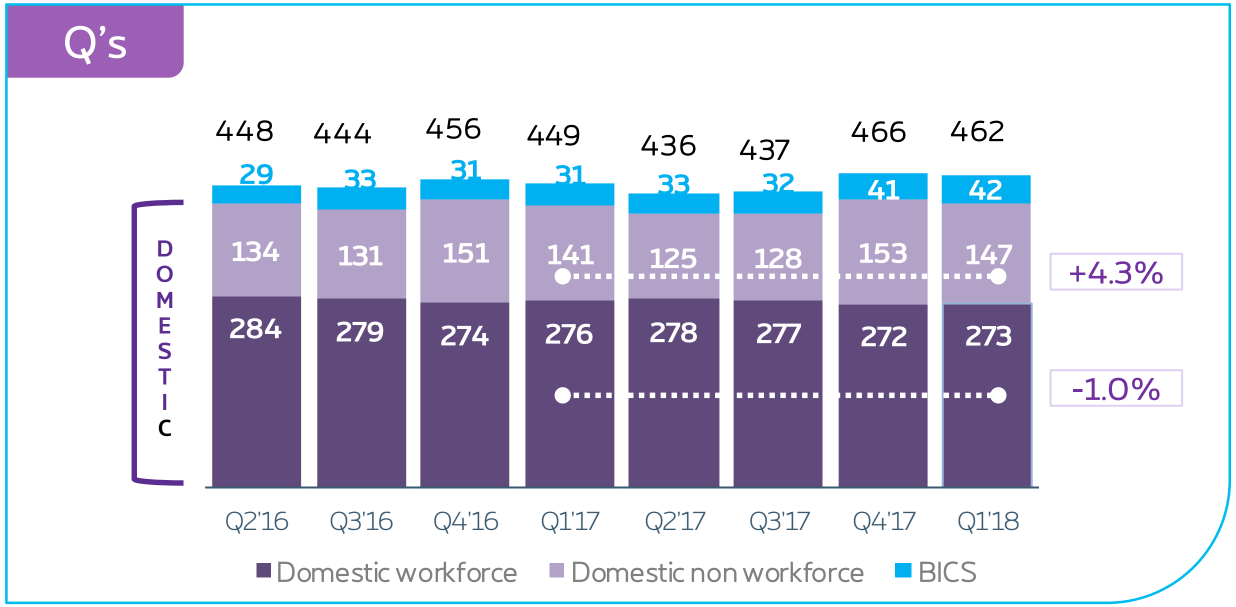
Group

Group expenses +3.0%, mainly attributable to BICS' acquisition of TeleSign*
Domestic underlying expenses +0.8% YoY

Group expenses (M€)
Domestic vs. BICS



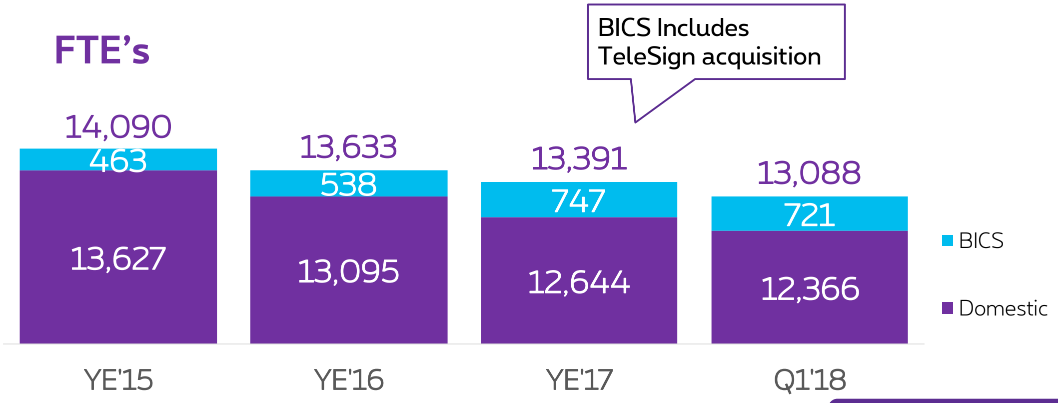
Group expenses (M€)
Domestic workforce vs non-workforce



Q1'18 operating expenses up 3.0% YoY

- Domestic expenses +0.8% YoY or € +3m. Non-workforce expenses including anticipated higher commercial means and one-offs.
- BICS expenses up €10m YoY, mainly reflecting the acquisition of TeleSign*.

FTE's



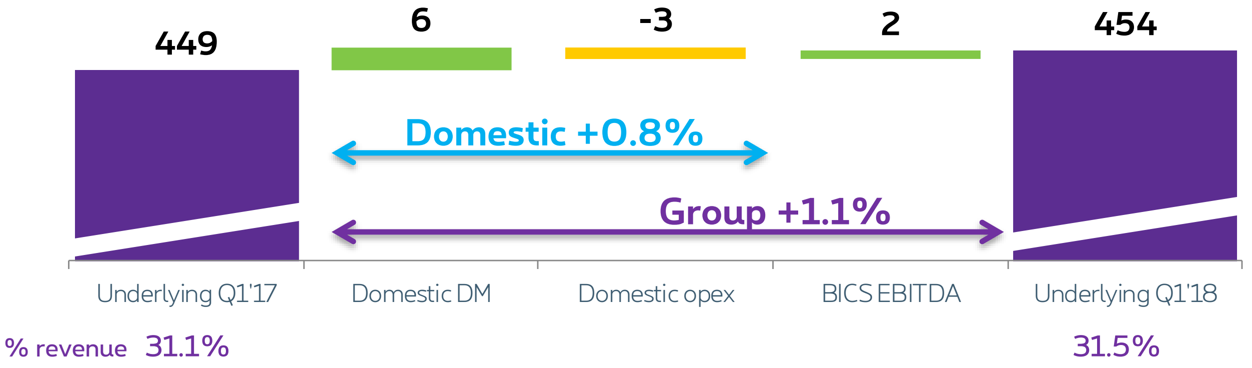
Domestic workforce expenses benefitting from lower headcount

*TeleSign is consolidated since November 2017.

Group

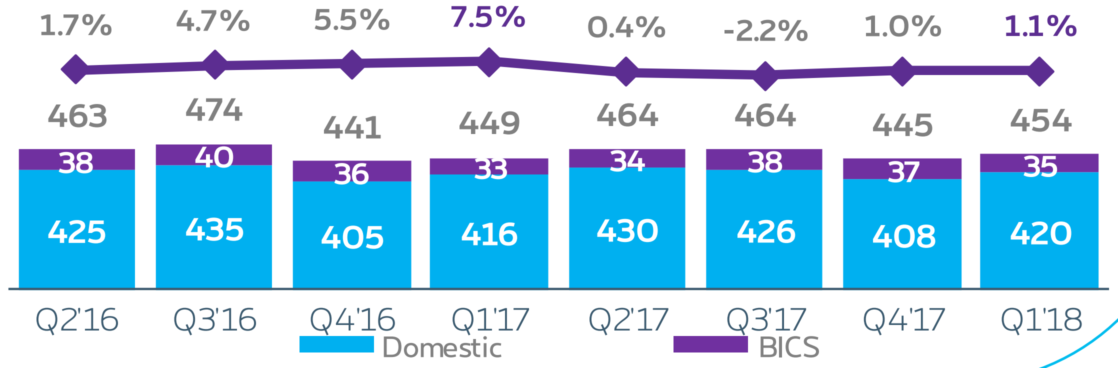
Domestic EBITDA +0.8% YoY, or +4.3% excluding regulatory impacts. Q1'18 Group EBITDA, +1.1% YoY.

Q1



Q's

Group underlying EBITDA (M€) & YoY variance



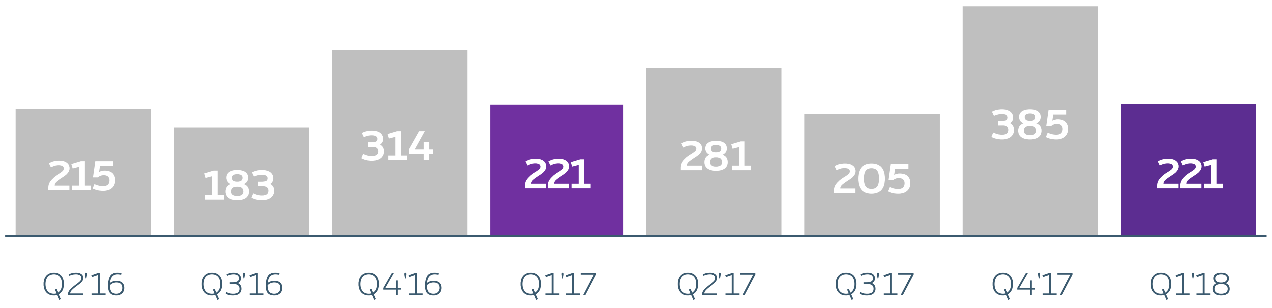
Domestic Q1 EBITDA up 0.8% to € 420m on higher direct margin, in spite of € -15m net loss due to regulation (roaming + FTR). This loss aside, the Domestic EBITDA increased by 4.3% YoY.

BICS Q1 EBITDA +5.1% YoY to € 35m, including TeleSign contribution.

*Total direct margin from roaming-out and roaming-in (visitor roaming) from Proximus and Tango, covering price and volume impacts

Investing extensively in enhancing networks and improving the overall customer experience.

Capex (M€)



On track for FY2018 estimate of around € 1bn

(potential spectrum capex excluded)

Continued investments lead to:

High-quality Mobile network

4G pop coverage

- outdoor **99.8%**
- indoor **98.8%**

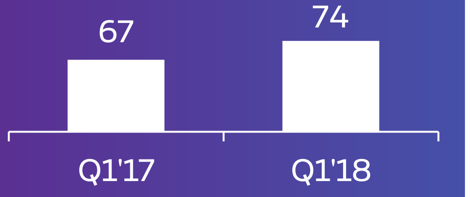
+ Mobile sites to support traffic increase

+ 4.5G deployment

Copper upgrade

94% FttC • **87%** vectoring
>50% 100Mbps

Av. VDSL speed - Mbps
Proximus customers



Attractive content

- **Jupiler Pro League**
- **UEFA Champions League**
- **Studio 100**
- **Be TV partnership**

Fiber build

Roll-out launched

FttH 7 cities

FttB in 72 industrial zonings

IT

Renewed and simplified IT systems

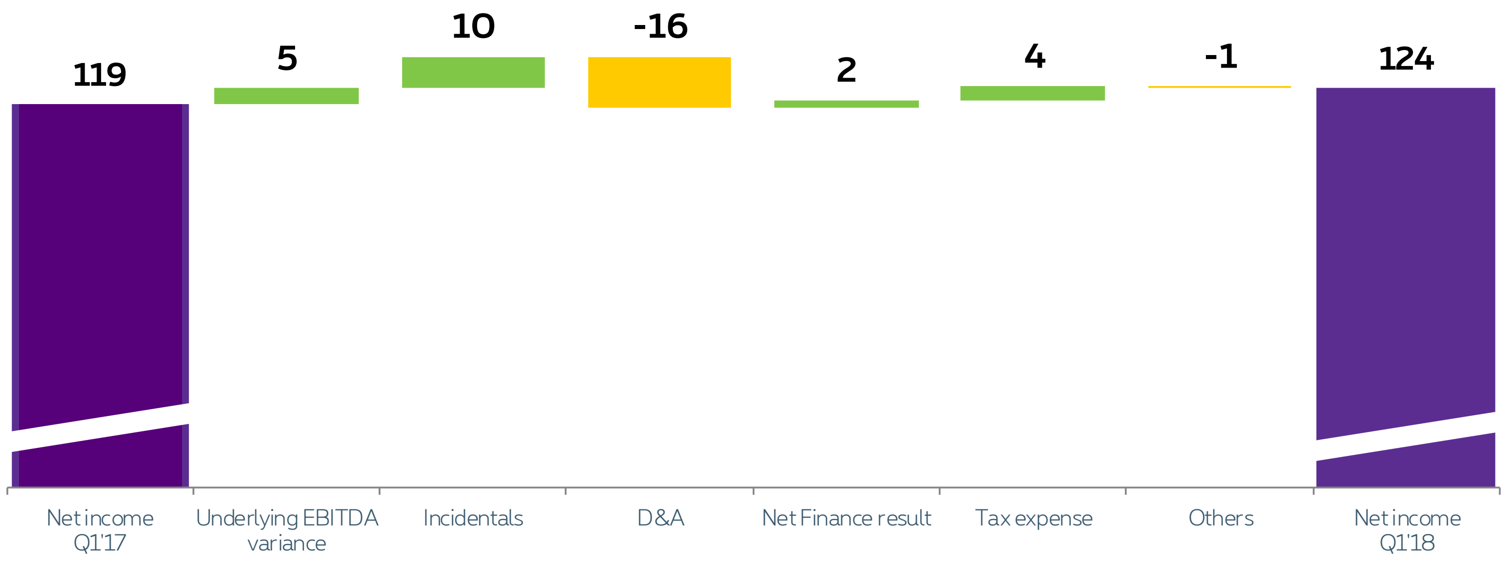
a.o. new Mass Market IT chain encompassing sales to ordering to billing

Group

Net income (Group share) up 4.2%

Q1'18 net income (Group share) of €124m, up €5m compared to 2017, on higher underlying EBITDA, lower finance costs and less tax expenses, only partly offset by higher depreciations and amortization.

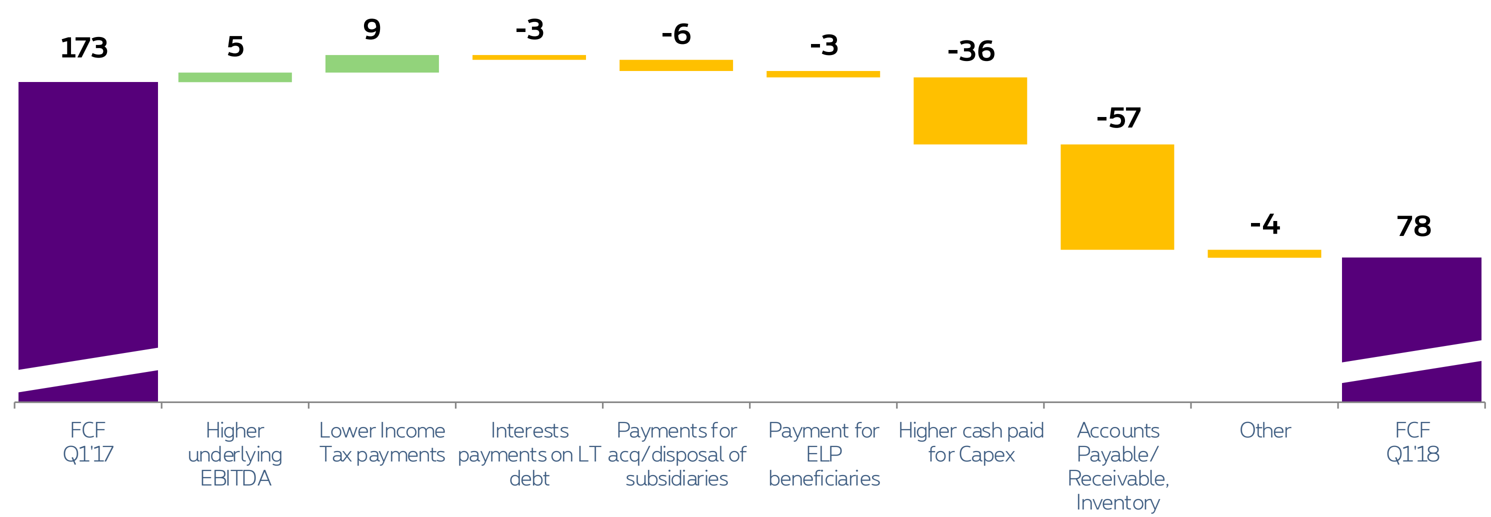
YoY Net income (Q1, M€)



Group

Q1'18 FCF of € 78m

YoY FCF (Q1, M€)



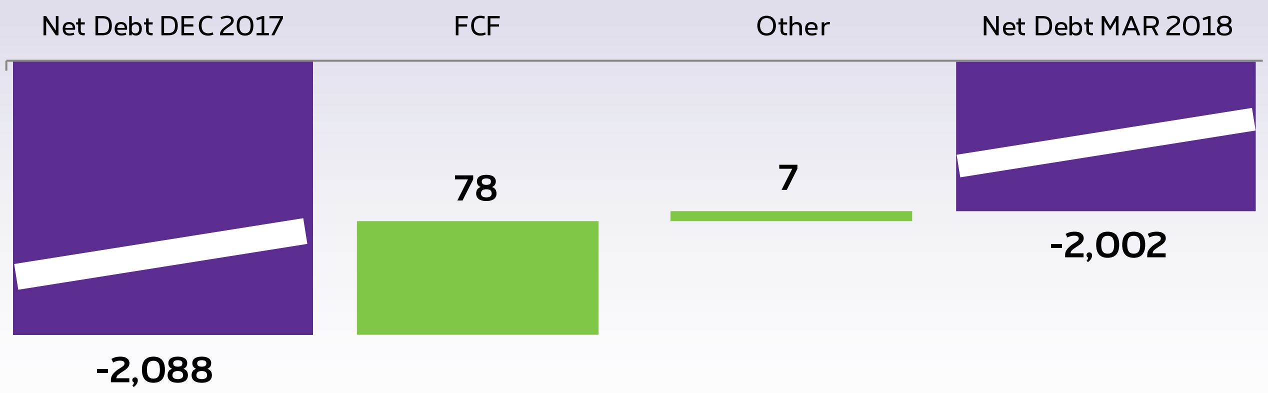
Lower Free Cash Flow YoY mainly driven by:

+ Growth in underlying EBITDA
+ Lower Income Tax payments
- Higher cash paid for Capex (carry-over effect from 2017)
- Higher working capital needs (mainly timing effect)

Group

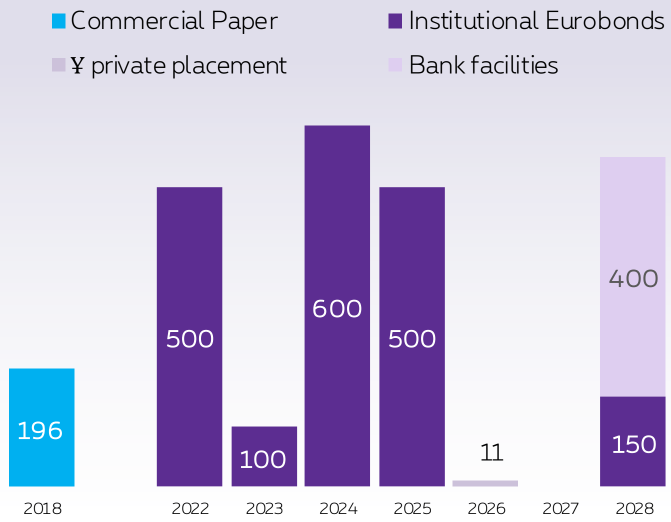
We keep a sound financial position allowing for investments

Net Debt (Q1, M€)



Debt maturity schedule (Q1, M€)

Proximus optimised it's long term debt



6.4 Yrs

Average debt duration

1.77%

Weighted average coupon

- Credit ratings: Standard & Poor's A, Moody's A1, both stable outlook
- Proximus signed a €400m 10y EIB loan in March 2018

Group

Q1'18 Performance versus outlook
Well on track to achieve 2018 full-year guidance

Guidance metrics	FY2017 Actuals	FY2018 Outlook	Q1 YoY achievement
Domestic underlying **revenue**	€4,458m	Nearly stable	+0.9%
Group underlying **EBITDA**	€1,823m	Slight growth	+1.1%
Capex	1092m*	Around €1Bn**	221m

* *Incl. renewal of 3-year football broadcasting licenses (Jupiler League, UEFA Champions league)*

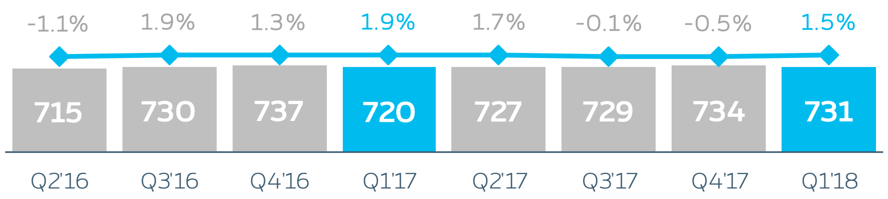
** *Excl. potential Spectrum capex*

Group

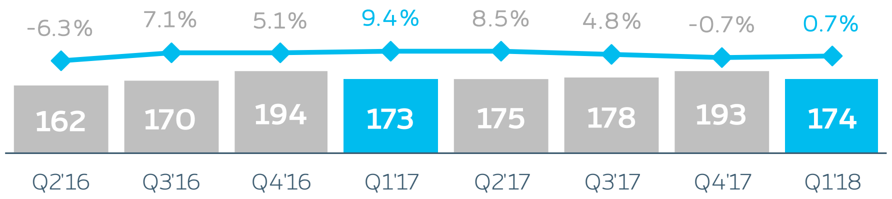
Consumer Results

Value accretive customer mix increasing the revenue per household. Underlying revenue growth of 1.5% and direct margin +1.8%, in spite of RLAH impact

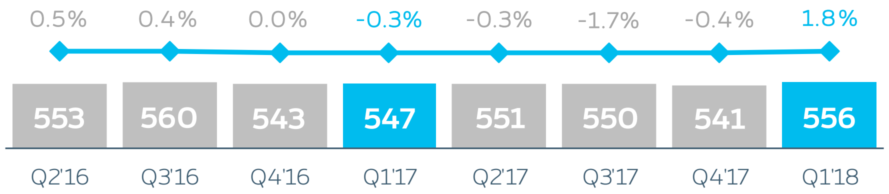
Consumer underlying revenue (M€) & YoY



Consumer underlying CoS (M€) & YoY



Consumer underlying DM (M€) & YoY

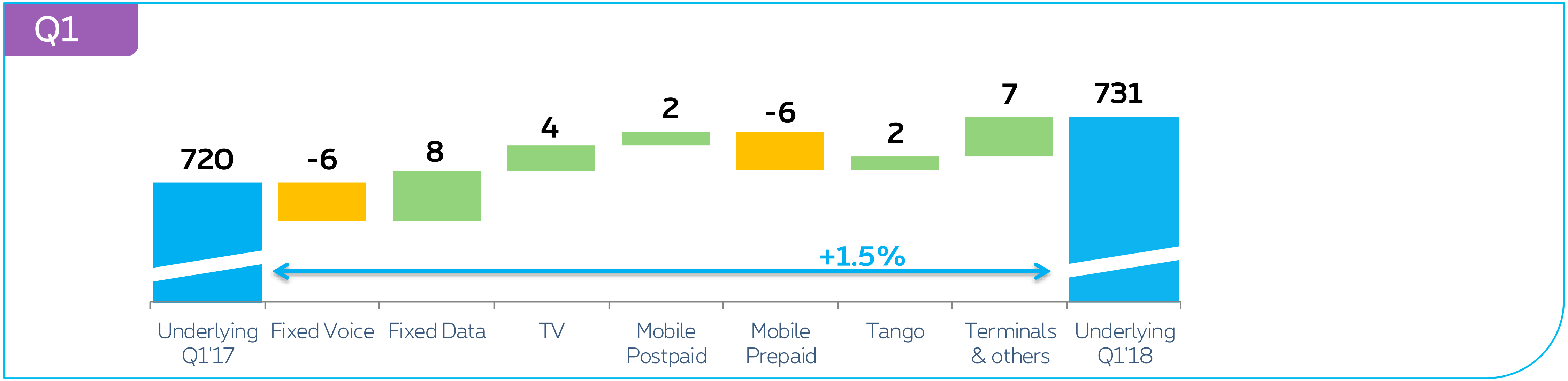


- Revenue up, benefitting from growing customer base and improved mix, with more customers on 4-Play offers.
- Direct margin up 1.8%, in spite of regulatory pressure on roaming margins. Benefitting from better YoY product mix and some one-off tailwinds.
- Underlying direct margin at 76.2% of revenue, +0.2pp YoY

Consumer revenue by product group

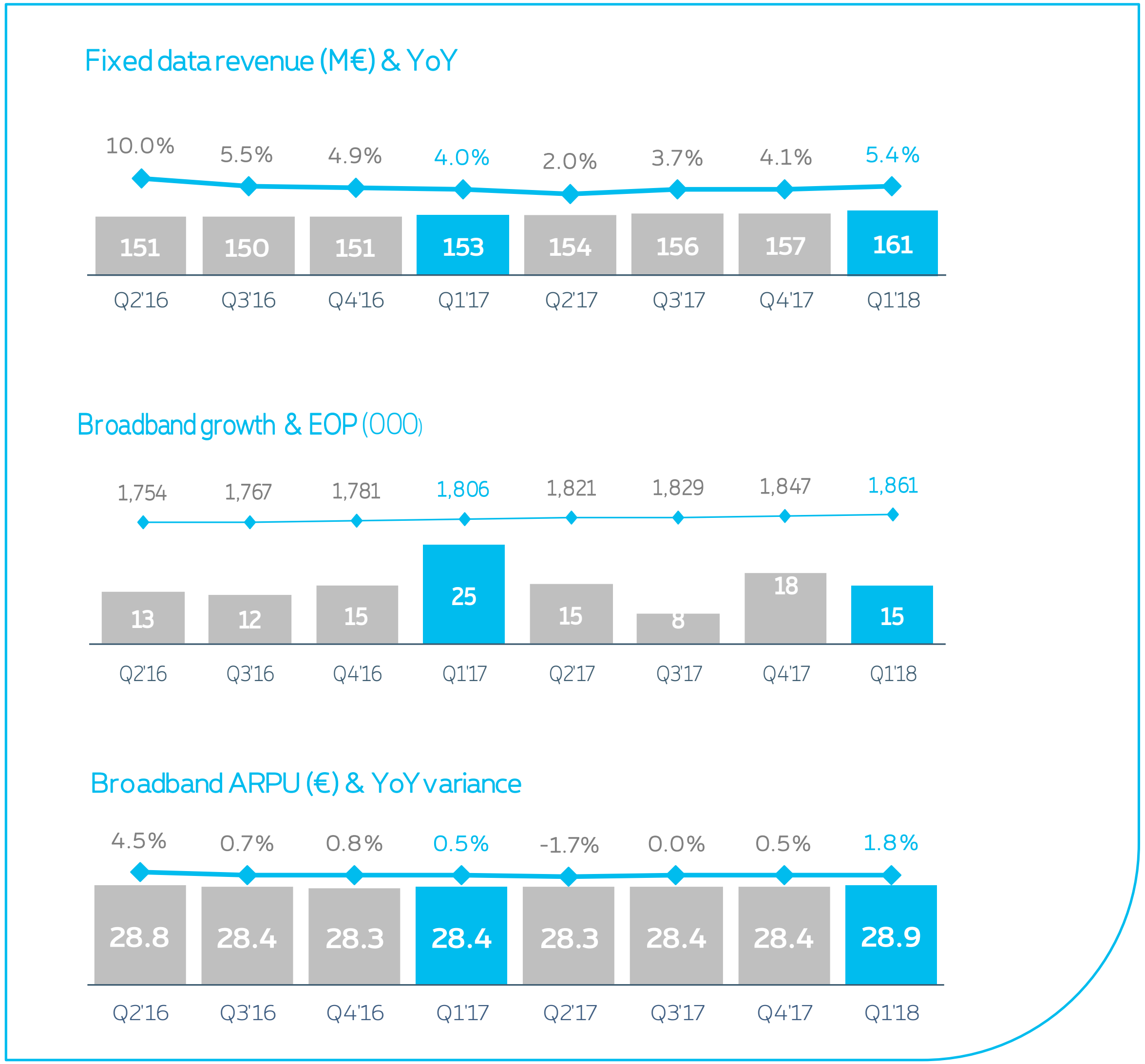
Note
In line with Proximus' strategy, most products are sold through multi-play bundles. Therefore, the revenue and ARPU of standalone products are largely the result of the allocation of revenue and discounts to the respective products included in the Packs, as required by IFRS rules.

Consumer revenue 1.5% higher, supported by sustained upselling of customers to 4-Play offers



- Enlarging customer base with continued revenue growth for TV (+4.5%) and Internet (+5.4%), partly offset by lower Fixed Voice revenue (-4.8%)
- Mobile devices revenue (at low margin) up YoY
- Mobile Postpaid up by 1.0%, despite regulation headwinds
- Prepaid revenue repeated steep loss, due to YoY lower Prepaid base (-187,000)
- Proximus attracted a solid 44,000 Tuttimus and Bizz All-In subscribers in Q1'18; base totaling 404,000 end-March'18.

Fixed Data revenue up driven by larger customer base: +15,000 in Q1'18 +55,000 YoY



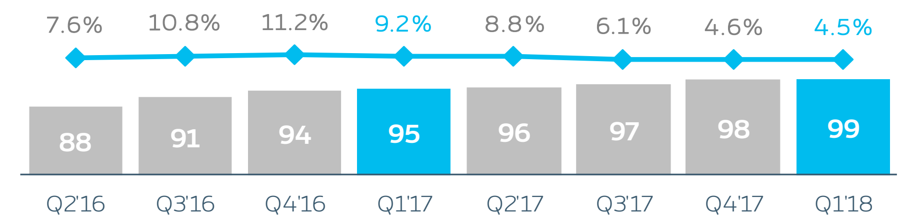
In spite of the highly competitive market, the Consumer segment generated 5.4% more Fixed Data revenue

- +15,000 Internet lines in Q1'18
- +55,000 or +3.1% YoY to total 1,861,000
- Q1'18 ARPU of EUR 28.9, up 1.8% YoY, reflection price changes since 2018.

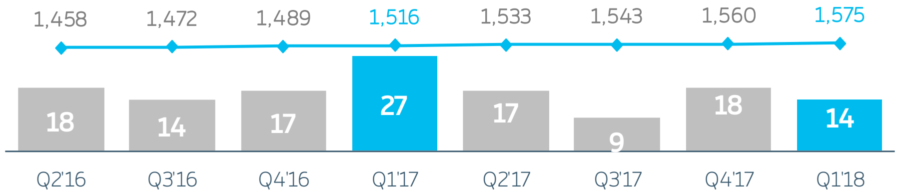
Consumer

Proximus continues to attract customers on its TV platform, +58,000 YoY

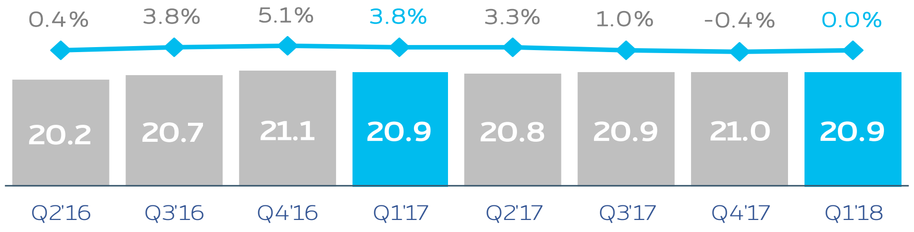
TV revenue (M€) & YoY variance



Unique TV - customers (000)



Fixed TV ARPU (€) & YoY variance



Increasing TV customer base for Proximus and Scarlet

- +58,000 TV households YoY, or +3.9%, including +14,000 TV households in Q1'18
- 1,575,000 unique TV households end Q1'18
- Q1'18 TV ARPU stable at € 20.9

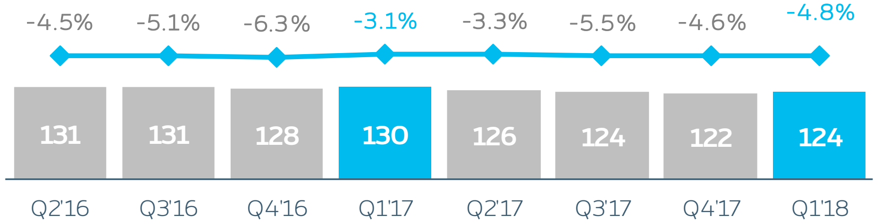
…and more extensive TV content.

- As of 1 January 2018, strategic partnership with Studio 100, a very well-known Flemish kids content producer
- Stingray Hits, a brand new music video channel.
- Partnership with Be TV as of March, with subscribers benefitting from Be TV 's exclusive programs including blockbuster TV premieres, original award-winning series, HBO series, …

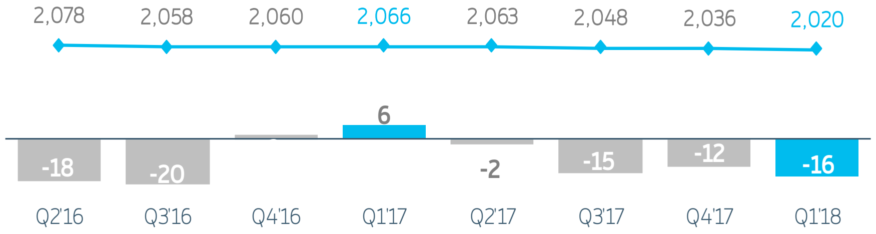
Consumer

Fixed Voice line erosion and lower traffic driving Fixed Voice revenue erosion

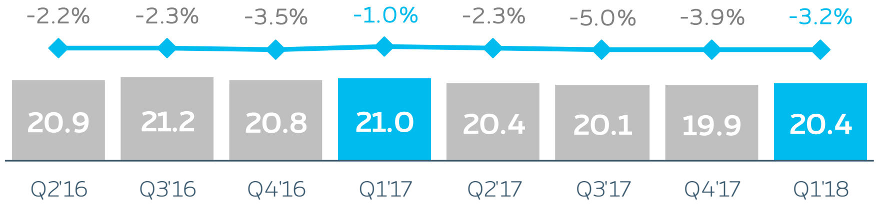
Fixed voice revenue (M€) & YoY variance



Voice line loss/gain & EOP (000)



Fixed voice ARPU (€) & YoY variance



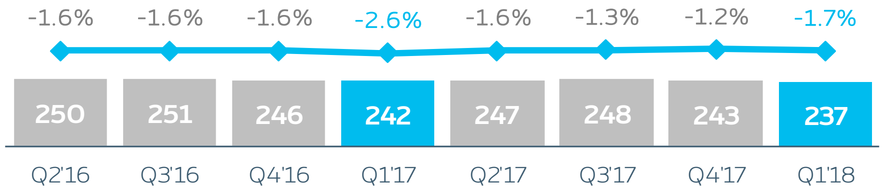
Total Fixed Voice customer base at 2,020,000, -2.2% YoY

- Fixed Voice net loss of 16,000 in Q1'18
- ARPU Q1'18 €20.4, reflecting the ongoing decline in the use of Voice traffic

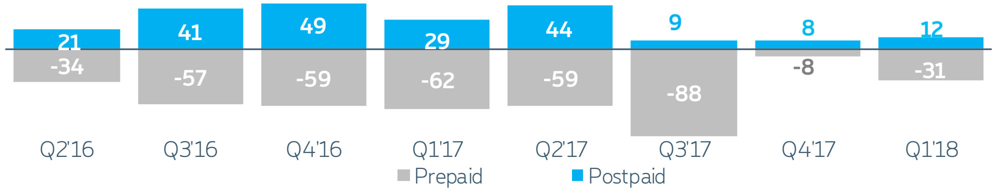
Consumer

Mobile service revenue reflecting continued impact from Prepaid erosion
Mobile postpaid revenue up by 1.0% in spite of regulation headwinds

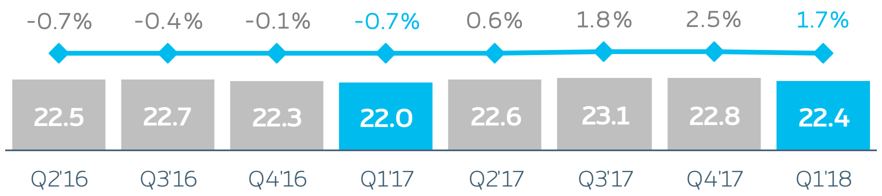
Mobile service revenue (M€) & YoY variance



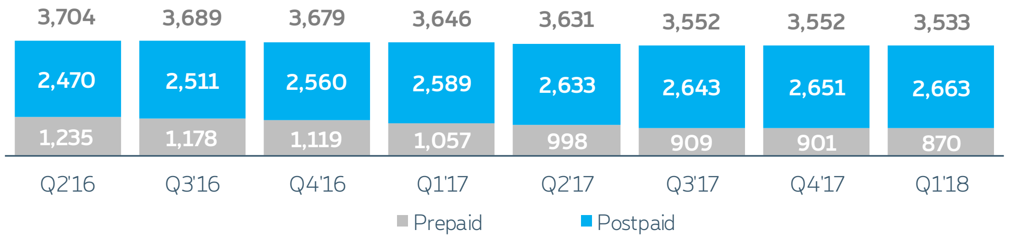
Mobile Net Adds (000's)



Blended net mobile ARPU (€) & YoY variance



Mobile Park (000's)



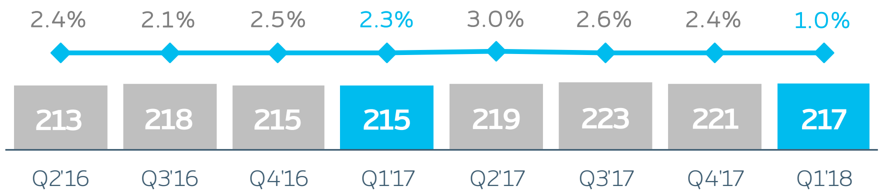
Total Mobile Postpaid customers at 2,663,000 end March '18, +2.9% YoY.

Prepaid decline acceleration in 2017 on identification legislation still impacting revenue.

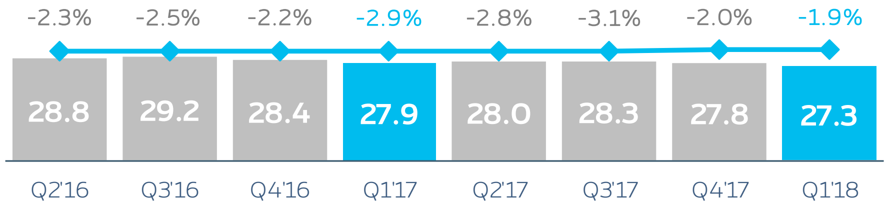
Consumer

Consumer – Postpaid and Prepaid

Postpaid revenue (M€) & YoY variance



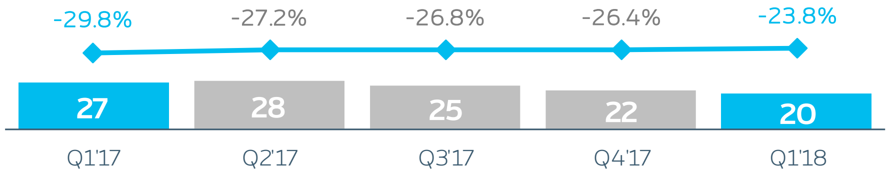
Postpaid ARPU (€) & YoY variance



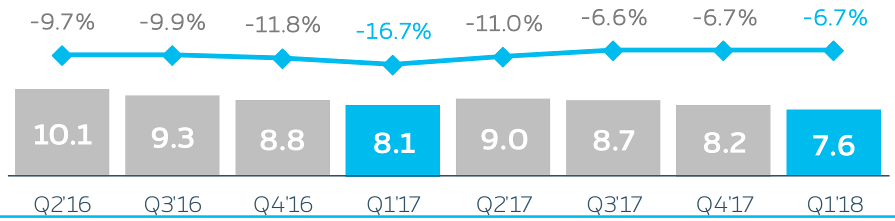
Q1 Postpaid revenue increased by 1.0%, in spite of the Roam-Like-At-Home (RLAH) headwinds, driven by :

- Expanding Postpaid customer base
- Improved price tiering
- Reviewed mobile offers since mid-August

Prepaid revenue (M€) & YoY variance



Prepaid ARPU (€) & YoY variance

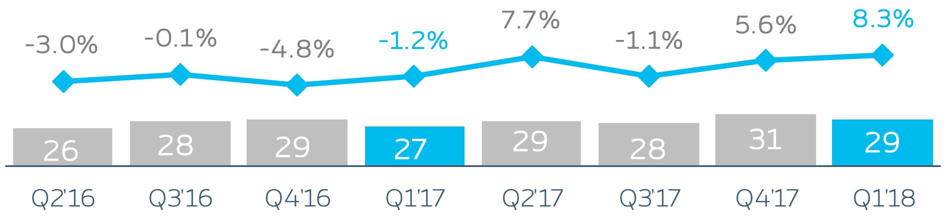


Revenue from Prepaid repeated a steep loss.

- Significant year-on-year reduction in the Prepaid customer base triggered by the legal identification process.

Tango Luxembourg– Consumer segment

Tango revenue (M€) & YoY variance



Tango Q1'18 Consumer revenue up by 8.3% YoY, in spite of aggressive competitive market conditions and the application of the RLAH legislation

- Commercial success of the revamped Smart portfolio
- Success in executing a convergence strategy on Fixed services (Voice, Internet and TV)
- Broadband revenue up driven by FttH
- Higher mobile devices sales

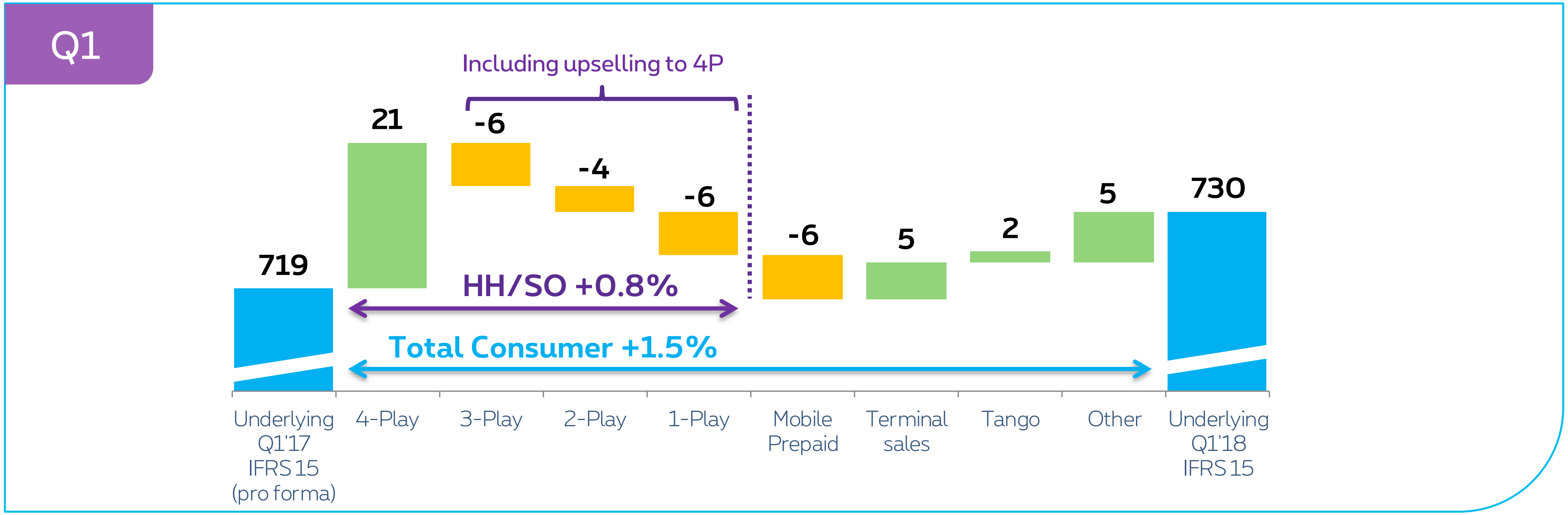
Consumer

X-Play view

(under IFRS 15)

Consumer increasingly generates revenue from the households it services, +0.8% for Q1'18, driven by 4-Play

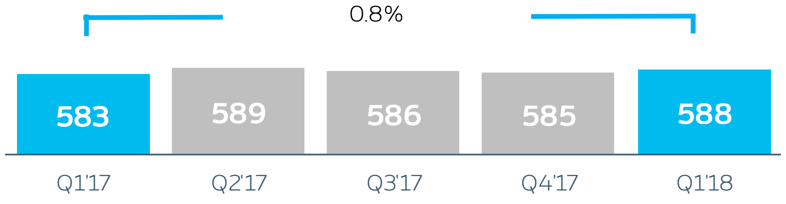
Revenue in M€

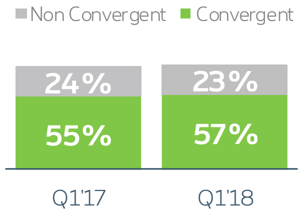


Proximus' strategy to focus on attractive multi-play offers, supported by Tuttimus and Bizz All-in, resulted in continued uptiering to 4-Play, leading to 9.6% 4-Play revenue increase in Q1'18 and a more valuable and loyal customer base

Proximus all-in offers accelerate revenue increase for 4-Play to €234m, making up 32% of total Consumer revenue

X-Play revenue (M€) & YoY variance

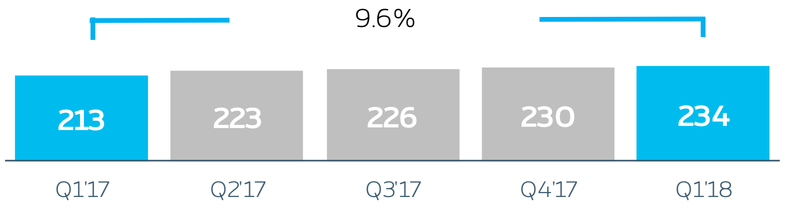




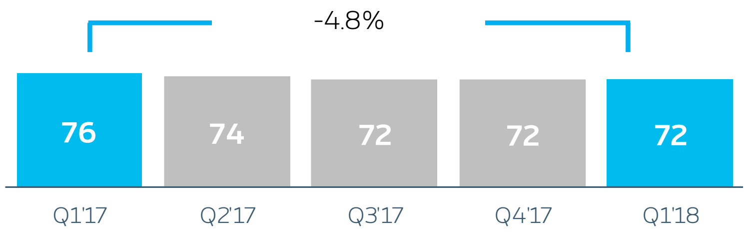
Increasing 4-Play base is main revenue growth driver for Consumer

- Tuttimus/Bizz All-in driving uptiering to 4-Play
- Ongoing expansion of 4-Play base, +61,000 YoY incl. +14,000 HH/SO in Q1'18
- Growing revenue from 4-Play partly offset by lower revenue generated by the 1 - 2- and 3-Play HH/SO (incl. uptiering)

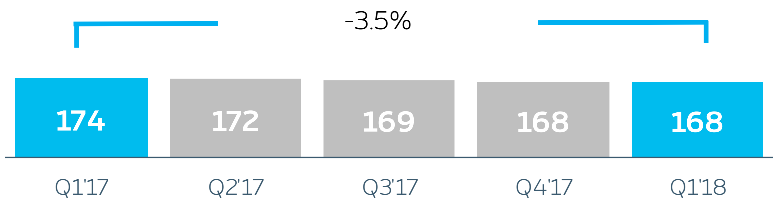
4-Play revenue (M€) & YoY variance



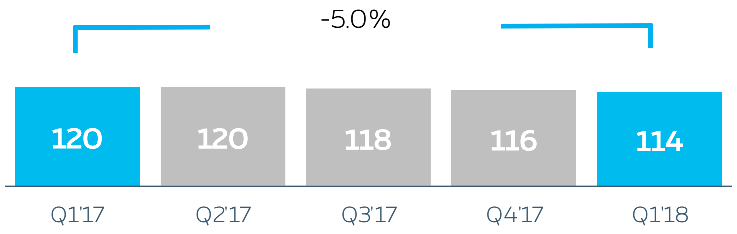
2-Play revenue (M€) & YoY variance



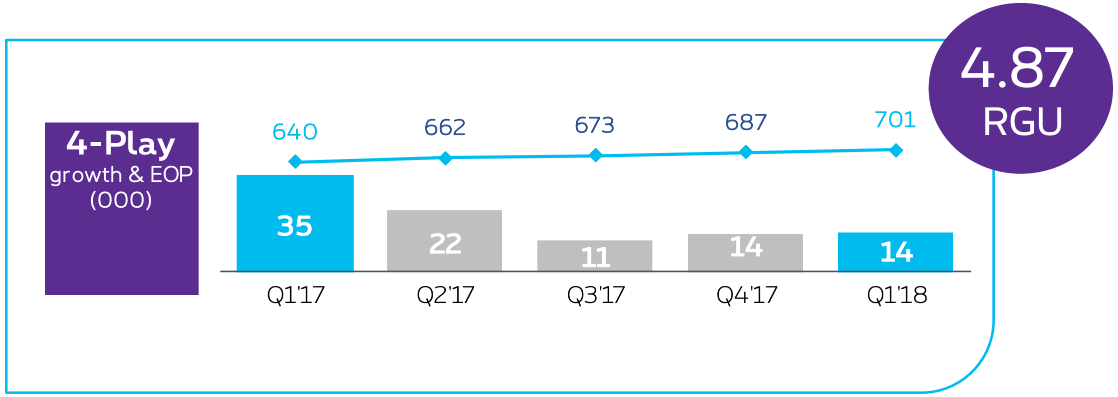
3-Play revenue (M€) & YoY variance

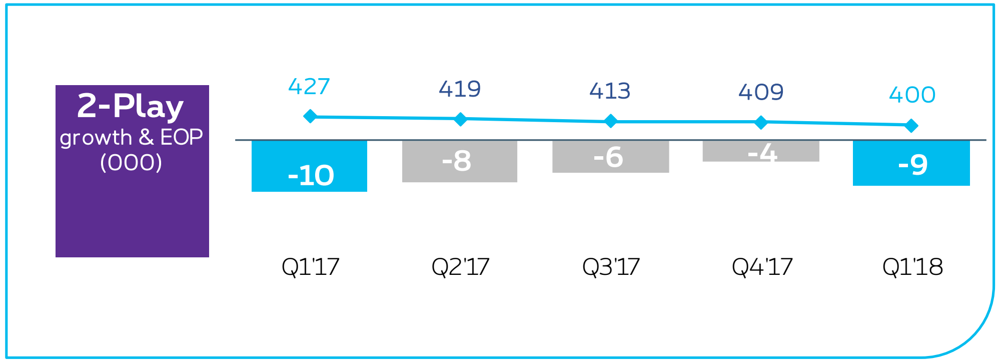


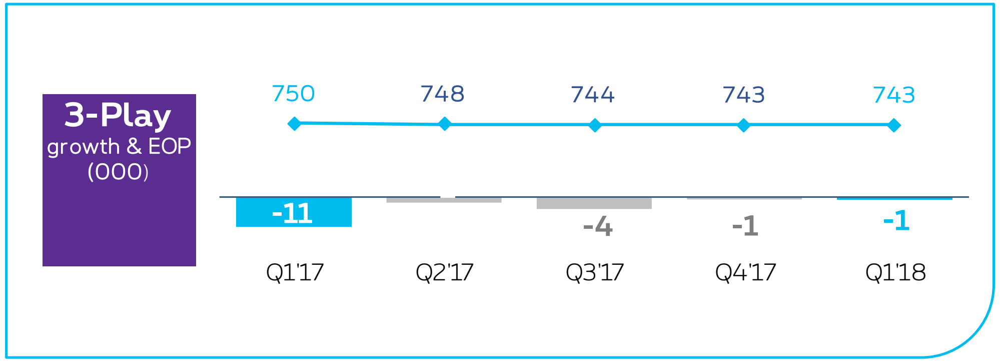
1-Play revenue (M€) & YoY variance

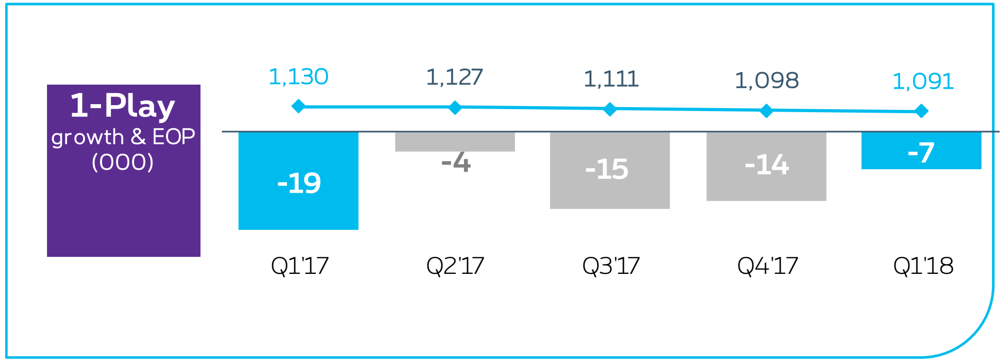


Consumer HH/SO base at 2,935,000
Upselling strategy increases 4-Play, while 2 & 3-Play decreases



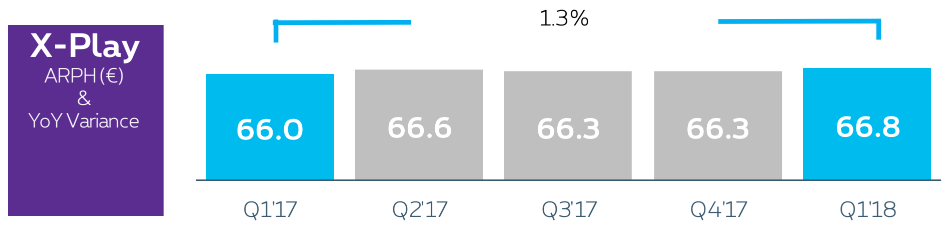




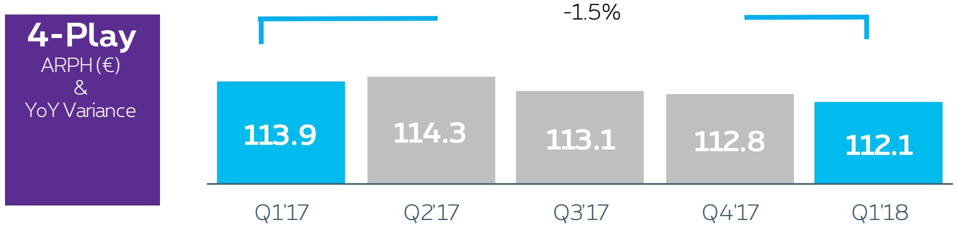


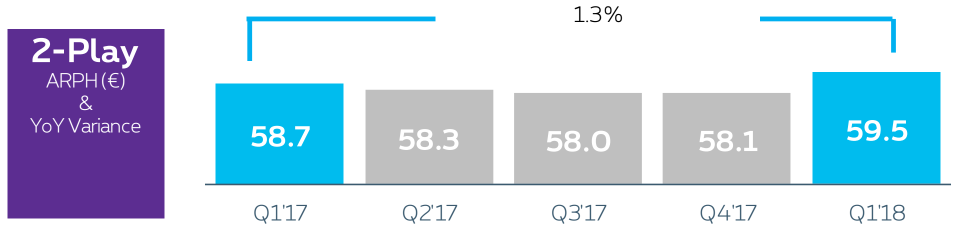
- End-March '18, Proximus serviced 2,935,000 HH/SO; ie. nearly stable QoQ (-2,000) and down YoY by -13,000, or -0.4%.
- Customer mix improving with ongoing expansion of 4-Play base, +61,000 YoY, up by 9.5%, incl. +14,000 HH/SO in Q1'18, driven by the Tuttimus and Bizz All-in portfolio

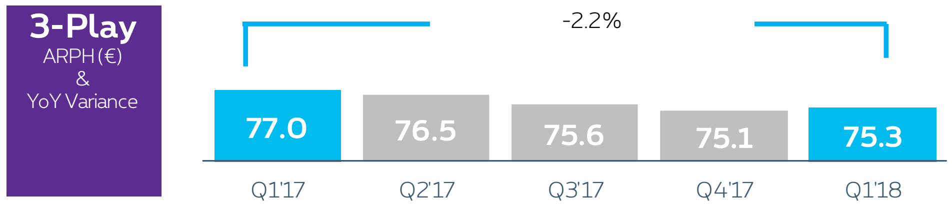
Overall ARPH +1.3% YoY to € 66.8, in spite of roaming regulation impact on Mobile

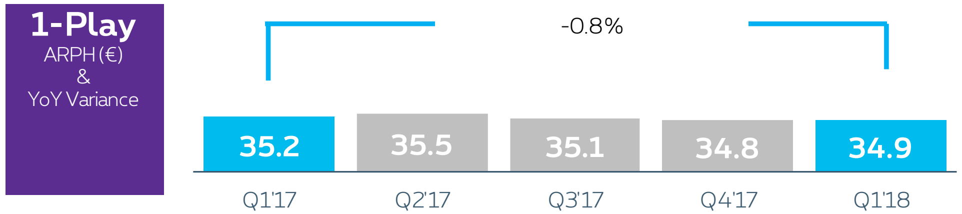


- The overall ARPH continued to grow on an improved customer mix.
- More and more 4-Play HH/SO, at higher ARPH of€112.1. This more than offset the impact from:
  - RLAH
  - Lower Fixed Voice traffic



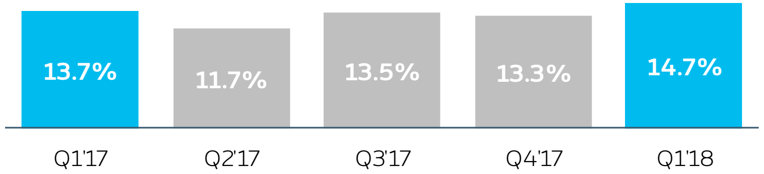






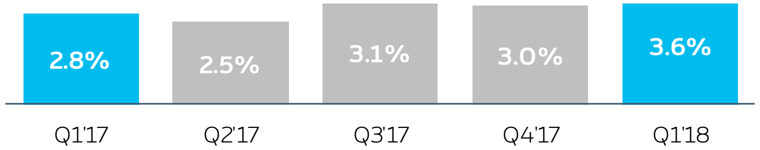
Annualized full churn rates

X-Play
Annualized full churn rate

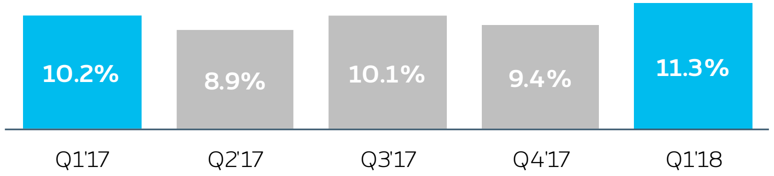


- The annualized full-churn rate on average for all Plays was 14.7 %, up 1.0pp from the previous year
- 4-Play churn remaining low at 3.6%.

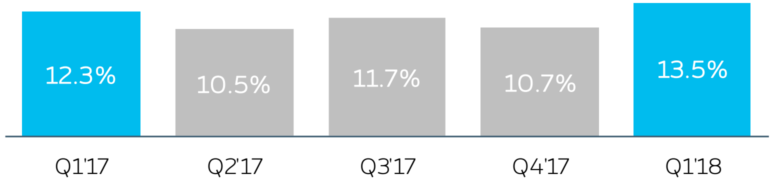
4-Play
Annualized full churn rate



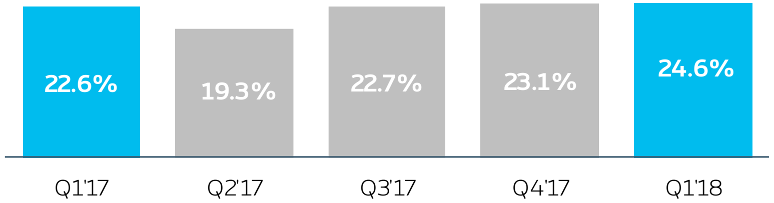
3-Play
Annualized full churn rate



2-Play
Annualized full churn rate



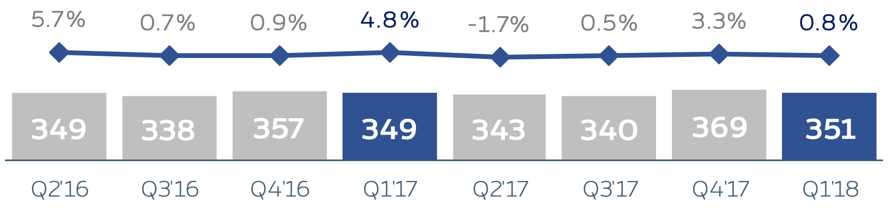
1-Play
Annualized full churn rate



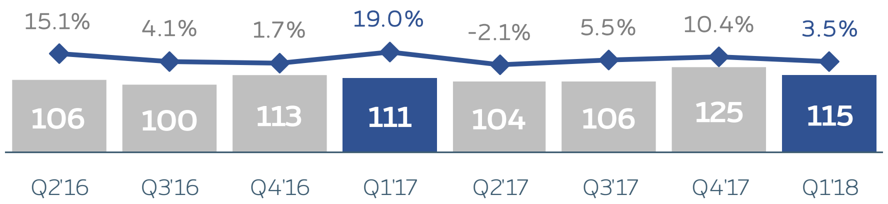
Enterprise Results

Q1’18 Enterprise revenue up by 0.8%, slight direct margin erosion of -0.4%. Pressure on legacy Telecom services compensated for by growth in ICT, Advanced Business services, Tango.

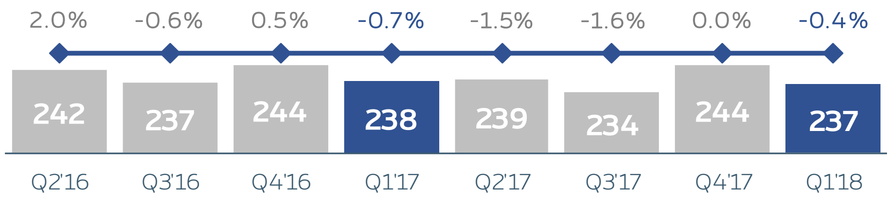
Enterprise underlying revenue (M€) & YoY



Enterprise underlying Cost of Sales (M€) & YoY

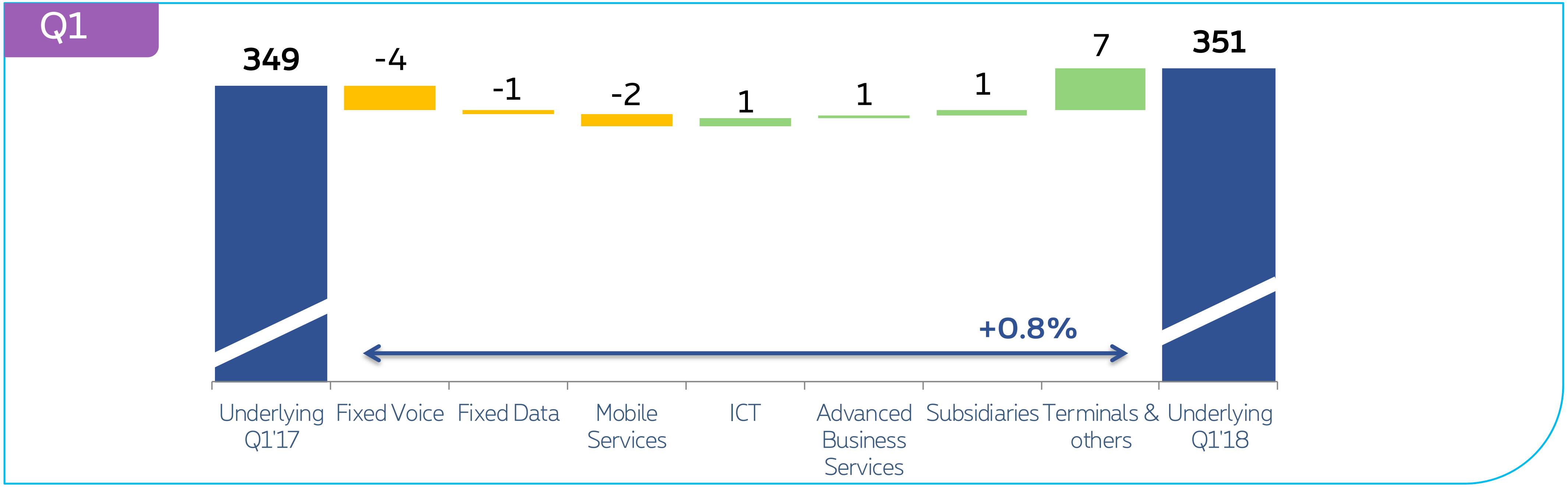


Enterprise underlying direct margin (M€) & YoY



- Q1‘18 revenue supported by the growth in ICT, Advanced Business Services, Tango and especially Mobile Terminals,
- Q1’18 underlying direct margin of € 237m, -0.4% YoY with growth for ICT and Advanced business services nearly offsetting the pressure on Fixed Voice and Mobile services.
- The direct margin as a percentage of revenue decreased by -0.8pp to 67.4% due to less favorable product mix.

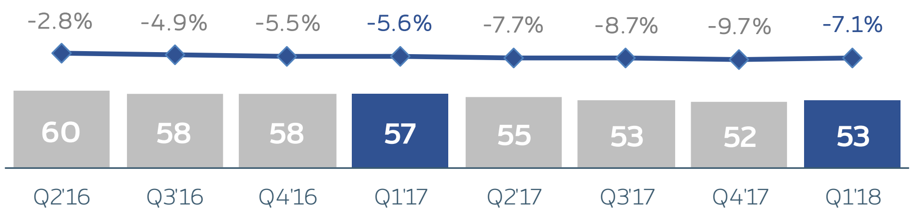
Q1'18 revenue up by 0.8%, supported by ICT, Advanced Business Services, Tango and Mobile devices



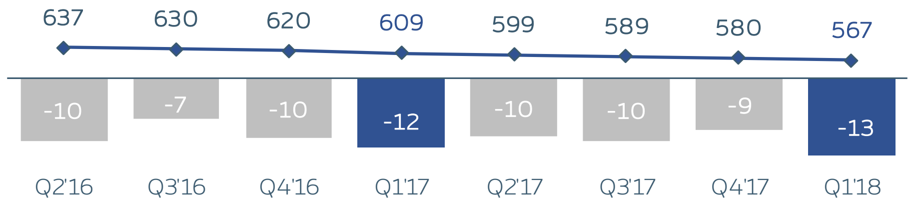
- Operating in a competitive environment, Proximus' Enterprise segment achieved a 0.8% growth in Q1'18 revenue
- ICT +1.0% with a YoY better product/services mix.
- Further progress in Advanced Business Services, up by 7.5%, driven by Smart Mobility and convergent business solutions.
- Exceptionally high revenue from mobile devices sales.
- Ongoing pressure on the more traditional telecom services.

Lower Fixed Voice revenue on line erosion and lower usage

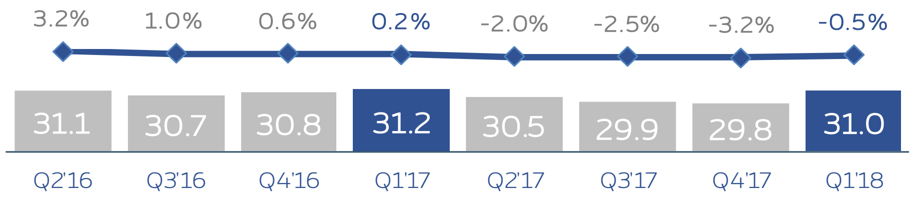
Fixed voice revenue (M€) & YoY variance



Voice line loss/gain & EOP (000)



Fixed voice ARPU (EUR) & YoY variance



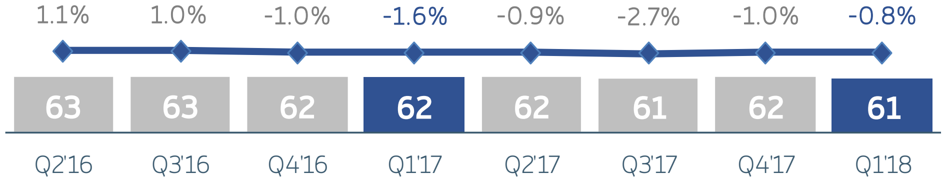
- The Enterprise segment continues to face ongoing customers rationalization of their Fixed line connections, lower usage, technology migrations to VoIP and competitive pressure.

  YoY Fixed line base -6.8%, including net Fixed line erosion of -13,000 lines in Q1'18.

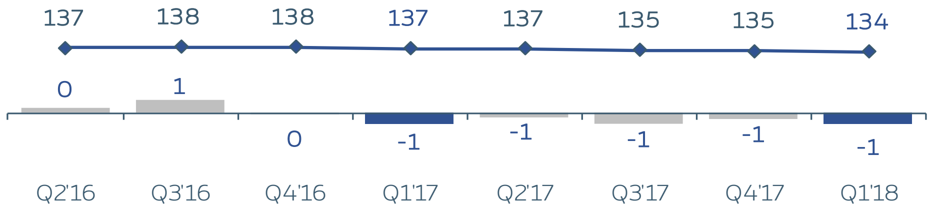
- Fixed Voice ARPU slightly lower YoY at €31.0. Less traffic per line and a lower average traffic price (higher penetration of unlimited call options) nearly compensated by some price indexations.

Ongoing migration of legacy Data products to new solutions at more attractive pricing. Internet customer base fairly stable at 134,000 in competitive environment.

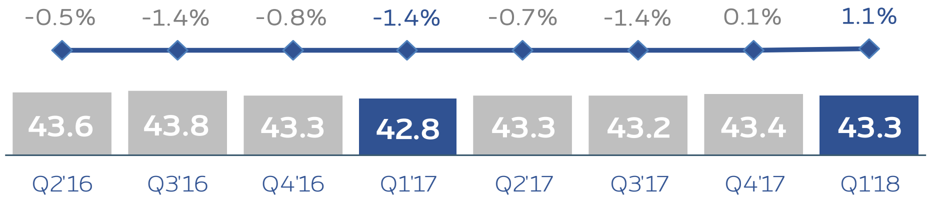
Fixed data revenue (M€) & YoY variance



Broadband growth & EOP (000)

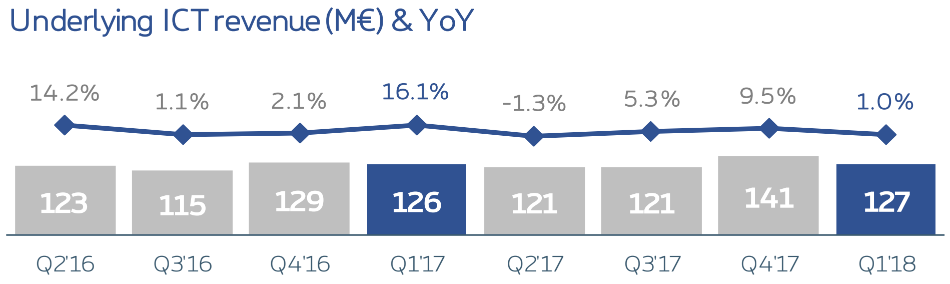


Broadband ARPU (EUR) & YoY variance

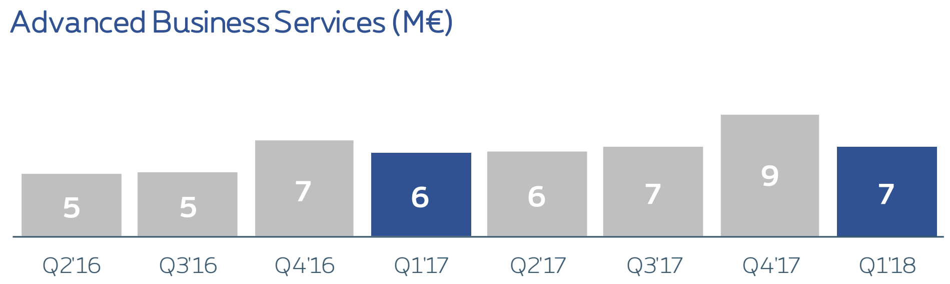


- Q1'18 revenue from Fixed Data, consisting of Fixed Internet and, for a greater part, Data Connectivity, totaled € 61m, -0.8% YoY
- Continued migration of customers to Proximus' VPN flagship 'Explore', benefitting from the further roll-out of P2P fiber, with legacy products outphased and migrated in the context of simplification programs (new solution at more attractive pricing)
- In a competitive and highly penetrated Internet market, Proximus' Enterprise segment reported a net line loss of 1,000 in Q1'2018, bringing its total Internet base to 134,000 by March 2018 , i.e. -2.5%
- Broadband ARPU at € 43.3, up +1.1% YoY including price indexation effects

ICT up by 1.0% to € 127m compared to high-product quarter in 2017
Advanced Business Services up by 7.5% YoY



- One-shot Product-related ICT revenue was significantly below that of the comparable period in 2017
- Higher revenue from Security, Advanced Workplace and Outsourcing services, including growing recurring services
- Strengthening in Security services with the small-sized but highly specialized companies Davinsi Labs* and Unbrace*, both positively contributing to the ICT revenue.



- € 7m revenue (+7.5% YoY) from Advanced Business Services in Q1'18, mainly driven by BeMobile, occupying a unique market position in the field of Smart Mobility. Further supported by growth for Proximus' convergent business solutions.

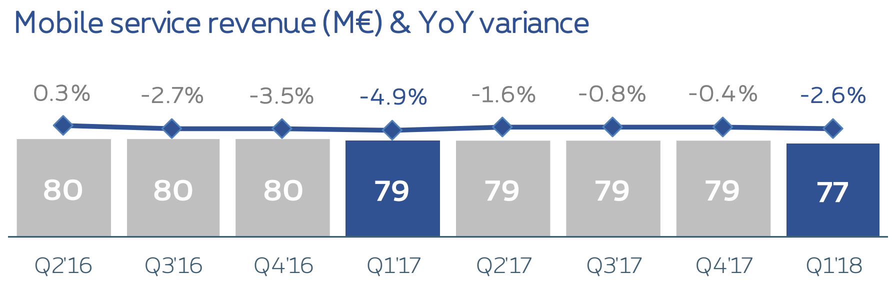
Advanced Business Services groups new solutions offered aside from traditional Telecom and ICT, such as smart mobility solutions (BeMobile), Road User Charging, Converging Solutions, Big data.

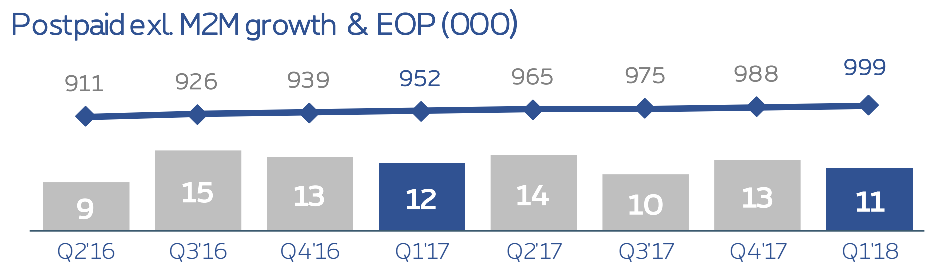
* Davinsi Labs is an Antwerp-based cyber security company with a strong position on the Benelux cybersecurity market, and integrated in Proximus since May 2017. Unbrace, consolidated as of October 2017, is a young Belgian application development company, supporting companies in their digital transformation journey.

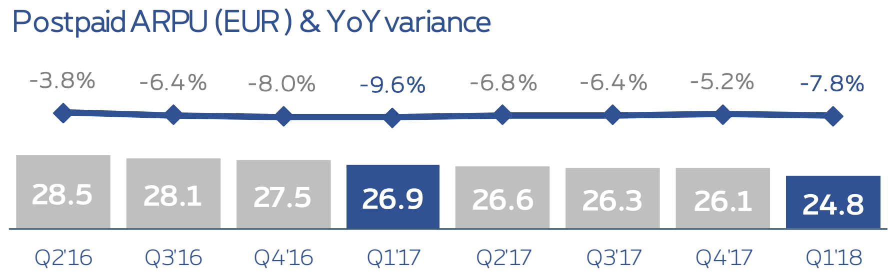
RLAH and one-off settlements impacted Mobile ARPU, partly offset by solid park increase

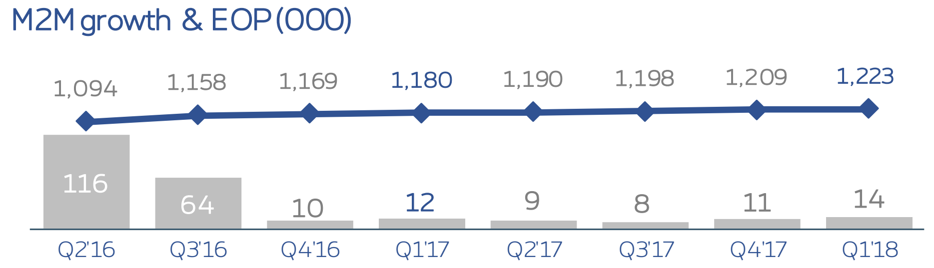
Q1'18 Mobile service revenue -2.6% YoY

- Lower Postpaid ARPU, driven by some one-off commercial settlements, on top of regulatory price pressure from RLAH, decrease in Roaming options, and more flat fees rather than usage- based tariffs
- Further growth of Mobile customer base, +11,000 Mobile voice cards in Q1'18, in spite of the competitive setting, bringing the base to nearly 1,000,000 cards, +5.0% YoY
- Growth in customer base supported by low Mobile churn of 9.7%.



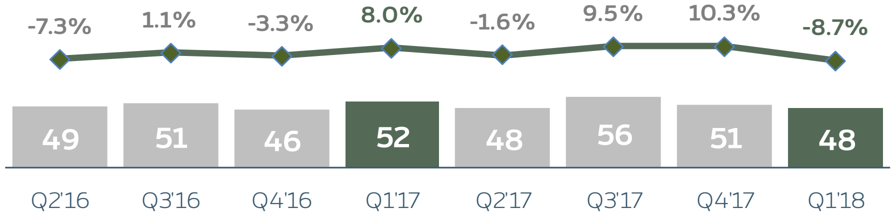




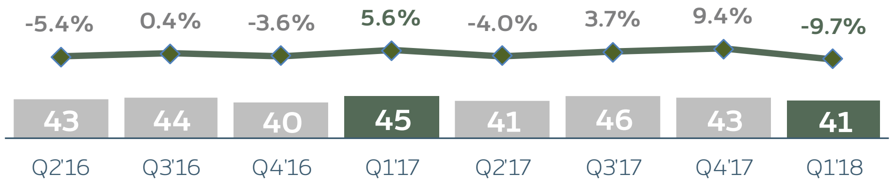


Wholesale revenue and direct margin down from a high Q1'17
This impact aside, fairly stable results.

Wholesale underlying revenue (M€) & YoY



Wholesale underlying direct margin (M€) & YoY

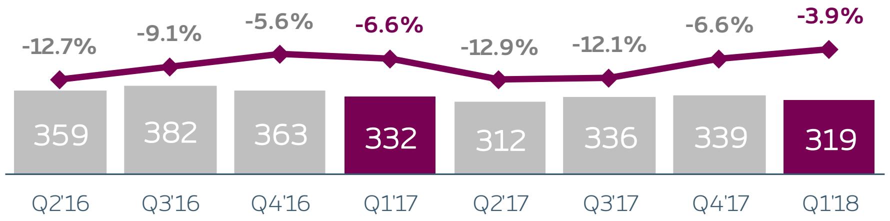


- Q1'18 Financials of Wholesale segment compare to high Q1 2017, that included the reversal of the former higher FTR rates following the annulment by the Brussels Appeal Court in March 2017 on procedural grounds.
- This impact aside, the revenue and direct margin remained fairly stable with higher visitor roaming offsetting the decline in traditional Wholesale services.

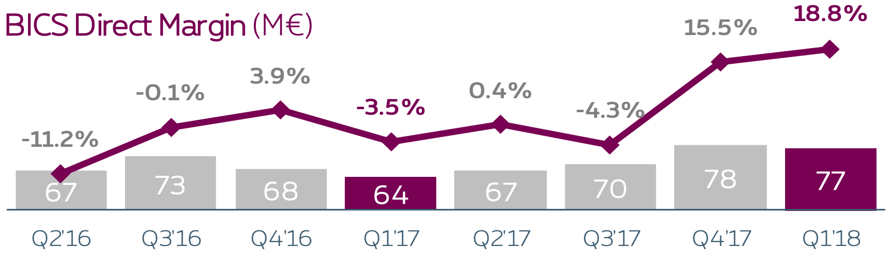
BICS Results

BICS core business in full transition from Voice to Data. Strategy to grow in A2P accelerated thanks to TeleSign

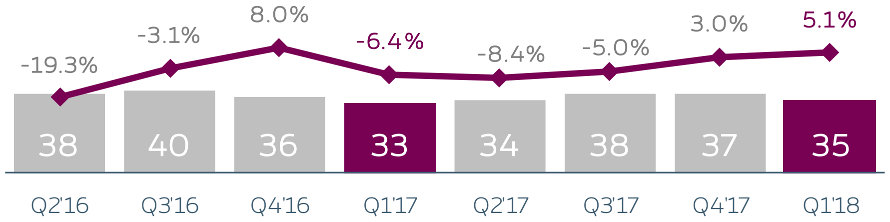
BICS Underlying Revenue (M€) & YoY variance



BICS Direct Margin (M€)



BICS underlying segment result (M€) & YoY variance



For Q1'18 BICS posted € 319m revenue.

- Ongoing transition, with usage moving from Voice to Data, putting pressure on financials.
- BICS's revenue variance showed further sequential improvement, supported by the revenue contribution of TeleSign, consolidated since 1 November 2017.
- Weakening dollar increased the negative currency impact in Q1'18.

Higher Direct Margin with positive evolution in Voice and non-Voice.

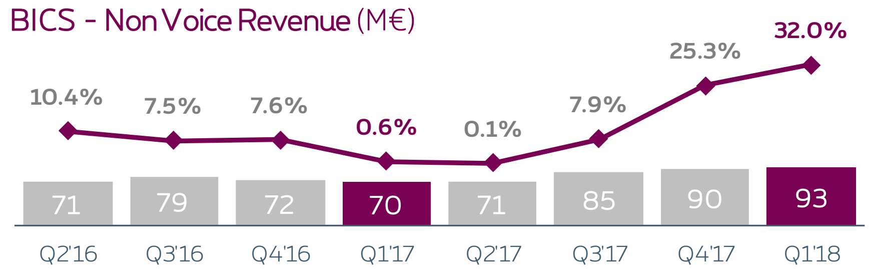
- Direct Margin benefitted from the BICS-TeleSign combination, with strong growth in SMS A2P volumes and realizing direct cost synergies
- BICS grew its Voice direct margin by 16.1% and non-Voice margin by 21% YoY.

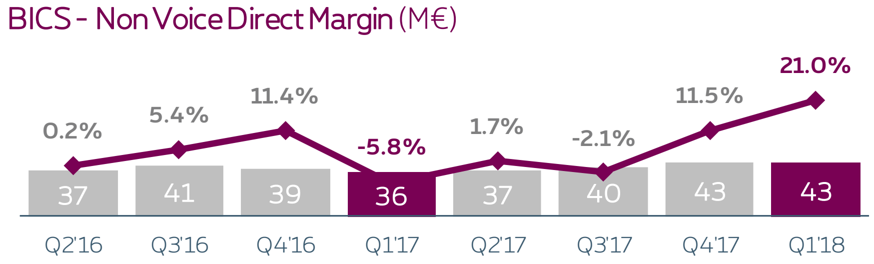
BICS' underlying segment result Q1'18 € 35m, +5.1% YoY

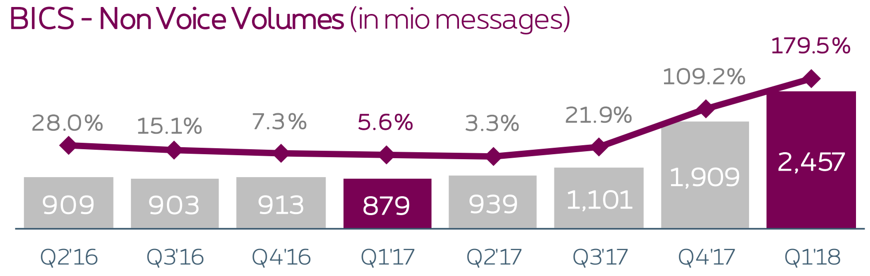
- Higher direct margin partly offset by higher expenses, largely due to the consolidation of TeleSign.
- The Q1'18 segment margin as percent of revenue was 10.9%, up 0.9pp YoY

* Consolidated since November 2017

BICS non-Voice showing firm growth on steep increase in SMS A2P volumes

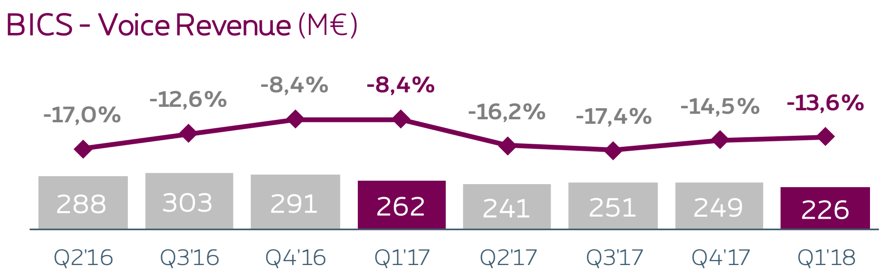


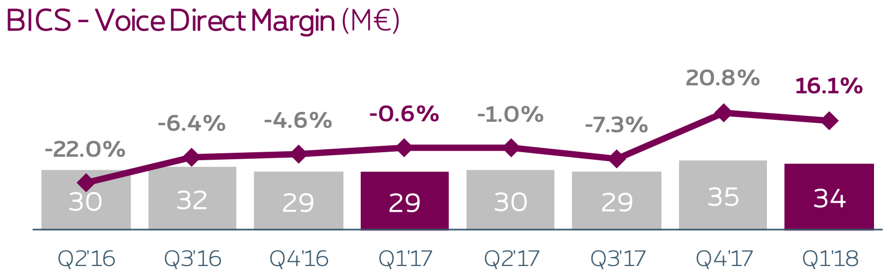


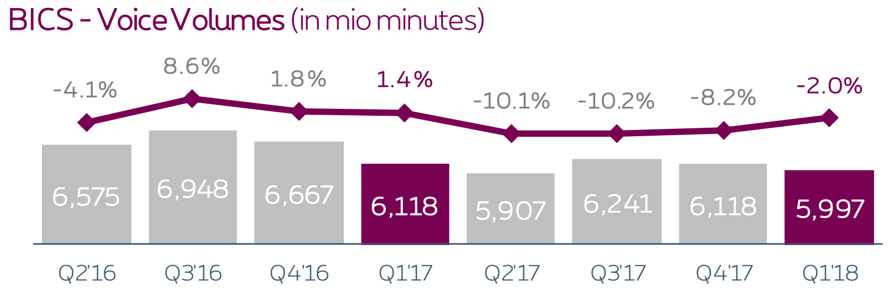


- 32.0% revenue growth for non-Voice, and margin up 21% on steep increase in SMS A2P volumes, nearly +180% YOY.
- TeleSign accelerating BICS' strategic ambitions in the growing A2P market.

BICS Voice Direct Margin increased, in spite of ongoing transition with usage moving from Voice to Data.







Voice revenue under pressure, though direct margin up by 16,1%, including contribution of TeleSign's authentication services.

- Limited decrease in Voice volumes carried by BICS, -2% YoY.
- Less favorable destination mix, and negative USD currency effect, led to a 13.6% decline in Voice revenue.

Additional info

- Headcount
- IFRS 15
- Pricing
- Regulation
- Financial position
- Shareholder structure
- CSR
- Spectrum
- Contact details

Lower headcount with voluntary early leave plan prior to retirement ongoing.

Early leave plan and retirements expected to lead to total outflow of about 2,750 FTEs by 2020

What:

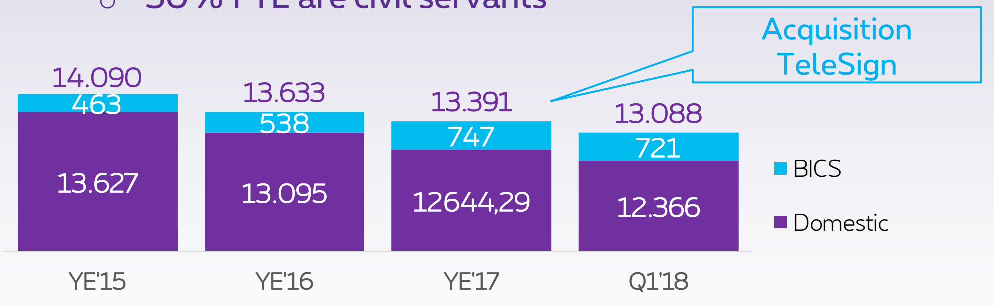
- Employees as from 60 years could opt to voluntary stop their active career.
- 1.855 FTEs subscribed to the plan, leaving in 2016-2020, with first employees left Proximus on 1 July 2016.
- Last 2 years of active career, the work time is reduced to 80%.
- Replacement income paid by Proximus until earliest retirement date.
- In addition, a significant number of employees will retire in the period 2016-2020.
- There is some limited external hiring for specific domains and skills.

Financial implications:

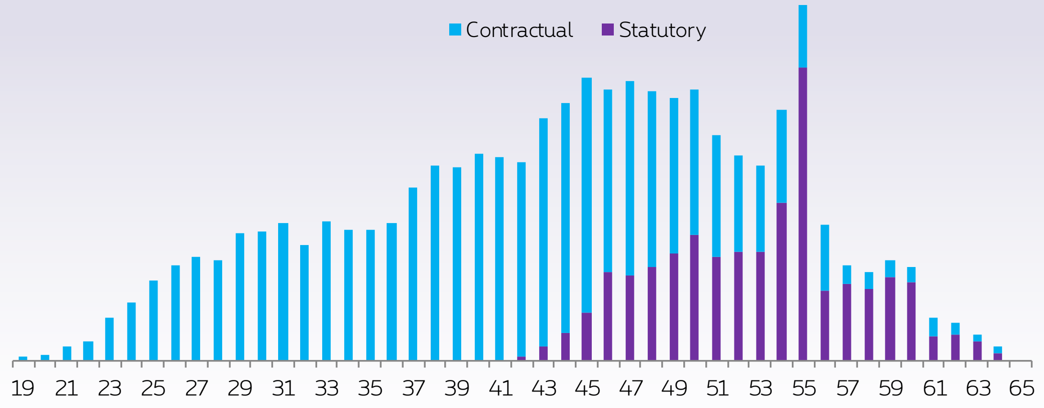
- Cumulated over the period 2016-2019, Proximus will report € 236M in non-recurring expense covering all costs related to the early leave plan.
- The benefit as of H2'16 of the lower headcount is reflected in underlying EBITDA.
- Net Cash Flow impact slightly positive as of 2016 and will build up over the years.

Headcount evolution (FTE's)

- Domestic headcount
  - - 305 FTE's in 1 year
  - 30% FTE are civil servants



AGE pyramid
(excl. employees opting for Early leave plan & subsidiaries)



IFRS 15- new revenue recognition accounting standard

- Under IFRS 15, as of 1 January 2018, revenue arising from customer contracts, is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer

Main implications for Proximus

1. Revenue from bundles, incl. subsidized devices and services, i.e. mainly related to mobile joint-offers

Under IFRS 15, the revenue allocation to Service revenue and Device revenue will be based on the relative stand-alone selling price of the device and services.

- More revenue will be allocated to the device, at the expense of Service revenue
- Higher upfront revenue related to the device

2. Timing of the recognition of commissions which are incremental costs to acquire customer contracts

Under IAS 18, the Group expenses these costs immediately while under IFRS 15, these costs are deferred. (3yrs for Consumer, 5yrs Business)

2018 reporting approach

1. Financial review

Group and Segment variance commentary under IAS 18 for the 4 quarterly reports of 2018

Exception: Consumer X-Play reporting
- provided under IFRS 15 as of Q1'18
- 2017 pro-forma comparison

As of 2019, the X-Play reporting will fully replace the product view for the Consumer segment

2. Financial statements

IFRS 15 as from 1 January 2018 with cumulative impact through equity and disclosing 2 sets of financials for 2018 in its Financial Statements: one under IAS 18 and one under IFRS 15, without restating 2017 financials

Estimated financial impact

1. 2017 P&L (pro-forma)

- Device revenue: ~€ +65 m
- Service revenue: ~€ -45 m
- Commissions: ~€ -5 m
- EBITDA: ~€ +15 m

1. Balance sheet at 1/1/2018 (excl. deferred taxes)

- Equity: € +203m*
  - Commissions: € +120 m
  - Contract asset from bundles: € +83m

* Before deferred tax

Pricing strategy increasing value for converged customers. Move from packs discounts to enhanced product features for convergent packs.

Cannot get this title right…

Our mobile offer addresses the steep increase in mobile data consumption

Mobile only

	Mobilus S	Mobilus M	Mobilus L
Mobile	120 min Unlt sms 1.5 GB Fav. app €15.99	300 min Unlt sms 5 GB Fav. app €26.99	Unlt min Unlt sms 10 GB Fav. app €42.99

2x Mobile data

All- in offer

	S	M	L
Price	€90.94 *	€101.94*	€115.94*
Mobile	120 min + CUG Unlt sms 3 GB Fav. app €15.99	Unlt min Unlt sms 10 GB Fav. app €26.99	Unlt min Unlt sms 20 GB Fav. app €40.99
Internet	▪ 100Mbps/15Mbps ▪ Unlt volume	▪ 10 GB cloud ▪ Modem incl.	▪ Wi-Fi extender (only for L)
TV	▪ Decoder ▪ TV replay	▪ Proximus TV app ▪ 1 Blockbuster/ month	▪ TV bundle @ choice (eg. Sports, Netflix …)
Fixed line	▪ National & International free calls to Fix & Mob in EV & WE	▪ Free family calls	

* including favorite TV option. If no Fav. TV option: €82.99 / €93.99/€107.99

Positioning Scarlet as no frills brand, with very attractive pricing for 'price seekers'

Postpaid

Red	Hot	Chili	HiFive
€ 8	**€ 18**	**€ 28**	**€ 15**
150 min **Unlt SMS** **500 MB**	**500 min** **Unlt SMS** **2 GB**	**Unlt min** **Unlt SMS** **4 GB**	**0 min** **Unlt SMS** **5 GB**
€ 0.16 / minute € 0.05 / MB	€ 0.16 / minute € 0.05 / MB	€ 0.16 / minute € 0.05 / MB	€ 0.20 / minute € 0.05 / MB
			+3€ **90 min**

NEW

Boost internet! on

Ajoutez 1 GB* pour 5 € par mois

Fixed

internet Poco

€ 23 / month
Internet: 50 GB
Extra € 3 per block of 50 GB
Down 30 Mbps
Up 2 Mbps

internet Loco

€ 35 / month
Internet: Unlimited volume
Down 50 Mbps
Up 4 Mbps

TV + Fix + Internet

scarlet Trio

€ 39 / month

TV: ~30 channels
+
Fixed Voice line: Free calls to fix Off Peak
+
Internet: Unlimited volume
Down 50 Mbps
Up 4 Mbps

Proximus and Scarlet addressing different customer needs via different sales channels

Convergent all-in offerings that have evolved from discount to **product features**

TV: ~80 linear channels
TV Replay
TV bundle of choice
1 blockbuster/month
+
Fixed Voice line: National & International free calls to Fix & Mob in EV & WE
Free family calls
+
Internet: Unlimited volume
Down 100Mbps – Up 15Mbps
10 GB cloud storage

Mobile:
unlimited min & SMS
Free Family calls
10 GB
Favorite app

4P @ €101.94

No frills, no convergent standard offering, low priced and lean cost structure

scarlet Trio @ €39

TV: ~30 channels
+
Fixed Voice line: Free calls to fix Off Peak
+
Internet: Unlimited volume
Down 50 Mbps
Up 4 Mbps

+

Postpaid Red + Data Boost @ €13

Mobile:
150 min
unlimited SMS
1.5 GB

4P @ €52

Regulatory measures on EU Roaming and Fixed Termination rates are impacting Proximus' revenue and direct margin

(EUR million)	Q1 2018		2018 Estimate	
Regulation impact on YoY variance	**Revenue**	**Direct Margin**	**Revenue**	**Direct Margin**
Overall net impact on Roaming (price and volume impact of roaming-out & roaming-in)	**-10**	**-13**	**~ -39**	**~ -40**
Among which regulated price impact on Roaming-Out	-13	-13	-26	-26
Fixed Termination Rates	**-4**	**-2**	**-14**	**-6**

Spectrum auctions expected to come through early 2019

Expiry dates	Band								
29/11/33	800 MHz	Proximus 2 x 10	OBEL 2 x 10	Telenet 2 x 10					
Renewal: 15/03/21	900 MHz	Proximus 2 x 12.4	OBEL 2 x 11.6	Telenet 2 x 10.2					
Renewal: 15/03/21	1800 MHz	Proximus 2 x 24.8	OBEL 2 x 24.8	Telenet 2 x 24.8					
Renewal: 15/03/21	2100 MHz	Proximus 2 x 15	1 x 5.4	OBEL 2 x 14.8	1 x 5	Telenet 2 x 14.8	1 x 5	Unallocated 2 x 14.8	1 x 5
30/06/27	2600 MHz	Proximus 2 x 20	OBEL 2 x 20	Telenet* 2 x 15	Unallocated 2 x 15	Voyacom 1 x 45			

New spectrum

Proposed Expiry dates	Band	
All around 2040	700 MHz	2 x 30 MHz
All around 2040	3.4 - 3.8 GHz	400 MHz

For further information

Investor relations

Nancy Goossens

+32 2 202 82 41

Director Investor Relations

Sarah Franklin

+32 2 202 77 11

Investor Relations Manager

E-mail: investor.relations@proximus.com

Proximus investor relations website: www.proximus.com/en/investors

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Readers are cautioned not to put undue reliance on forward-looking statements, which speak only of the date of this communication.

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